

Stage 04: Final Modification Report

At what stage is this document in the process?

0533S:

Corrections to Network Entry Provisions in the National Grid NTS-BBL Interconnection Agreement

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Modification

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Final Modification Report

This Modification seeks to enable minor drafting changes to Network Entry Provisions relating to Gas Entry Conditions and Measurement Provisions within the NGG - BBL Interconnection Agreement.



Panel consideration is due on 21 May 2015




High Impact: -



Medium Impact: -



Low Impact: National Grid NTS and BBL Company

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About this document:			 commercial.enquiries@xoserve.com
This Final Modification Report will be presented to the Panel on 21 May 2015.			Additional contacts: Philip Hobbins
The Panel will consider the views presented and decide whether or not this self-governance change should be made.			 Philip.hobbins@nationalgrid.com
The Workgroup recommended the following timetable:			 07966 865623
Initial consideration by Workgroup		02 April 2015	
Workgroup Report presented to Panel		16 April 2015	
Draft Modification Report issued for consultation		16 April 2015	
Consultation Close-out for representations		11 May 2015	
Final Modification Report published for Panel		12 May 2015	
UNC Modification Panel decision		21 May 2015	

1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that this is a self-governance modification because its implementation would not unduly discriminate between different classes of UNC parties or have a material effect on existing or future gas customers, competition, operation of the pipeline system(s), matters relating to sustainable development, safety or security of supply, or the management of the market or network emergencies.

Is this a Fast Track Self-Governance Modification?

The Workgroup believes this Modification should not be treated as a Fast Track Self-Governance Modification because it is not a UNC housekeeping modification. They also consider that Users should have an opportunity to comment on the proposed changes.

Why Change?

The Workgroup recognises that the BBL Company has requested changes to its Interconnection Agreement in respect of its System Entry Point at Bacton which will correct some minor drafting errors. Since the errors appear in the Network Entry Provisions, a UNC Modification in accordance with UNC (ref.TPD I 2.2.3 (a)) is required seeking industry approval to make these minor amendments prior to National Grid NTS and BBL being able to amend the Interconnection Agreement.

Therefore the Workgroup believes that this Modification should be considered as an 'enabling' Modification as the changes are purely redrafting and do not change the values or parameters of the Gas Entry Conditions or Measurement Provisions.

Solution

The Modification is proposing minor corrections to the Gas Entry Conditions and Measurement Provisions with the National Grid NTS-BBL Interconnection Agreement in respect of:

- Hydrogen Sulphide / Carbonyl Sulphide (COS)
- Total Sulphur
- Hydrocarbon Dewpoint
- Water Content
- Calorific Value

Relevant Objectives

The Workgroup expects that implementation of this Modification would further Relevant Objective f). Promotion of efficiency in the implementation and administration of the Code by correcting unintended errors in the drafting of the Gas Entry Conditions that form part of the Network Entry Provisions.

Implementation

As self-governance procedures are proposed, implementation of this Modification could be 16 business days after a Modification Panel decision to implement.

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

The Workgroup considers that there are no impacts on other industry change.

2 Why Change?

The Workgroup recognises that the BBL Company has requested changes to its Interconnection Agreement in respect of its Interconnection Point at Bacton. The Workgroup also believes that these are drafting errors which appear in the Network Entry Provisions therefore a UNC 'enabling Modification' in accordance with UNC (ref. TPD I 2.2.3 (a)) is required. If this Modification is implemented BBL may then seek to amend the Interconnection Agreement with National Grid NTS, subject to Ofgem approval under Standard Licence Condition 3 (I) of its Interconnection Licence.

This Modification seeks to obtain the required approval for the changes proposed by BBL and National Grid NTS to ensure the Gas Entry Conditions and Measurement Provisions are corrected to provide more clarity for the Interconnection Agreement and consistency with the Gas Entry Conditions in other Interconnection Agreements and Network Entry Agreements

Subject to TPD section I2.2.2 (a) (i), of UNC provides that certain Network Entry Provisions that apply in respect of a System Entry Point may not be altered without either:

- a) the written consent of all Users that hold NTS Entry Capacity at the relevant Aggregate System Entry Point on a specific date; or
- b) by way of a Code Modification

As has been typical of similar situations in the past, option (b) is proposed due to the practical difficulties of obtaining multiple consents from a potentially large number of Users.

In order to facilitate the required changes National Grid NTS will be required to follow the four steps below

- NGG and BBL to agree changes for the Interconnection Agreement;
- UNC TPD Section I2.2 requires an enabling Modification to allow the changes within the Interconnection Agreement to take place;
- National Grid NTS and BBL to make the proposed changes to the Interconnection Agreement; and
- BBL under Standard Licence Condition 3 (I) of its interconnector licence then seeks Ofgem approval for the revised Interconnection Agreement.

Background Information

Part of this Modification relates to a correction of the parameter Carbonyl Sulphide (COS) being paired with Hydrogen Sulphide rather than Total Sulphur.

Norwegian gas has a mixture of the components Hydrogen Sulphide and COS while indigenous Dutch gas only has Hydrogen Sulphide as a specification. BBL can be partly fed by Norwegian gas hence the reason for COS to be drafted correctly with Hydrogen Sulphide and rectify the initial drafting error linking COS with Total Sulphur.

National Grid NTS measures COS in conjunction with Hydrogen Sulphide not Total Sulphur at the relevant NTS System Entry Point to a level of not more than 5mg/scm. However due to the drafting errors within the Interconnection Agreement COS has been linked with Total Sulphur.

3 Solution

The table below summarises the changes proposed for the BBL Interconnection Agreement and why they are required.

Parameter	Current Text	Proposed Text	Rationale
Hydrogen Sulphide / COS	"Hydrogen Sulphide not more than 5 mg/scm"	"Hydrogen Sulphide <u>and COS</u> not more than 5mg/scm"	Hydrogen Sulphide and COS should be combined not as Total Sulphur and COS.
Total Sulphur and COS	"Total Sulphur and COS not more than 50mg/scm"	"Total Sulphur <u>and COS</u> not more than 50mg/scm"	Total Sulphur to be separated from COS and stated on its own.
Hydrocarbon Dewpoint	"Hydrocarbon Dewpoint not more than minus 2 degrees Celsius (-2°c) at any pressure up to the delivery pressure in paragraph (o)."	"Hydrocarbon Dewpoint not more than minus 2 degrees Celsius (-2°c) <u>"between 0 and 70 barg."</u> "at the Delivery Pressure provided in paragraph (o)."	The delivery pressure in paragraph (o) is 70 barg so this is purely redrafting.
Water Content	"not such as would cause a water dewpoint more than minus ten degrees Celsius (-10°c) at any pressure, "at the Delivery Pressure provided in paragraph (o)."	Water Content not such as would cause a water dewpoint more than minus ten degrees Celsius (-10° c) at any pressure, <u>"between 0 and 70 barg."</u> "at the Delivery Pressure provided in paragraph (o)."	The delivery pressure in paragraph (o) is 70 barg so this is purely redrafting.
Calorific Value	"The Equipment shall read without bias and the uncertainty of the calorific value must be better than plus or minus 0.1% over the specified calorific value range. The determination of uncertainty shall be traceable to national or international standards as appropriate."	"The Equipment shall read without bias and the uncertainty of the Calorific value must be better than plus or minus 0.1 <u>MJ/SCM</u> % over the specified calorific value range. The determination of uncertainty shall be traceable to national or international standards as appropriate."	The wording for uncertainty of CV should relate to MJ/SCM not a percentage. This is to be consistent with standard terms offered by National Grid NTS to upstream parties

User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	No User Pays service would be created or amended by implementation of this modification and it is not, therefore, classified as a User Pays Modification.
Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.	Not Applicable
Proposed charge(s) for application of User Pays charges to Shippers.	Not Applicable
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	Not Applicable

4 Relevant Objectives

Impact of the modification on the 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.	None
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.	Positive
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

The Workgroup considers that this Modification would better facilitate Relevant Objective f) above.

The Proposer considers that this is an 'enabling' Modification which, in the absence of any other changes beyond the scope of this Modification, would have no impact, either positive or negative, on relevant objectives (a) to (e) and (g).

By seeking the consent of Users via the transparency of a UNC Modification, rather than seeking the written consent of a sub-set of Users active at the Bacton ASEP, the Workgroup agrees with National Grid NTS that implementation of this Modification would be consistent with the promotion of efficiency in the implementation of the Code.

5 Implementation

As self-governance procedures are proposed, implementation could be 16 business days after a Modification Panel decision to implement, subject to no appeal being raised. If this Modification is approved, National Grid NTS expects the changes to the Interconnection Agreement to be included with EU driven changes that are required to be implemented by 01 October 2015. The two change proposals, however, are not dependent on each other.

6 Impacts

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

The Workgroup believes that the Modification does not impact on any of the Significant Code Reviews or other industry change projects.

7 Legal Text

There are no changes required to the UNC as part of this enabling Modification because the amendments will be contained within the Interconnection Agreement. The changes required within the Interconnection Agreement are defined in the Solution section.

8 Consultation Responses

Of the 2 representations received implementation was unanimously supported.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
British Gas Trading Limited	Support	f) – positive	<ul style="list-style-type: none">• Believes the proposed corrections to the Interconnection Agreement appear sensible and necessary to ensure appropriate interoperability between BBL and National Grid NTS.• Supports the self-governance status.• Supports immediate implementation and happy with the proposed (non UNC related) legal text changes.
National Grid NTS	Support	f) - positive	<ul style="list-style-type: none">• Highlights that the modification seeks to address minor drafting errors in the current Network Entry provisions (within the National Grid NTS – BBL Interconnection Agreement).• Suggests that the proposed changes are purely redrafting, and do not seek to change the values or parameters of the Gas Entry Conditions or Measurement Provisions.• Supports the self-governance status.• Acknowledges that as a self-governance modification, implementation could take effect 16 business days after UNC Panel decision.

Representations are published alongside the Final Modification Report.

9 Panel Discussions

10 Recommendation

Panel Recommendation

Having considered the Modification Report, the Panel determined:

- that proposed self-governance Modification 0533S should / should not be made.