

National Grid Gas Transmission Consultation: Long Term Access Review

30 November 2021

About Energy UK

Energy UK is the trade association for the energy industry with over 100 members spanning every aspect of the energy sector – from established FTSE 100 companies right through to new, growing suppliers and generators, which now make up over half of our membership.

We represent the diverse nature of the UK's energy industry with our members delivering nearly 80% of the UK's power generation and over 95% of the energy supply for the 28 million UK homes as well as many businesses.

The energy industry invests £13bn annually, delivers nearly £30bn in gross value added on top of the nearly £100bn in economic activity through its supply chain and interaction with other sectors, and supports over 700,000 jobs in every corner of the country.

Energy UK welcomes the opportunity to respond to this consultation, we were involved in the working group that developed these options which were not constrained by current regulation or legislation.

We provide comments to the questions below:

1. What further developments do you see happening within the energy regime (either specific to your sector or more broadly) by 2030 which could have any influence on the 2030 scenario?

Energy UK agrees with the main points of the scenario definition in section 3b, these demonstrate that the gas system will be undergoing a significant transition during the 2030's with the pathway for this yet to be defined. There are many interdependencies across the energy sector, not least as the power sector decarbonises, but also in relation to; industrial decarbonisation, decarbonisation of heat and the extent of hydrogen penetration as a blend or 100%, in a dedicated network. The latter could re-purpose up to 25% of the NTS.

Interactions between gas and electricity networks will be important in maintaining security of supply of the electricity system whether that is provided by natural gas and / or hydrogen fired generation, or other technologies, whilst overall gas use is likely to fall. In this context and decarbonisation of other sectors, maintaining the integrity and resilience of gas (including hydrogen) and electricity networks at both transmission and distribution levels is key to participants having confidence in the energy transition. Part of this will be an access regime that ensures network access when required.

2. What option/combination of options (outlined in Section 3c, and further detailed in Appendix C of this document) do you believe best achieve the 2030 scenario and why?

The various options presented are likely to be attractive to different types of market participants. From a gas fired generator perspective being able to secure firm access when needed to generate power for the electricity market is of key importance. Electricity market imbalance cashout and capacity market penalties are likely to drive access requirements. There are attractions to pay as flow options, particularly as generation load factors fall but firm access under stress conditions will need to be assured.

We have some concerns that some options will only meet NG's customers' requirements where the network is unconstrained, given our comments under question 1 it is not certain that this will be the case for gas and hydrogen networks as they evolve during the 2030's. Therefore, it is not possible to express a clear preference for a particular option or options at this time.

3. When should further development and implementation of the preferred option take place?

This work is useful and should not be lost, but we feel wholesale change to the access regime should probably wait until there is greater clarity on hydrogen pathways and Project Union plans. In this timeframe there may also be greater clarity on the deployment of dispatchable technologies for maintaining electricity security of supply so that the reliance on natural gas / hydrogen supply and networks is better understood. It is also possible that these options could inform the development of the access regime for the hydrogen network, which should not simply replicate that we have for natural gas

4. Are there any other options which should be considered? Please provide any details of how you would see the options working at a high level.

As and when any of these options are developed further it will be important to understand the potential impacts on all affected parties during the development. A key part of this will be to develop the charging arrangements as part of the access proposals, not separately, as these will be a key determinant of shipper response to the arrangements.

5. Do you have any other comments?

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