








UNC Final Modification Report	At what stage is this document in the process?
<h1 data-bbox="134 322 655 416">UNC 0785:</h1> <h2 data-bbox="129 450 1145 658">Application of UNC processes to an aggregated Bacton (exit) Interconnection Point</h2>	<div data-bbox="1197 318 1465 640"> <div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>To clarify how UNC processes would be applied to an aggregated Bacton (exit) Interconnection Point (IP).</p>	
<p>Next Steps:</p> <p>The Panel recommends implementation.</p>	
<p>Impacted Parties:</p> <p>High: BBL, Interconnector UK</p> <p>Low: National Grid, Shippers</p> <p>None:</p>	
<p>Impacted Codes: None.</p>	

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Timetable		
Modification timetable:		
Pre-Modification Discussed	07 September 2021	
Date Modification Raised	12 October 2021	
New Modification to be considered by Panel	21 October 2021	
First Workgroup Meeting	04 November 2021	
Workgroup Report to be presented to Panel	06 December 2021	
Draft Modification Report issued for consultation	16 December 2021	
Consultation Close-out for representations	11 January 2022	
Final Modification Report available for Panel (<i>at short notice</i>)	12 January 2022	
Modification Panel decision	20 January 2022	

2 Summary

What

There are two interconnectors connected at the Bacton terminal. These are BBL which connects from Bacton to Balgzand, and Interconnector Ltd. (IL) which connects from Bacton to Zeebrugge. Within the NTS Licence these 2 interconnectors are treated as 2 separate NTS Exit Points, so for example exit capacity is made available, and sold, at the 2 points in a discrete manner. There has been a change confirmed to the NTS Licence that will see these 2 points replaced with a single point. (See 'Why' section for details on this proposed Licence change.)

This modification will provide clarity to processes for the aggregated interconnection point e.g. how a single combined capacity baseline can be allocated either to the Bacton BBL and Bacton IL exit points. The application of any relevant UNC processes to the aggregated Bacton Exit IP (e.g. auctions) shall be confirmed in this proposal. As a general point it can be noted that this proposal adheres as closely as possible to the precedence set at existing combined interconnection points on the NTS (Bacton IP ASEP and Moffat).

Why

Following a statutory consultation, Ofgem have decided to modify the Special Condition 9.13 of the Gas Transporter Licence held by National Grid Gas Plc. The Licence modification removes the individual exit points 'Bacton (IUK)' and 'Bacton (BBL)' along with their associated exit capacity baselines and introduce a new combined point 'Bacton (exit) IP' with its own exit capacity baseline figure.

There are currently 2 types of binary interconnection system points defined in the UNC. These are Binary IP ASEP and Primary Interconnection Point. However, upon review, it is apparent that an aggregated Bacton exit IP is not captured by either of these two definitions, and so as things stand it is not explicit how UNC processes would apply to the new proposed Licence point, whereas it is clear for the other existing combined IPs on the NTS. Modification of the UNC is required to clarify how UNC processes will be applied to an aggregated Bacton (exit) IP.

How

This modification proposes to amend the European Interconnection Document (EID) so that an aggregated Bacton (exit) IP is explicitly recognised by the UNC.

Clarification on the application of processes relating to Capacity, Charging, Balancing and Allocations can then be made by amending EID sections A and B, and if necessary then changes to other sections of EID and TPD will also be made.

3 Governance

Justification for Authority Direction

In line with the intent of the Licence change, this modification confirms the possibility of competition - between shippers flowing into different interconnectors - for the baseline capacity made available at the Bacton (exit) IP. This change is likely to have a material effect on competition in the transportation of gas to and from adjacent pipeline systems connected to the NTS.

The proposer also believes that the decisions on this UNC Modification and the Licence modification proposals are inextricably linked, and therefore it is preferable for the Authority to make both the decision in respect of the UNC Modification Proposal and the Licence modification.

Requested Next Steps

This Modification should:

- be considered a material change and not subject to Self-Governance.
- proceed to Consultation.

4 Why Change?

Following a statutory consultation Ofgem have decided to modify the Special Condition 9.13 of the Gas Transporter Licence held by National Grid Gas Plc. The Licence modification removes the individual exit points 'Bacton (IUK)' and 'Bacton (BBL)' along with their associated exit capacity baselines and introduces a new point 'Bacton (exit) IP' with its own exit capacity baseline figure.

Modification of the UNC is required to clarify how UNC processes will be applied to an aggregated Bacton (exit) IP e.g. there may be uncertainty about whether UNC processes can be applied at the individual IP level or the aggregated IP level.

Should the change not be made there will be no explicit direction provided by the UNC, on how National Grid will run processes at an aggregated Bacton (exit) IP. This includes, for example, how a single exit capacity baseline would be auctioned across two separate IPs.

Without the change there would be a disconnect between the UNC and the Licence.

5 Code Specific Matters

Reference Documents

[European Interconnection Document \(EID\)](#)

[Capacity Allocation Mechanisms \(CAM\)](#)

[Final Impact Assessment and Statutory Consultation](#) (note: this contains links to the earlier processes ran by Ofgem on this topic).

[Decision to Modify National Grid Gas Plc's Gas Transporter Licence](#)

Knowledge/Skills

Knowledge of the existing UNC arrangements at the Bacton IP ASEP and the Moffat IP NTS Exit Point would be beneficial.

6 Solution

The EID applies to IPs, and the identification of IPs is determined by the baseline tables within the NTS Licence.

The UNC will be modified to reflect the following arrangements for the Bacton (exit) IP:

- The Bacton (exit) IP is an aggregated exit IP that consists of 2 individual IPs.
- The Bacton (exit) IP comprises:
 - An individual IP in respect of the BBL system.
 - An individual IP in respect of the IL system.

Processes shall apply in relation to either the aggregated exit IP or the individual IPs as noted below:

- Technical capacity shall be determined in relation to the aggregated exit IP. Once determined then NTS capacity may be designated as bundled on PRISMA with either IL or BBL system capacity, in line with the existing rules for bundling at a 1:2 interconnection point.
- Processes for bundled capacity shall be in relation to the individual IP. These include:
 - Allocations of bundled capacity
 - Transfers of bundled capacity
 - Surrender of bundled capacity
 - Withdrawals of bundled capacity
 - Voluntary bundling of capacity
- The amount of interruptible capacity released shall also be determined in relation to the aggregate exit IP.
- The aggregated exit IP shall be designated as a Binary Interconnection System Point. Auctions of bundled capacity may be competing in line with the existing rules (EID B1.7).
- Nominations and matching shall continue to apply in respect of individual IPs.
- Allocations (UDQO) shall continue be made in respect of the individual IPs (notwithstanding that they will be aggregated for the purposes of the overrun calculation).
- OBAs shall continue to be arranged in respect of the individual IPs.
- Any existing bundled capacity held at either the Bacton BBL point, or the Bacton IL point will continue to be designated as bundled with the respective adjacent interconnector.
- For the purposes of overruns then the calculation shall be completed at the aggregate level.
- Capacity will be charged at the prevailing rate for the new aggregate point.
- At the time of implementation then any shorthaul routes where the exit point is one of the individual IPs, shall be re-designated as being to the aggregated Bacton exit IP. Where there is more than 1 shorthaul route going to the individual IPs then National Grid will ask Users to elect which route they wish to be redesignated. In the absence of a confirmed election from the User then by default the shorthaul route that is largest by the average historical shorthaul volume back to 1st October 2021 will be picked for redesignation.
- There is also a point of clarity to make within EID Section B regarding the application of competing auctions to all Binary Interconnection System Points and not just to Binary IP ASEPs.

7 Impacts & Other Considerations

Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No impact.

Consumer Impacts

This Modification provides regulatory clarity to industry parties in the event of an affirmative decision by Ofgem on the statutory consultation. Regulatory clarity is needed so that parties can optimise their decisions and minimise costs.

What is the current consumer experience and what would the new consumer experience be?

No impact upon consumer experience.

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
Improved safety and reliability n/a	None
Lower bills than would otherwise be the case This Modification provides regulatory clarity to industry parties in the event of an affirmative decision by Ofgem on the statutory consultation. Regulatory clarity is needed so that industry parties can optimise their decisions and minimise costs, which in turn lowers cost for consumers.	Positive
Reduced environmental damage n/a	None
Improved quality of service n/a	None
Benefits for society as a whole n/a	None

Cross-Code Impacts

The Workgroup confirmed there were no cross code impacts.

EU Code Impacts

The Workgroup confirmed there were no EU code impacts.

Workgroup comments

Participants noted the Proposer's justification that this Modification is primarily to bring alignment between the UNC and the revised National Grid Licence. Workgroup did not have any further comments to add.

Central Systems Impacts

A Rough Order of Magnitude (ROM) was requested to assess whether there will be changes required on Gemini and the PRISMA/Gemini interface. Impacts to Gemini have been identified, and these can be seen in the ROM which is published.¹

8 Relevant Objectives

Impact of the Modification on the Transporters' Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	Positive
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

Without this UNC modification then there will be misalignment between the UNC and Licence leading to uncertainty and potential disagreement about how UNC processes should apply to the proposed Licence point – Bacton (exit) IP.

The Workgroup agreed that this Modification, if implemented, positively impacts relevant objective c) Efficient discharge of the licensee's obligations.

¹ All documents relating to 0785 can be found here: <https://www.gasgovernance.co.uk/0785>

9 Implementation

No timescale for implementation is proposed. NG is currently working with our service provider to confirm possible implementation timelines, and these will be communicated in due course.

Workgroup discussion

The Workgroup on 29 November was informed that the Proposer's assessment leads to an implementation in September 2022.

Some Workgroup Participants asked National Grid to confirm what interim / Transitional arrangements it intends to put in place from 15 December 2021 (the date that its new GT licence obligation is introduced) until the implementation date of the Gemini IT system changes that support this Proposal, to ensure that Bacton IP Firm Exit Capacity is made available, within all IP Exit Capacity auctions (Annual, Quarterly, Monthly and Daily), on an equal and non-discriminatory basis, for shippers seeking to use that capacity for onward transportation through either the BBL or INT pipelines, i.e. how does National Grid propose to comply with its licence obligations from 15 December 2021.

The full system solution is anticipated to be available from September 2022, but National Grid has confirmed to the Workgroup that it is actively looking at alternative solutions that can be delivered earlier.

Some Workgroup Participants acknowledged that whilst this was of some comfort the absence of a firm plan for the interim arrangement may influence responses to the consultation and National Grid was urged to provide this detail in time for the consultation.

10 Legal Text

Text Commentary

Reference	Explanation
TRANSPORTATION PRINCIPAL DOCUMENT	-
SECTION A – SYSTEM CLASSIFICATION	-
New paragraph 3.3.7	Introduces a new definition of an 'Aggregate NTS Exit Point', being a point identified in National Grid NTS's transporter's licence at which there is more than one NTS Connected System Exit Point.
SECTION B – SYSTEM USE & CAPACITY	-
New paragraph 1.2.11	A general rule about how to interpret references to NTS Exit (Flat) Capacity, User Daily Exit Quantity and Maximum NTS Exit Point Offtake Rate in Section B in the context of an NTS Exit Point comprised in an Aggregate NTS Exit Point.
New paragraph 3.13.14	To provide for the application of the exit overrun calculation at the Aggregate NTS Exit Point level

	(so by aggregating offtake quantities and capacity holdings at the constituent NTS Exit Points).
SECTION J – EXIT REQUIREMENTS	-
New paragraph 1.4.8	A general rule about how to interpret references to NTS Exit (Flat) Capacity in Section J the context of an NTS Exit Point comprised in an Aggregate NTS Exit Point.
SECTION Y – CHARGING METHODOLOGIES	-
Amended paragraph 1.3.2	To extend the meaning of an Exit Point to include an Aggregate NTS Exit Point where required.
Amended paragraph 1.3.3	To extend meaning of an Interconnection Point to include an Aggregate NTS Exit Point where required.
New paragraph 4.6.2	To extend meaning of Interconnection Point to include each constituent NTS System Exit Point where required for purposes of paragraph 4.6 (Interconnection Point Allocation Charges)
EUROPEAN INTERCONNECTOR DOCUMENT	-
SECTION A - GENERAL	-
New paragraph 2.3	Introduces a new definition of a 'Binary IP ANEP', being an Aggregate NTS Exit Point made up of two Interconnection Points.
SECTION B - CAPACITY	-
Amended paragraph 1.7.1	To extend rules about Binary Interconnection System Points to include a Binary IP ANEP.
Amended paragraph 2.1.3	To extend rule about linked Auctions of Bundled Interconnection Point Capacity to apply to a Binary IP ANEP.
Amended paragraph 3.4.2	To extend rule about the Aggregate AISC to apply to a Binary IP ANEP.
Amended paragraph 4.9.1	To extend rule to apply to a Binary IP ANEP.
Amended paragraph 5.9.1	To extend rule to apply to a Binary IP ANEP.
TRANSTION DOCUMENT	-

PART IIC	-
New paragraph 28.1	To provide for the aggregation of NTS Exit (Flat) Capacity holdings at the constituent NTS Exit Points for the purposes of calculating a User's holding of capacity at the Bacton Binary IP ANEP from the effective date of the modification.
New paragraph 28.2	To confirm the first linked Auction at the Bacton Binary IP ANEP will be the Rolling Day Ahead Auction in respect of the effective date.
New paragraph 28.3	Requirement on National Grid NTS to have contacted relevant Users by the effective date in relation to confirmed CNCCD Elections which name either of the NTS Exit Points in an Aggregate NTS System Exit Point as the Nominated Exit Point informing them of the 'snapshot date' for the purposes of paragraph 28.4.
New paragraph 28.4	Sets out the rules for applying a relevant prevailing confirmed CNCCD Election in relation to an Aggregate NTS Exit Point including an election process and default rule where two CNCCD Elections are in place.

Text

Text has been published alongside this Modification.

Workgroup participants agreed that the legal text satisfies the intent of the proposed solution.

11 Consultation

Panel invited representations from interested parties on 16 December 2021. All representations are encompassed within the Appended Representations section.

The following table provides a high-level summary of the representations.

Implementation was unanimously supported in the 2 representations received.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives
BBL Company (BBLC)	Supports	c) positive d) positive g) positive
National Grid NTS	Supports	c) positive

Please note that late submitted representations will not be included or referred to in this Final Modification Report. However, all representations received in response to this consultation (including late submissions) are published in full alongside this Report and will be taken into account when the UNC Modification Panel makes its assessment and recommendation.

12 Panel Discussions

Discussion

The Panel Chair summarised that Modification 0785 clarifies how UNC processes would be applied to an aggregated Bacton (exit) Interconnection Point (IP).

Panel Members considered the representations made noting that implementation was unanimously supported in the 2 representations received.

Panel Members agreed with respondents and the Proposer that this Modification would align the UNC with new Licence conditions and clarify how UNC processes would be applied.

Panel Members noted the comments made by BBL that an interim solution has been proposed by National Grid and comments made by National Grid that the implementation of the full solution has been brought forward to a targeted date of 1st March 2022, subject to approval of the Modification. These arrangements mitigate concerns expressed by Workgroup Participants during development of the Modification.

Consideration of the Relevant Objectives

Panel Members considered relevant objective *c) Efficient discharge of the licensee's obligation*, agreeing that implementation would have a positive impact because without this Modification there would be a misalignment between the UNC and Licence leading to uncertainty and potential disagreement about how UNC processes should apply to the proposed Licence point – Bacton (exit) IP.

Determinations

Panel Members voted unanimously that Modification 0785 does not have an SCR impact.

Panel Members voted unanimously that no new issues were identified as part of consultation.

Panel Members voted unanimously to recommend implementation of Modification 0785.

13 Recommendations

Panel Recommendation

Panel Members recommended that Modification 0785 should be implemented.

14 Appended Representations

Representation - BBL Company (BBLC)

Representation - National Grid NTS

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Date
10 January 2022

Our reference
BBL VOF 22.002

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Your reference

Subject

**Response consultation UNC Modification Proposal 0785–Application
UNC processes to an aggregated Bacton (exit) Interconnection Point**

Dear Joint Office,

BBL Company (BBLC) supports the implementation of this Proposal. BBLC considers that the Proposal furthers Relevant Objectives: c, d and g.

Background to the Proposal

BBLC operates the BBL Interconnector between The Netherlands and Great Britain. This interconnector enables gas to be physically transported to and from the GB NBP gas market and the TTF market in The Netherlands. To enable GB Shippers to take full advantage of this capability they need to be able to access commercial rights to National Grid (NGG) Entry and Exit Capacity at Bacton.

The BBL pipeline was initially a uni-directional pipeline delivering gas from NL to the NGG Bacton Entry point. In July 2019 following the completion of engineering works the pipeline became bi-directional and can now also transport gas from GB to NL. However, until the 15th December 2021, because of the NGG's Gas Transporter (GT) Licence provisions, shippers wishing to use the BBL pipeline have not been able to access Baseline Obligated NGG Firm NTS Exit Capacity at Bacton. This has also resulted in BBL shippers being unable to take advantage of the short-haul discounts which became available on 1 October 2021 to Firm Exit Capacity holders.

Since 2015 NGG's Entry Capacity capability has been made available on an aggregated basis at an aggregated Bacton IP **Entry** Point. However, prior to 15th December 2021, this was not the case in relation to **Exit** Capacity provision. Following various consultations, on the 15 October 2021 Ofgem issued its "*Decision to modify National Grid Gas Plc's Gas Transporter Licence to amend Special Condition 9.13, Appendix 2: combining of two existing NTS Exit Points*" which served to aggregate the existing NGG GT licence Baseline Exit Capacity at the Bacton Interconnection Point (IP) and therefore facilitates access to such capacity on an equal basis for both Interconnector Ltd (INT) and BBLC shippers.

BBLC's responses to Ofgem's various consultations including its 'Call for Evidence', 'Initial Impact Assessment' and 'Minded to Position' documents, and its 'Statutory Consultation and Final Impact Assessment', provided evidence in support of Ofgem's final decision to amend NGG's Licence.

BBL Company V.O.F.

Date: 10 January 2022

Our reference: BBL VOF 22.002

Subject: **Response consultation UNC Modification Proposal 0785–Application**

UNC processes to an aggregated Bacton (exit) Interconnection Point

Relevant Objectives

(c) Efficient discharge of the licensee's obligations – BBLC considers that the Proposal furthers this relevant objective. As detailed above, on the 15th October 2021 Ofgem directed a change to NGG's Gas Transporter Licence which aggregated the existing Exit Capacity Baseline at the Bacton IP. As such NGG is now obliged to make this capacity available on an equal basis to all shippers wishing to use such capacity to deliver gas into either the BBL or INT pipeline.

The amount of NTS Exit Capacity Baseline available at the new Aggregated Bacton IP is less than the sum of the Technical Capacities of the BBL and INT pipelines. Therefore, the Aggregated Bacton IP is effectively a constrained offtake. The EU CAM Network Code (EU CAM NC) sets out how such limited capacity should be made available via competing auctions. Such competing auctions are already provided for within the UNC EID but the wording within the EID Section B restricts such auctions to Entry Capacity only. NGG's Proposal seeks to extend these existing 'competing auctions' provisions to include the sale of Exit Capacity at the new Aggregated Bacton IP. This will ensure that the UNC provisions apply in the same way to both Entry and Exit Capacity reflecting the new requirement within NGG's licence. As such, BBLC considers that the Proposal furthers this relevant objective.

(d) Securing of effective competition: between relevant shippers etc – Aggregating the Baseline Exit Capacity at the Bacton IP requires NGG to make such capacity available to all shippers regardless of which downstream IP they wish to use to transport their gas. NGG's Proposal details how it intends to comply with this new licence obligation through the extension of the existing competing auctions processes set out in UNC EID. Together with aggregating the Capacity, extending competing auctions enables a wider range of shippers to compete for the available capacity on level terms thus furthering this relevant objective.

Granting access to, and facilitating competition for, Exit Capacity at the Bacton IP also puts in place a level playing field between the two IP providers at Bacton. As such this Proposal also facilitates competition between these TSOs.

Enabling BBLC shippers to have access to Baseline Exit Capacity at the Bacton IP, coupled with extending the current UNC arrangements for competing auctions to include Exit Capacity at the Aggregated Bacton IP, will also remove existing restrictions to cross-border trade between the NBP and TTF markets.

(g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators - The EU CAM NC sets out how Transmission network capacity is to be released via the auction process. It also establishes how such capacity is to be auctioned via competing auctions where such capacity is constrained. Currently the UNC fully reflects the arrangements set out in EU CAM NC in relation to the sale of NTS Entry Capacity at the Bacton IP. However, the provisions related to 'competing auctions' within the UNC do not extend to the sale of NTS Exit Capacity. BBLC notes that EU CAM NC does not make any distinction between 'entry' and 'exit' capacity and its auction rules apply without distinction.

The amount of NTS Firm Obligated Exit Capacity available at the Bacton IP is less than the aggregate 'Technical Capacities' of the two Interconnectors. Following the decision by Ofgem to amend NGG's Licence to aggregate the existing Exit Capacity Baselines at Bacton, the

BBL Company V.O.F.

Date: 10 January 2022

Our reference: BBL VOF 22.002

Subject: **Response consultation UNC Modification Proposal 0785–Application**

UNC processes to an aggregated Bacton (exit) Interconnection Point

Aggregated Bacton IP Exit Point is technically a constrained IP. Therefore, in order to remain compliant with EU CAM NC, BBLC considers that it is necessary for the existing UNC provisions for competing auctions to be extended to include Exit Capacity at the Aggregated Bacton IP.

By ensuring that Exit Capacity released by NGG at the Aggregated Bacton IP is subject to the same administrative arrangements as those already deemed to be EU CAM NC compliant for Entry Capacity BBLC considers that the Proposal furthers this relevant objective.

Benefit to end consumers

BBLC considers that introducing the same auction arrangements at the Aggregated Bacton IP Exit Point as those in place for Entry Capacity at the Bacton IP Aggregated System Entry Point (ASEP) facilitates wider, market-based access to all the available Exit Capacity. This, in turn, will lead to more efficient / greater utilisation of the available capacity at the Bacton IP as shippers take advantage of the increased arbitrage opportunities made available between the NBP and TTF market hubs. BBLC notes that Ofgem's Final Impact Assessment¹ estimates that the introduction of the revised arrangements at Bacton Exit will deliver benefits to end consumers of between £0.9 and £1.4 million per year.

Implementation

NGG's licence was amended on the 15th December 2021. Since this date BBLC believes that NGG has been obliged to make the Baseline Bacton IP Exit Capacity available on an equal and non-discriminatory basis to all shippers at an aggregated Bacton IP Exit Point.

During the 0785 Workgroup meeting on 4th November 2021 NGG presented information that indicated that the implementation of the Proposal would be delayed until later in 2022 due to the delivery of changes to NGG's Gemini IT system.

At the 0785 workgroup meetings on 4th November, 29th November and 2nd December 2021 BBLC and other workgroup attendees requested that NGG provide details of how it intended to release the new Baseline Aggregated Bacton IP Exit Capacity after the 15th December Licence change, and particularly how this would impact the Annual, Quarterly and Monthly auctions held between 15th December 2021 and the eventual implementation date of the Gemini IT system changes.

On the 14th December NGG published a note via the Energy Network Association stating that, due to the Gemini system changes not being available "until sometime in 2022", as an interim measure "the aggregate baseline will be pro-rated between the Interconnectors according to their technical capacity. By this process then:

*79.5% (518.1 GWh/d) of obligated baseline will be apportioned to Interconnector; and
20.5% (133.6 GWh/d) of obligated baseline will be apportioned to BBL."*

Whilst BBLC understands that this is a pragmatic approach, it urges NGG to implement the full solution as soon as possible and also to consider releasing additional non-Obligated Exit Capacity at both of the individual IP offtakes whenever possible to avoid any unnecessary

¹ [Final - Bacton Exit Impact Assessment \(ofgem.gov.uk\)](https://www.ofgem.gov.uk/publications/consultation-papers-and-statements/consultation-papers/consultation-paper-0785)

BBL Company V.O.F.

Date: 10 January 2022

Our reference: BBL VOF 22.002

Subject: **Response consultation UNC Modification Proposal 0785–Application**

UNC processes to an aggregated Bacton (exit) Interconnection Point

restriction of cross border capacity.

Impacts and costs of delayed implementation

BBLC is concerned that any delay in introducing aggregated Bacton IP Exit Capacity, and expanding the existing competing auction functionality, will affect Quarterly Capacity Auctions due to be run in February 2022 and the Monthly Auctions starting in April 2022, each of which will cover the important Spring, Summer and Autumn 2022 periods when gas is traditionally transported from GB to NL. This would restrict the amount of bundled Firm Exit Capacity made available to BBL shippers compared to what should be available according to NGG's licence obligation.

BBLC, however, appreciates, and is encouraged by, the assurances given by NGG at the UNC Transmission Workgroup meeting on 6th January 2022² that it now expects to be able to deliver the IT system changes that enable the implementation the Proposal, if approved by Ofgem, from 1st March 2022. Whilst BBLC understands that this would be too late for the February Quarterly Auctions, it would enable the key Monthly Auctions to be run under the new arrangements.

Impacts and costs of full implementation

Full implementation of the Proposal will deliver benefits to competition and additional revenues to NGG through increased utilisation of Exit Capacity at the Bacton IP.

Legal Text

BBLC is satisfied that the legal text provided by NGG in support of the Proposal reflects the Proposal.

Yours sincerely,



Rudi Streuper
Commercial Manager

² [1.3 Action 1103 Update - Bacton Exit Capacity Release \(updated 06 January 2022\).pptx \(live.com\)](#)

Representation - Draft Modification Report UNC 0785

Application of UNC processes to an aggregated Bacton (exit) Interconnection Point

Responses invited by: **5pm on 11 January 2022**

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Malcolm Montgomery
Organisation:	National Grid NTS
Date of Representation:	11 th January 2022
Support or oppose implementation?	Support
Relevant Objective:	c) Positive
Relevant Charging Methodology Objective:	Not Applicable

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

As proposer of this modification National Grid NTS supports its implementation. The NGG GT Licence changed on 15th December 2021 with the effect of creating a combined Bacton (exit) IP. This modification will confirm how UNC processes (including competing auctions) will be applied to the newly combined point, ensuring (if implemented) a clear alignment between the Licence and the UNC and therefore furthers Relevant Objective (c) – Efficient discharge of the licensee's obligations.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

As Transporter, we have recently confirmed to industry that we are working towards 1st March 2022 for implementation of the solution proposed in this modification. This has been brought forward from the date previously communicated to Transmission Workgroup which was Sep 2022, and minimises the duration of the period between the Licence change and the UNC/systems changes taking effect.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

Development system costs were identified within Rough Order of Magnitude XRN5420 ROM which was shared with the workgroup and indicated an estimated implementation cost of between £275k and £375k which will be funded by National Grid NTS. No material ongoing costs are identified once the system solution is in place.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

Yes.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

None.

Please provide below any additional analysis or information to support your representation

n/a