

Ofgem  
Mr. David O'Neill  
Head of Gas Markets and Systems  
Gas and Electricity Markets Authority  
10 South Colonnade  
Canary Wharf  
London E14 4PU

Your message dated	Your reference	Our reference	Date
		JGH/NBA 2021-039	20 August 2021

Append(ix)(es)

Subject      **Statutory Consultation and Final Impact Assessment on proposed combining of two existing Bacton exit points in NGG's Gas Transporter Licence – 15/07/2021**

Dear Mr. O'Neill,

We refer to the statutory consultation and Final Impact Assessment on proposed combining of two existing Bacton exit points in NGG's Gas Transporter Licence.

Fluxys Belgium is the Belgian national Transmission System Operator (TSO). Its network links the GB market via Interconnector (INT) at the Interconnector Zeebrugge Terminal (IZT IP). The IZT IP has been both an important Entry and Exit point in the evolution of the Belgium gas market. Close cooperation with National Grid and Interconnector has facilitated cross border trade and safeguarded security of supply for the mutual benefit of consumers in both Great Britain and Belgium.

We are surprised that we were not consulted on the feasibility or consequences of the implementation of merging the exit points at Bacton, and the consequent competing auctions. Indeed, the technical capacities of National Grid Bacton (INT) Exit, Interconnector (INT Entry and Exit) and Fluxys Belgium (IZT) Entry are fully matched since the commissioning of Interconnector. Introducing competing auctions at the Bacton interconnection point (IP) may lead to capacity mismatches between the Bacton and Zeebrugge interconnection points, given Interconnector operates an IN = OUT model, with 2 auctions running simultaneously. The uncertainty on the outcome of the competing auctions at Bacton can deter market players to take part in the capacity auction at the INT/Fluxys Belgium IZT IP and affect Belgian imports via Great Britain. This 2 IPs interaction and need for concurrent allocation at both interconnection points needs to be assessed.



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It remains unclear why the established European process, to initiative and assess changes to capacity at interconnection points in a coordinated cross border way under the Capacity Allocation Mechanisms regulation, is deemed inapplicable and can be treated as voluntary in this instance.

We are confident that any further change in the capacity allocation in Bacton will be based on a new assessment, taking into account the impact on Fluxys Belgium and Belgian consumers. We would appreciate that any assessment impacting Belgium is done in coordination with the Belgian regulatory and governmental authorities.

We look forward to cooperate on cross border opportunities and other arrangements between Belgium and Great Britain.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "CL", with a long horizontal line extending to the right.

Christian Leclercq  
Chief Financial Officer

A handwritten signature in blue ink, appearing to read "P. De Buck", with a large, sweeping loop at the end.

Pascal De Buck  
Managing Director  
Chief Executive Officer