

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:	Rachel Turner
Organisation:	BG Group
Date of Representation:	24 th 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)

BG supports the relaxation of the CO₂ limits at Teesside as it is the most cost effective solution for the delivery of gas from future offshore production with higher CO₂ levels. These potential resources may not otherwise be developed if more costly treatment and processing solutions for CO₂ removal have to be considered in the investment decision. This solution provides certainty to investors that gas can get to market on any day and does not rely on production from other fields for comingling.

In addition, developing the UK's own domestic resources will enhance security of supply and reduce its reliance on imports. The resources that could benefit from this change in entry conditions have the potential to supply a significant amount of gas to the UK market in the future, as shown on page 8 of the modification report. Improving the economic case for developing new fields for delivery into Teesside will also mean that existing pipeline capacity and processing terminal infrastructure can continue to be utilised.

The analysis carried out by NGG and the proposers, has not identified any increased risks in the NTS associated with the proposed increase in CO₂ limits for Teesside deliveries. In fact, these limits are already in place at some other network entry points in the UK and this modification seeks to align the limits at Teesside with those in force at St Fergus.

Analysis has shown that for the majority of the time, future gas flows at Teesside would be expected to remain within the current limits as gas from high CO₂ sources will be

blended with those with a low CO₂ content. Any use of the higher proposed limit is expected to be for periods of limited duration, such as maintenance periods and times when there are unexpected shut downs. This does not justify the high investment cost needed for CO₂ removal at the well head or on shore.

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

BG is supportive of an effective date of October 2020, and supports that the decision to make the change should be made now. This will provide clarity on the future entry specification and allow the information to be considered when designing and making decisions on offshore investments.

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

None.

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).

None

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

Insert Text Here

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.

Insert Text Here

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