



equinor

RIO Team
Ofgem
10 South Colonnade
London E14 4PU
UK

24 September 2019

Dear Sir/Madam,

Equinor welcomes the opportunity to respond to your St Fergus and Hatton IED Needs Case Consultation. Within this response Equinor will focus only on the questions which impact St Fergus.

Q1. In your view has NGGT clearly set out the need for the proposed investment to comply with emissions legislation, including the impact on network capability and resilience at St Fergus and Hatton?

A1: It is Equinor view that NGGT has clearly set out the need for investment at St Fergus to comply with emissions legislation. NGGT have also clearly set out the impact on network capability and resilience within its needs case. St Fergus enables Norwegian gas supplies entry onto the NTS, but Equinor is concerned that Ofgem have not fully assessed the impact this would have on the resilience of the system from 1st Jan 2024 should this work not take place. St Fergus is of major importance to the UK Gas Network in providing security of supply & flexibility to consumers, any reduction in flows as a result of this work not being sanctioned should also be assessed against any detrimental impact on NBP wholesale prices.

Q2. Do you agree with our initial view that new investment at St Fergus is not required at this time as there is sufficient capability from existing compressors at the site?

A2; Equinor disagrees with Ofgem view that new investment is not required at this time. For the reasons outlined above and within the needs case submitted by NGGT this work has to take place to comply with emissions legislation. The reduction of system resilience has not been considered enough within Ofgem response although we agree that any work needs to be cost reflective and proportionate for consumers. Equinor acknowledges Ofgem's view on maximizing regularity of the existing/remaining compressors but feels the asset health of the remaining compressors is a concern from a capability point of view.

Q5 Do you agree that our approach to assessing the technical aspect of the options proposed by NGGT is appropriate?

A5; There is merit in assessing the technical aspects of the NGGT proposals although we note that there is still disagreement on the conclusions despite extensive engagement between both parties. Equinor feels the FES should be used as an indicator rather than an assumption of future flows and disagrees with the assertion of asset stranding in this case. Gas will continue to flow through St Fergus for many more years to come and this work should outline how it will support the network through a period of significant future change in the industry. Compliance with emissions legislation and enabling security of supply to the UK consumer should be the key drivers for this assessment.

Yours sincerely,

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