

Representation - Draft Modification Report 0498 and 0502

0498 - Amendment to Gas Quality NTS Entry Specification at BP Teesside System Entry Point

0502 - Amendment to Gas Quality NTS Entry Specification at the px Teesside System Entry Point

Responses invited by: **24 July 2015**

Representative:	Graham Jack
Organisation:	British Gas Trading Limited
Date of Representation:	23 July 2015
Support or oppose implementation?	0498 - Comments 0502 - Comments
Relevant Objective:	a) None d) None

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

We find it difficult to either support or oppose these modification proposals because, on the one hand we see the benefits of facilitating the delivery of further UKCS gas supplies, but on the other, despite extensive discussion at the workgroup, we remain uncertain as to the operational and financial downstream impacts. We are concerned that implementation of these proposals would set precedents and enable other sub-terminals to easily increase the level of CO₂ in gas delivered to the NTS without a rigorous assessment of the downstream impacts. We therefore ask the Panel and Ofgem for assurances that, should they be implemented, this would not result in the potential for such a free-for-all.

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

The effective implementation date and application of the revised CO₂ limits in the relevant Network Entry Agreements should not be prior to October 2020. Implementation should be conditional upon a justifiable and demonstrated need to increase the limits to facilitate the flow of gas from new offshore developments in accordance with the motivations explained in the modification proposals.

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

Without the support of extensive network analysis and supply scenario modelling, we are unable to assess impacts and costs relating to gas off-taken at large NTS sites that might receive gas from the Teesside sub-terminals. It is possible that higher emissions costs would be incurred by shippers as a result of the direct pass-through of higher quantities of CO₂ to the NTS but we are unsure whether there would be any operational impact at large sites.

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

Yes.

Modification Panel Members have requested that the following questions are addressed:

Q1: Respondents are requested to quantify any additional costs they would incur as a result of a CO₂ excursion to 4.0 mol% at the Teesside terminal (flow maps are included to help respondents; see figures A2.1 to A2.4 in Appendix 2).

As above, without the support of extensive network analysis and supply scenario modelling, we are unable to assess impacts and costs relating to gas off-taken at large NTS sites that might receive gas from the Teesside sub-terminals.

Q2: Respondents are requested to quantify any wider benefits/dis-benefits for the UK economy that might be derived from these proposals.

We are unable to quantify this but consider that any UK-wide benefits from these proposals should not result in any undue costs being placed on particular shippers or consumers.

Q3: Respondents are requested to quantify the security of electricity supply risk to CCGTs. It would be useful to know how many CCGTs could be affected, when they might be impacted and what flexibility there is elsewhere in the system to accommodate.

We do not have any specific data to help answer this question but we have some concerns that variability in gas quality could adversely impact the smooth operation of gas-fired generation plant. If, as a result, the reliability of such plant were to be seriously impacted then this would have a negative effect on the security of electricity supply.

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 identified.

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

