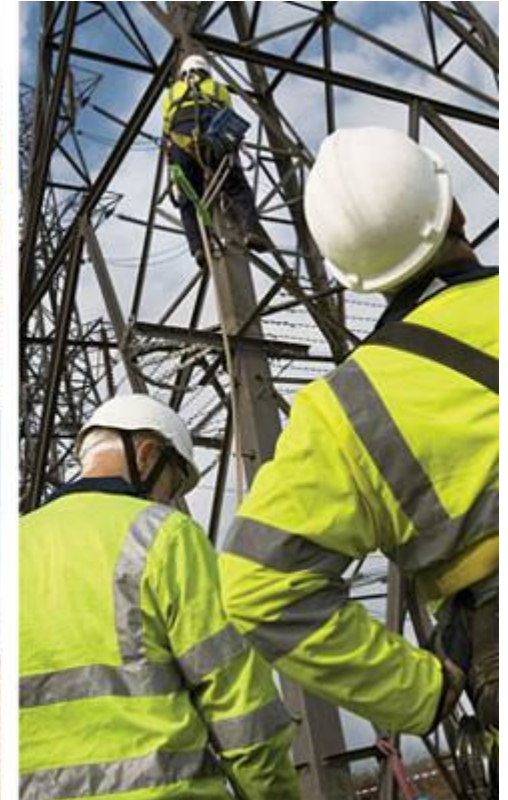# Connecting Coal Bed Methane to the NTS

Transmission Workstream
3rd June 2010

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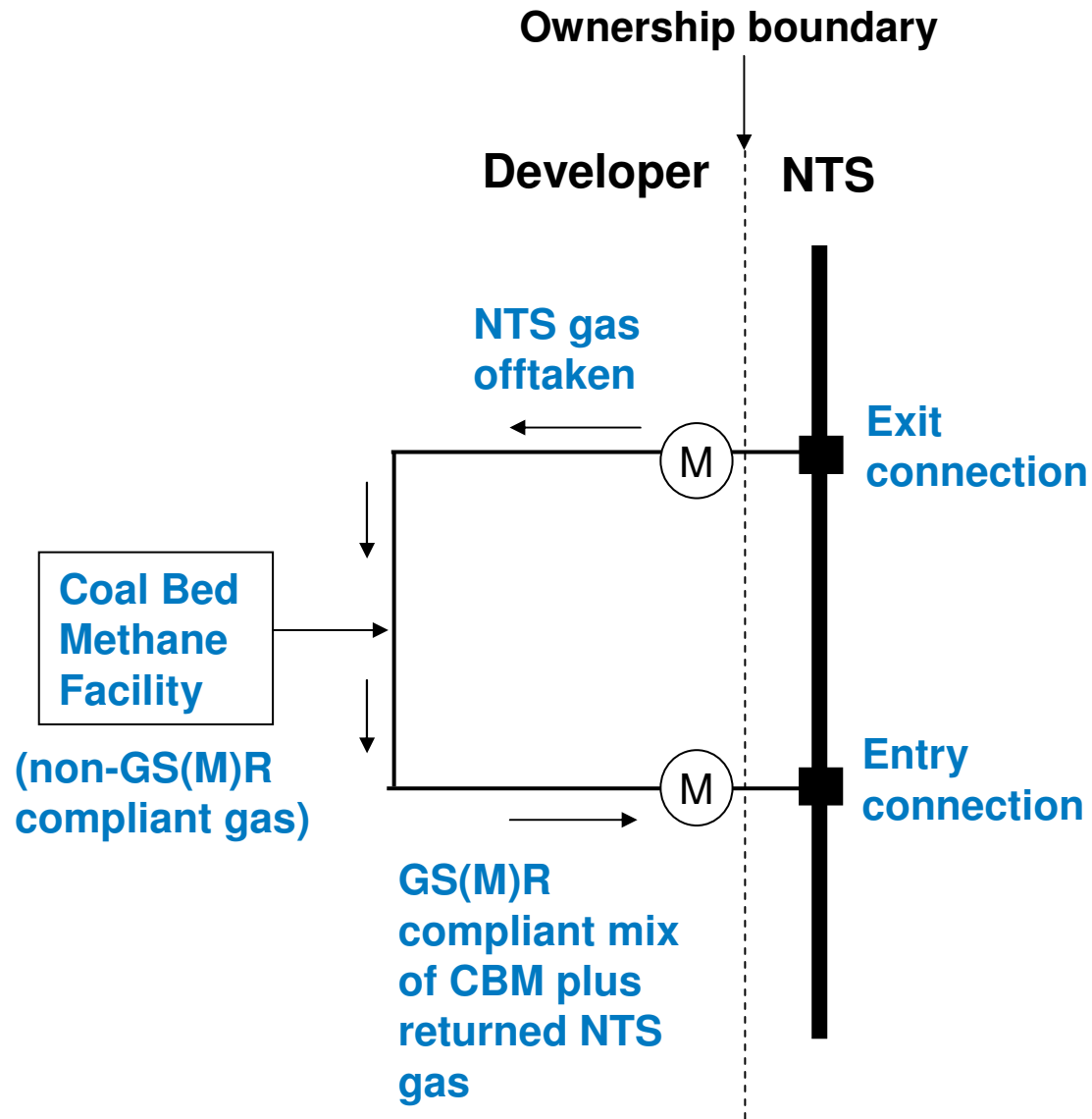The power of action.

Introduction

- National Grid NTS has received an NTS entry connection request from a Coal Bed Methane (CBM) developer

  - Onshore, indigenous source of gas for the UK

  - Possibly the first of several such projects

  - Non-GS(M)R compliant – CBM gas is low wobbe

- A high level connection solution has been agreed which raises commercial regime questions

  - UNC classification

  - Transportation charging arrangements

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Proposed Connection Arrangement

Ownership boundary

Developer   **NTS**

NTS gas offtaken

Exit connection

Coal Bed Methane Facility

(non-GS(M)R compliant gas)

GS(M)R compliant mix of CBM plus returned NTS gas

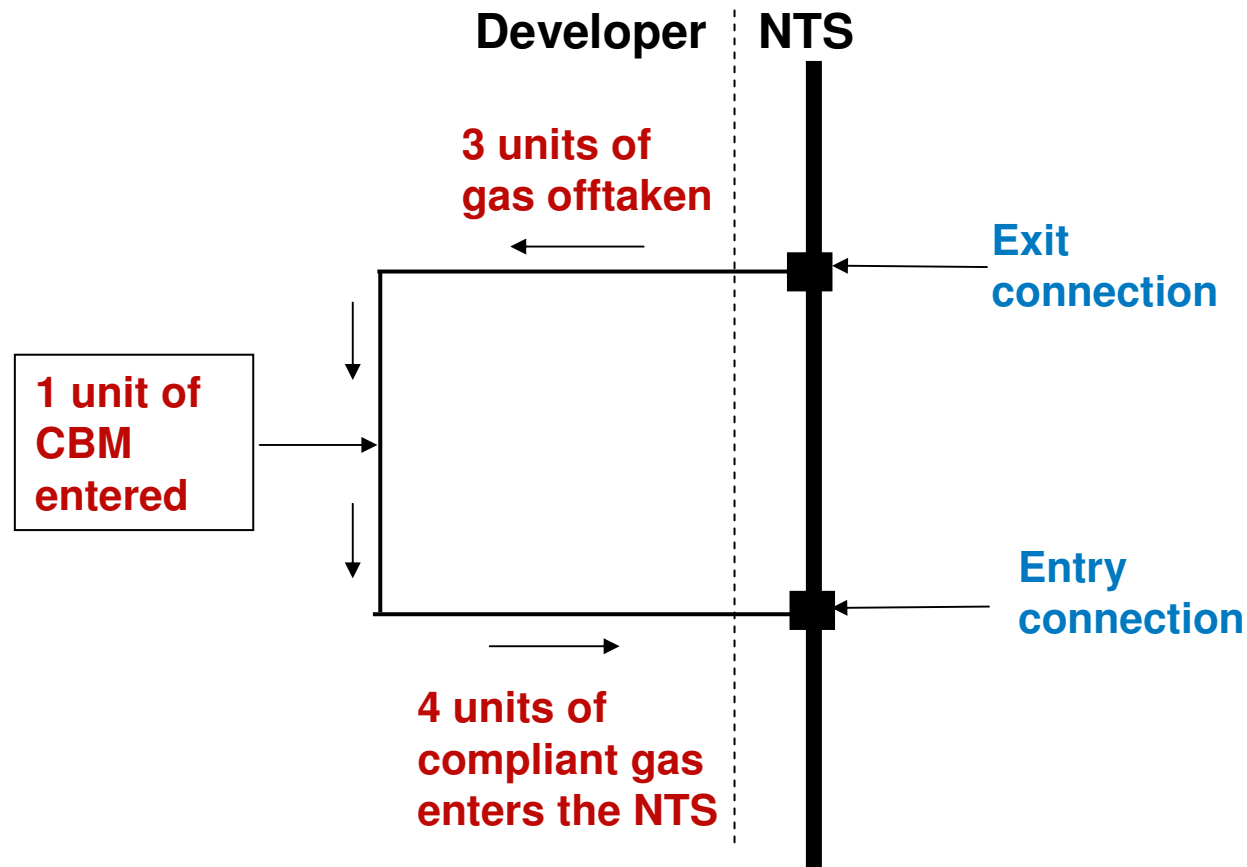Entry connection

M

M

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Commercial arrangements

- A new, unique type of entry point?

  - NTS gas is technically "offtaken" from the NTS but is redelivered a short time later on a continuous basis

- New UNC rules required?

- Having worked with the developer, current strawman is to apply transportation charges based on the <u>net</u> (entry / exit) end of day flows

  - Reflects charging arrangements at other System Points

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Worked Example

Developer | **NTS**

3 units of gas offtaken

Exit connection

1 unit of CBM entered

Entry connection

4 units of compliant gas enters the NTS

Net zero units offtaken, net 1 unit entry therefore:

No charge for NTS exit capacity, no charge for NTS exit commodity,

1 unit of NTS entry capacity required, 1 unit of NTS entry commodity charged

Commercial Regime Changes

◆ We currently believe that a UNC Modification is required to:

  ◆ Recognise the connection arrangement as a new type of System Point

  ◆ Clarify the operational contract, eg. NEA or NEA/NExA

  ◆ Establish the energy allocation rules and responsibilities

  ◆ Establish the capacity booking requirement and overrun rules

  ◆ Describe the transportation charging arrangements

◆ At this time we do not consider that any change is required to the transportation charging regime.

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Way Forward

◆ Developer would like the regime changes to be progressed as quickly as possible

◆ Industry views invited on:

  ◆ Creation of a new type of System Point

  ◆ Rules to be applied to the new type of System Point

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