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SSE plc
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18/2/21

Dear David

SSE supports the “Minded to Decision” to implement a “Shorthaul” modification. This will discourage inefficient bypass of the NTS which would have seen costs increase for remaining NTS connected customers.

Question 1: Do you agree with our assessment of the modification options against the applicable UNC objectives? If you disagree, please provide a fully reasoned explanation.

Yes.

SSE agree that a 5 Km distance restriction in modification 728D is excessive. SSE has a number of private pipelines that are used to connect CCGTs to the NTS. All of these pipelines at Peterhead, Marshwood, Seabank 1 and Seabank 2 are in excess of 5 Km.

Question 2: What are your views on our conclusion that the proposed modification proposals constitute a ‘benchmarking’ adjustment to the application of the reference price methodology (Article 6(4) TAR NC)? If you disagree, please provide a fully reasoned explanation.

We agree with the assessment made that the “shorthaul” mods constitute benchmarking of the RPM and therefore are compliant with the EU TAR code.

Question 3: Do you agree with our assessment of the quantitative analysis? If you disagree, please provide a fully reasoned explanation.

Yes

Question 4: Do you agree with our assessment that UNC728C is discriminatory because of the risk that the discount may be used for a route other than a qualifying nominated route? If you disagree, please provide a fully reasoned explanation.

Tend to agree with Ofgem. It is conceivable that a user may book discounted entry and exit capacity under UNC728C and then use either or both of these for a route other than the one identified as being at risk of bypass.

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Question 5: Do you agree with our assessment of the modification options against our statutory duties? If you disagree, please provide a fully reasoned explanation.

Yes

Question 6: Do you agree with our minded to decision to approve UNC728B? We would expect any stakeholders alleging a risk of bypass to provide robust evidence demonstrating that risk, including any confidential commercial information (for instance, specific capital and operational costs required for the construction and operation of a bypass pipeline as well as - where possible - a structural representation of any bypass pipeline(s) they are considering).

Yes.

As stated in the consultation response to Modification 728, SSE has a private pipeline to a CCGT at Peterhead, 0.1 Km from St Fergus and Medway CCGT is 0.4 km from the Isle of Grain LNG import terminal. Initial planning at these sites has been started to bypass the NTS via the construction of private pipelines. By implementing 728B SSE will continue to make use of the NTS so that significant revenue can be collected that otherwise would have been lost to NGG, with consequential increases in tariffs for remaining NTS connected customers.

Question 7: What are your views on our minded-to decision that implementation of UNC728B should take place from 1 October 2021?

SSE are disappointed that implementation was not instructed for 1 October 2020. However, we support implementation from 1 October 2021. We welcome a quick "Final Decision" from Ofgem to provide certainty for Tariff calculation and publication in May/June 2021.

Question 8: Are there any other matters, whether or not addressed in our analysis or minded-to findings, which you think we should take into account in reaching our final determination?

None.

Yours sincerely,

Jeff Chandler

Head of Energy Economics - Fuels

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