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Stage 01: Proposal

What stage is this document in the process?



- 01 Proposal
- 02 Workstream Report
- 03 Draft Modification Report
- 04 Final Modification Report

UNC XXXX

Alignment of CV and Wobbe Limits at NTS System Entry Points

Seeks to align the wobbe number and calorific value limits for certain NTS System Entry Points with the parameters that would be available to any new NTS entry connection. Changes are proposed in respect of Bacton Seal, Bacton Shell, St Fergus Total, St Fergus Mobil, Burton Point and the Hole House Farm storage facility.

Use file/properties/custom to adjust the contents of the box below

-  The Proposer recommends that this Proposal is sent for development in the Transmission Workgroup.
-  Low Impact:
Delivery Facility Operators, Storage Facility Operator & National Grid NTS

Panel paper number
XXX
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About this document:

This document is a Proposal, which will be presented by the Proposer to the Panel on 20 January 2011. The Panel will consider the Proposer's recommendation, and agree whether this Proposal should be referred to a Workgroup for development.



Any questions?

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1 Summary

Why Change?

In recent years, several UNC Modification Proposals (0236, 0256 and 0266) have been raised to facilitate the widening of calorific value (CV) and/or wobble gas quality parameters at specific NTS System Entry Points to the limits that would be available to any new NTS entry connection. Ofgem's decision letters in respect of Modifications 0256 and 0266 requested that National Grid NTS should consider the viability of a 'blanket' Modification Proposal to equalise gas quality limits at all NTS System Entry Points.

Following discussions with Ofgem, National Grid NTS engaged with all Delivery Facility Operators (DFOs) and Storage Facility Operators (SFOs) whose current contractual limits are inside the allowable ranges for wobble and CV. Of the parties contacted, the DFOs at Bacton Seal, Bacton Shell, St Fergus Total, St Fergus Mobil, Burton Point and the SFO at Hole House Farm expressed a wish to change their limits accordingly.

National Grid NTS has decided to raise this Proposal pursuant to section I2.2 of the UNC TPD to facilitate these changes to gas quality limits.

Solution

It is proposed that the following changes are made in relation to the gas quality parameters applicable at the relevant NTS System Entry Point as outlined in the table below:

NTS System Entry Point	Gas Quality Characteristic	Current Specification	Proposed Specification
Hole House Farm	Wobbe Lower Limit	48.14 MJ/m ³	47.2 MJ/m ³
Bacton Seal	Wobbe Lower Limit	48.1 MJ/m ³	47.2 MJ/m ³
Bacton Seal	Wobbe Upper Limit	51.4 MJ/m ³	51.41MJ/m ³
Bacton Shell	Wobbe Lower Limit	48.2 MJ/m ³	47.2 MJ/m ³
Bacton Shell	Wobbe Upper Limit	51.2 MJ/m ³	51.41MJ/m ³
St Fergus Total	Wobbe Lower Limit	48.2 MJ/m ³	47.2 MJ/m ³
St Fergus Total	CV Upper Limit	41.9 MJ/m ³	42.3 MJ/m ³
St Fergus Mobil	CV Upper Limit	41.9 MJ/m ³	42.3 MJ/m ³
Burton Point	Wobbe Lower Limit	48.2 MJ/m ³	47.2 MJ/m ³
Burton Point	Wobbe Upper Limit	51.4 MJ/m ³	51.41 MJ/m ³

Impacts & Costs

Implementation of this Proposal will have no development or capital cost implications.

As with previous Proposals of this nature, National Grid NTS has conducted analysis of the potential impact on CV Shrinkage. This analysis has concluded that if the above NTS System Entry Points were to deliver gas at their proposed new limits, there would be no material change in CV shrinkage risk.

Implementation

If this Proposal is approved, in respect of those NTS System Entry Points where a Network Entry Agreement (NEA) or Storage Connection Agreement (SCA) is in force, implementation will be effected by means of a side letter to those agreements. For those NTS System Entry Points where pre-Network Code legacy arrangements prevail, implementation will take effect upon NEA signature.

The Case for Change

The proposed changes will:

allow the relevant DFOs the scope to process a wider range of offshore reserves potentially increasing the amount of gas available to the GB market thus benefiting security of supply; and

bring their CV and wobbe limits into line with those that National Grid NTS would currently offer to any new NTS entry connection. By 'levelling the playing field' in this manner, we believe that implementation of this Proposal would better facilitate the relevant objective of securing effective competition between shippers whilst maintaining supplies within the agreed gas quality specifications.

Recommendations

It is proposed that this Proposal proceeds to development in the Transmission Workgroup. This will provide an opportunity for the industry to consider the CV shrinkage analysis that has been completed by National Grid NTS before the Proposal is issued for consultation.

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2 Why Change?

In recent years, three UNC Modification Proposals have been raised to facilitate the widening of certain gas quality parameters for DFOs at Teesside, St Fergus and Barrow¹. These Proposals, all of which were approved by Ofgem, sought mainly to align the wobble number and/or CV limits with those that would be available to any new NTS entry connection, consistent with the Gas Safety (Management) Regulations 1996.

Within the decision letters for Modifications 0256 and 0266, Ofgem stated, "*As other NTS entry points (such as sub-terminals and specified downstream blending points) continue to align their Network Entry Agreements in line with GS(M)R limits, Ofgem looks forward to an assessment by NGG NTS of the viability of a blanket modification to equalise all gas quality conditions at the relevant locations*".

Following discussions with Ofgem, National Grid NTS engaged with all DFOs and SFOs whose current contractual limits are inside the allowable ranges for wobble and CV. Of the parties contacted, the DFOs at Bacton Seal, Bacton Shell, St Fergus Total, St Fergus Mobil, Burton Point and the SFO at Hole House Farm expressed a wish to change their limits accordingly.

National Grid NTS has decided to raise this Proposal pursuant to section I2.2 of the UNC TPD to facilitate these changes to gas quality limits.

3 Solution

The proposed solution is detailed in Section 1.

4 Relevant Objectives

The Proposer believes that XXXX will better facilitate the achievement of **Relevant Objective (d) below**.

Proposer's view of the benefits of XXXX against the Code Relevant Objectives	
Description of 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.	See explanation below.
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are	None

¹ <http://www.gasgovernance.co.uk/0236> <http://www.gasgovernance.co.uk/0256>
<http://www.gasgovernance.co.uk/0266>

satisfied as respects the availability of gas to their domestic customers.	
f) Promotion of efficiency in the implementation and administration of the Code	None

How does this Modification Proposal better facilitate Standard Special Condition A11.1 (d)?

National Grid NTS believes that this Proposal will enhance effective competition between relevant shippers by allowing shippers that deliver gas into the NTS at the specified System Entry Points the potential to deliver gas of an equivalent CV and wobble range that would currently be permitted at any new NTS System Entry Point. This would potentially increase the amount of gas made available to the GB market, thus promoting competition between shippers seeking to bring gas to market.

5 Impacts and Costs

Costs

Indicative industry costs

National Grid NTS has conducted analysis on the potential impact of aligning the CV and Wobbe Number parameters for these NTS System Entry Points on CV Shrinkage. This analysis has concluded that if these NTS System Entry Points were to deliver gas at their proposed new limits, there would be no material change in CV shrinkage risk.

Impacts

Impact on Transporters' Systems and Process

Transporters' System/Process	Potential impact
UK Link	<ul style="list-style-type: none"> None
Operational Processes	<ul style="list-style-type: none"> National Grid NTS would need to amend the relevant gas quality limits in its operational systems.
User Pays implications	<ul style="list-style-type: none"> None

Impact on Users

Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none"> Users would be able to deliver gas of a wider gas quality at the specified entry points than is the case currently.
Development, capital and operating costs	<ul style="list-style-type: none"> No additional development, capital or operating costs are envisaged.
Contractual risks	<ul style="list-style-type: none"> None
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> None

Impact on Transporters

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Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none"> National Grid NTS would be able to accept gas of a slightly wider gas quality range at the specified System Entry Points.
Development, capital and operating costs	<ul style="list-style-type: none"> None
Recovery of costs	<ul style="list-style-type: none"> None
Price regulation	<ul style="list-style-type: none"> None
Contractual risks	<ul style="list-style-type: none"> None
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> NEA and SCA contractual relationships with the relevant DFOs and SFO would be amended to reflect the new limits.
Standards of service	<ul style="list-style-type: none"> None

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> None
UNC Committees	<ul style="list-style-type: none"> None
General administration	<ul style="list-style-type: none"> None

Impact on Code	
Code section	Potential impact
No text changes would be required to implement this Proposal.	None.

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	Updates to the relevant gas quality parameters would need to be reflected in the relevant NEAs via side letters. Where no NEA is in force, a new NEA containing the new limits would need to be signed by the relevant DFO.
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	None
Storage Connection Agreement (TPD R1.3.1)	An update to the relevant gas quality parameter would need to be reflected in the relevant SCA via a side letter.

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Impact on UNC Related Documents and Other Referenced Documents	
UK Link Manual (TPD U1.4)	None
Network Code Operations Reporting Manual (TPD V12)	None
Network Code Validation Rules (TPD V12)	None
ECQ Methodology (TPD V12)	None
Measurement Error Notification Guidelines (TPD V12)	None
Energy Balancing Credit Rules (TPD X2.1)	None
Uniform Network Code Standards of Service (Various)	None

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	None
Gas Transporter Licence	None
Transportation Pricing Methodology Statement	None

Other Impacts	
Item impacted	Potential impact
Security of Supply	This Proposal will allow the relevant DFOs the scope to process a wider range of offshore reserves, potentially increasing the amount of gas available to the GB market, thus benefiting security of supply.
Operation of the Total System	The system would be able to accept gas of a slightly wider gas quality range at the specified NTS System Entry Points.
Industry fragmentation	None
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	The relevant terminal operators / producers would be able to deliver gas of a slightly wider specification.

6 Implementation

Following approval by the Authority, implementation will be effected on a bilateral basis as soon as is reasonably practicable with each relevant DFO / SFO as specified under the 'Implementation' sub-heading in section 1 of this Proposal.

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7 The Case for Change

In addition to that identified the above, the Proposer has identified the following:

Advantages

- Nothing further identified.

Disadvantages

- None identified.

8 Recommendation

The Proposer invites the Panel to:

DETERMINE that Modification Proposal XXXX progresses to development in the Transmission Workgroup. This will provide an opportunity for the industry to consider the CV shrinkage analysis that has been completed by National Grid NTS before the Proposal is issued for consultation.

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