

National Grid Response to Action 0604 of the UNC Transmission Workgroup

5 July 2018

Action

“Reference the BBLC Physical Reverse Flow Proposals - National Grid NTS (Phil Hobbins) to discuss with his National Grid colleagues to ascertain, what if any, information from their discussions with BBL can, or cannot be provided (i.e. non-commercially sensitive information).”

Response

This note is a summary of the relevant points of the National Grid assessment and subsequent report regarding the implications on the NTS of facilitating physical reverse flow on the BBL interconnector at Bacton. It is provided to the Transmission Workgroup by National Grid for information only and does not commit National Grid to release of capacity.

Summary of National Grid's Assessment of NTS Exit Capability at Bacton

The original scope of the analysis was to investigate the physical works required to make 168GWh/day (7GWh/h) of firm NTS Exit Capacity available at the BBL interconnector at Bacton. Our initial analysis indicated that substantial NTS reinforcement works would be required in order to make firm obligated NTS Exit Capacity available over and above our existing exit capacity obligations as set out in our Gas Transporter Licence. The constraints identified during this assessment indicated that both additional pipelines and compressor units would be required and that the lead times for this work would be six to seven years. However, more local works at the Bacton (BBL) Interconnection Point, to enable physical reverse flow, were considered to be minor in nature. We provided this initial assessment to BBLC.

We were subsequently asked by BBLC to revise the scope of the works and to investigate whether NTS Exit Capacity could be made available to BBLC at Bacton on a firm basis over the summer period and an interruptible basis over the winter period. We also agreed to provide information on whether NTS Exit Capacity currently made available at Bacton (IUK) could be made available at Bacton (BBL).

Our analysis indicated that firm capacity could be made available during the summer (from May to September). Forecast demand data contained within our Future Energy Scenarios publication indicated that demand was forecast not to increase and hence available network capability was not forecast to reduce. This analysis was carried out based on an 'intact' network and any NTS maintenance in the May to September period (the normal period for network maintenance activities) might reduce network capability.

Interruptible capacity could be made available in those months when firm capacity was not available. We informed BBLC that the likelihood of National Grid needing to scale back such capacity would increase as south-east demand and IUK demand increased, and would decrease with higher Bacton entry flows or, to a lesser extent, higher Isle of Grain LNG imports.

Summary of Commercial and Regulatory Issues

We informed BBLC that:

- The BBL interconnector is already included within the NTS Gas Transporter Licence as “Bacton (BBL)” with a zero baseline. This means that there is currently no obligation on National Grid to make firm (obligated) NTS Exit Capacity available in respect of the BBL Interconnection Point. There is a quantity of baseline NTS Exit Capacity available at the Bacton (IUK) Interconnection Point. Under the prevailing UNC arrangements, this quantity of NTS Exit Capacity can only be made available at the Bacton (IUK) Exit Point and cannot be made available at the Bacton (BBL) Exit Point.
- Interruptible capacity can be made available to BBL in accordance with UNC and is currently made available for virtual reverse flow.
- No NTS Licence changes would be required to make interruptible or non-obligated firm NTS Exit Capacity available.
- Non-obligated firm capacity can be released at National Grid’s discretion when a shorter-term demand for firm capacity is received and does not create an obligation to release that same level of firm capacity in the future.
- We only release non-obligated firm capacity on a risk versus reward basis and consider whether we expect to be able to accommodate any resulting additional flows and continue to meet our licence and UNC obligations at all other relevant points. Non-obligated capacity could be released at any point including the BBL exit point.

UNC

We discussed with BBLC that the UNC – European Interconnection Document Section B paragraph 4.9 only allows for competing auctions where two points have been aggregated, and that a UNC Modification would need to be raised and directed for implementation to allow competing auctions to occur for NTS Exit Capacity at a combined BBL/IUK exit point. We also informed BBLC that changes to the NTS capacity release methodologies and our NTS Gas Transporter Licence might also be required to enable such a UNC Modification to take effect. We confirmed that we would make any required methodology changes should a UNC Modification be raised and subsequently be directed for implementation and that any change to our Licence requires a consultation process to be initiated by Ofgem.

Substitution of NTS Exit Capacity from Bacton (IUK)

We informed BBLC that:

- There are currently rules concerning the substitution of NTS Exit Capacity away from another Interconnection Point that are set out in our capacity methodology statements, and the EU CAM Network Code. While NTS Entry Capacity can be made available to either IUK or BBL at Bacton, this is not the case for NTS Exit Capacity since the NTS licence obligated baseline for NTS Exit Capacity at Bacton is currently solely attributed to Bacton (IUK) and the current UNC arrangements, referred to above, do not allow for competing auctions to occur for NTS Exit Capacity at the two IP Exit Points at Bacton.
- Any network offtake capability not utilised by shippers at IUK is equally applicable to BBL and, in part, this is what would allow us to make available interruptible Exit Capacity at Bacton (BBL).