



3rd Floor North
200 Aldersgate Street
London EC1A 4HD
Tel: 03000 231 231

citizensadvice.org.uk

29th August 2018

Consultation on RII0-1 price control reopeners: Feeder 9 and industrial emissions legislation

Dear Kiran,

Citizens Advice has statutory responsibilities for representing the interests of energy consumers in Great Britain. This consultation response is completely non-confidential and may be published on your website. If you would like to discuss any matter raised in more detail please do not hesitate to get in contact.

We have some overall concerns regarding the process used by Ofgem ahead of the recent funding decisions for both Feeder 9 and some compressor sites.

Feeder 9

Anchoring the funding decision on the planning consent date, without supplying a suitable indication until recently of whether the project itself is justified, raises some concerns. We think that the process for reviewing these issues should be reconsidered and that the process followed on this occasion should not be repeated. Whilst this decision may not directly impact consumer bills, there are planning efficiency issues that it creates in the industry, which are not in consumers' interests. The large discrepancies between NGGT's and Ofgem's estimated risks and costs associated with Feeder 9 should and could have been made clear at a much earlier date.

The project was first discussed ahead of RII0-1, and whilst Ofgem didn't agree the costs at that point, these were to be assessed through the uncertainty mechanism at a later date. When the 2015 window passed, our view is that it would have been better to have created a specific process to agree the needs case (rather than relying on the recent reopener), similar to the Strategic Wider Works mechanism. Feeder 9 is one of the most critical pipelines in the network, and we are concerned that Ofgem's supervision of this project has allowed regulatory uncertainty that could have been avoided.

We are also concerned that not providing funding for Feeder 9 may put pressure on GB's security of gas supply. Although National Grid's Balancing Mechanism was successful in alleviating the high demand during the "Beast from the East" cold weather period earlier

this year, the closure of the Rough storage facility last year has raised the profile of the security of gas supply. Although this risk may be reduced if NGGT decide to go ahead with the Feeder 9 project anyway, this in turn could weaken incentives for future projects associated with security of energy supply. Consequently, we would like to see more detailed evidence from Ofgem, regarding this issue of security of supply risk associated with the Feeder 9 project, than that which is covered in the consultation document.

Compressor Sites

We have similar concerns around the decision making process for NGGT's compressor sites, particularly for St Fergus and Hatton. Ofgem should prioritise their decision on the needs case for upgrades to these sites. Waiting until the RII0-T2 price control to do this may not promote the most efficient management of the pipeline system.

I trust that this response is clear, but would be happy to discuss any matter raised within it in more depth if that would be helpful.

Yours sincerely

Joel Atherton
Senior Policy Researcher
Energy Networks & Systems