









UNC Draft Modification Report	At what stage is this document in the process?
<h1>UNC 0785:</h1> <h2>Application of UNC processes to an aggregated Bacton (exit) Interconnection Point</h2>	<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</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>This Draft Modification Report is issued for consultation responses at the request of the Panel. All parties are invited to consider whether they wish to submit views regarding this Modification.</p> <p>The close-out date for responses is 11 January 2022, which should be sent to enquiries@gasgovernance.co.uk. A response template, which you may wish to use, is at www.gasgovernance.co.uk/0785.</p> <p>The Panel will consider the responses and agree whether or not this Modification should be made.</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		 enquiries@gasgovernance.co.uk
Modification timetable:		 0121 288 2107
Pre-Modification Discussed	07 September 2021	Proposer: Malcolm Montgomery
Date Modification Raised	12 October 2021	 Malcolm.montgomery@nationalgrid.com
New Modification to be considered by Panel	21 October 2021	 07970 114460
First Workgroup Meeting	04 November 2021	Transporter: National Grid Gas
Workgroup Report to be presented to Panel	06 December 2021	 Malcolm.montgomery@nationalgrid.com
Draft Modification Report issued for consultation	16 December 2021	 07970 114460
Consultation Close-out for representations	11 January 2022	Systems Provider: Xoserve
Final Modification Report available for Panel	12 January 2022	 UKLink@xoserve.com
Modification Panel decision	20 January 2022	

1 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.

2 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.

3 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.

4 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.

5 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.

6 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.

7 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.

8 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 NG 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 NG 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.

9 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 METHOLOGIES	-

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.

10 Recommendations

Panel's Recommendation to Interested Parties

The Panel have recommended that this report is issued to consultation and all parties should consider whether they wish to submit views regarding this Modification.