

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:	Andrew Pearce
Organisation:	BP Gas Marketing
Date of Representation:	24 July 2015
Support or oppose implementation?	0498 – Support 0502 – Support
Relevant Objective:	a) Positive d) Positive

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

As proposer of modification 0498 we support the implementation of both modification 0498 and 0502.

With the increasing maturity of UKCS as a gas production area, the accessibility of new fields and improved extractability from existing fields increase in importance to UK. Some current production relies on blending with other fields in order to meet Gas Entry Conditions, and other potential new upstream developments are known to have CO₂ levels that exceed current limits. By analysing the CO₂ content of future gas production potentially entering the System at Teesside, BP has identified an increasing risk that especially in summer months and from around 2020 onwards, the availability of sufficient blending gas cannot be guaranteed prior to entry into the NTS.

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

Implementation at the earliest practical opportunity is requested, effective from 01 October 2020. As a backstop, implementation by 31 March 2017 is necessary to enable timely final investment decision-making for new field developments.

Implementation within the NEAs could be completed immediately following approval from Ofgem, through a bilateral agreement to amend the NEAs, and is envisaged that this would be done simultaneously for 0498 and 0502.

If implementation were earlier than 2017 it would assist current flows into Teesside. As pointed out in Modification 0498 and as discussed during the workgroup meetings including BP's presentation to the workgroup 7th August 2014 revising the CO₂ spec to 4.0 mol% would avoid restricting throughput of existing gas fields as well as avoid the risk of potential new gas fields not being developed.

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

As is pointed out in the Carbon Cost Assessment implementing these modifications would negate the requirement for the field developers to seek funding for an additional c. £200m to install an amine unit onshore. This additional cost could jeopardise the economic case for progressing the development, particularly so with the recent drop in oil prices.

If an onshore amine could be funded and was installed it would increase operating costs by several million pounds per annum due to energy, chemical costs, operating and maintenance costs of the amine unit.

Flowing gas in excess of the current specification of 2.9 mol% is not expected to be for extended periods of time as it is anticipated that under normal operating conditions gas from any fields with gas of high CO₂ content would be blended in the offshore pipeline to ensure current delivery specifications are met. High CO₂ gas could result from maintenance of offshore fields during summer months or unplanned field operational outages when flows of gas into the CATS pipeline could be reduced and the capacity to blend high CO₂ gas reduced. The advantages to the upstream producers and the gas terminal operators is the removal of the need for significant capital expenditure and increased operating cost from the installation of CO₂ removal equipment which may be used for only a few days/weeks per year. By amending the CO₂ entry spec in the NEA it would also prevent significant additional CO₂ being released into the atmosphere from the use of process heat associated with the CO₂ removal technology.

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

No changes to the UNC are proposed under either modification 0498 or 0502. BP has set out the proposed legal text to modify the Network Entry Provision contained within the NEA in modification 0498. Likewise TGPP have set out the proposed legal text for their NEA in modification 0502.

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 pointed out by BP in the presentation given to the 7th August 2014 workgroup meeting¹ the Gross Calorific Value, Wobbe Index, Soot Index and Incomplete

¹ http://www.gasgovernance.co.uk/sites/default/files/2014%2008%2007%20CATS%20CO2%20Presentation%20-%20Mod%200498_0.pdf

Combustion Factor will all remain within specification limits during period where CO₂ peaks at 4.0 mol%. As this is the case there should be no material impact on costs as systems should be designed to cope with current specifications.

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

The higher CO₂ limit may result in the economic delivery of additional UKCS gas production, increasing GB supply security and reducing reliance on imported gas. A rejection of the proposals will put further economic pressure on any future sanction decision. This will contribute to the economic and efficient operation of the total system through maintaining a diversified supply base and by continued use of existing capacity.

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.

As stated above we believe that as the increase in CO₂ will have no effect on the gas specification which will remain within GSMR limits so should have no material impact on CCGTs.

The evidence presented in the workgroup report showing instances of CCGT trips is in our view misleading for the purpose of these modifications as none of the instances shown can be linked to an increase in CO₂.

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.*

No

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

We believe the modifications and the draft modification report set out sufficient information for these modifications to be approved. During the workgroup phase both BP and TGPP have endeavoured to meet all additional information requests.