# Modification Report
# Amendment of Interconnector UK's Minimum Wobbe Limit
# Modification Reference Number 0222
# Version 2.0

This Modification Report is made pursuant to Rule 9.3.1 of the Modification Rules and follows the format required under Rule 9.4.

## 1 The Modification Proposal

*Where capitalised words and phrases are used within this Modification Proposal, those words and phrases shall usually have the meaning given within the Uniform Network Code (unless they are otherwise defined in this Modification Proposal). Key UNC defined terms used in this Modification Proposal are highlighted by an asterisk (*) when first used. This Modification Proposal*, as with all Modification Proposals, should be read in conjunction with the prevailing UNC.*

The Wobbe Index* provides a measure of the chemical energy contained within a unit of gas that is released upon combustion. The range of Wobbe Index that National Grid can accept into the NTS* is specified in the Gas Safety (Management) Regulations (GSMR) as being between 51.41 and 47.2 MJ/m³. In some cases, however, more stringent requirements are set out for specific sites in their Network Entry Provisions* or Network Exit Provisions* (NEPs).

IUK have raised a concern that the minimum Wobbe Indexes set out in the NEPs of their Interconnection Agreement (IA) are higher than the GSMR minimum, constraining the volumes of gas available to be entered or offtaken from the NTS. This Modification Proposal is being raised with IUK's support and aims to reduce the minimum Wobbe Indexes within IUK's NEPs to the minimum set out in GSMR of 47.2 MJ/m³.

The TPD* provides that the prevailing Network Entry and Exit Provisions at a System Entry Point* or System Exit Point* may only be amended either with the written consent of all Users* who hold NTS Entry Capacity* or NTS Exit Capacity* at the Aggregate System Entry Point* or NTS Exit Point* or by way of a Modification Proposal. The Proposer* wishes to effect this change to IUK's IA through raising a Modification Proposal.

### Suggested Text

No text is required as the Modification Proposal is concerned with a change to IUK's Network Entry and Exit Provisions.

## 2 Extent to which implementation of the proposed modification would better facilitate the relevant objectives

***Standard Special Condition A11.1 (a): the efficient and economic operation of the pipe-line system to which this licence relates;***

Implementation would not be expected to better facilitate this relevant objective.

***Standard Special Condition A11.1 (b): so far as is consistent with sub-paragraph (a), the 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;***

Implementation would not be expected to better facilitate this relevant objective.

***Standard Special Condition A11.1 (c): so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence;***

Implementation would not be expected to better facilitate this relevant objective.

***Standard Special Condition A11.1 (d): so far as is consistent with sub-paragraphs (a) to (c) the 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;***

Implementation of this Modification Proposal would facilitate this objective by bringing IUK into line with the majority of other ASEPs and NTS Exit Points where the lower Wobbe limit of 47.2 MJ/m $^3$ is applicable and hence enhancing competition.

***Standard Special Condition A11.1 (e): so far as is consistent with sub-paragraphs (a) to (d), the 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;***

Implementation of the Modification Proposal would facilitate this objective by increasing the flexibility of the link between the UK and the Continental European markets, better enabling the capability to deal with gases from low Wobbe sources. This has the potential to increase the volume of gas available to the UK from Europe, enhancing the security of domestic customer supply.

***Standard Special Condition A11.1 (f): so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code;***

Implementation would not be expected to better facilitate this relevant

objective.

**3 The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation**

It is anticipated that security of supply will be increased by the implementation of this Modification Proposal by making it easier for IUK Users to deliver gas to the NTS by removing a potential barrier to the transfer of gas from different sources in Europe.

The Modification Proposal would have a minimal impact upon system operation when IUK is importing gas into the UK, as any volumes with a lower Wobbe Index will be quickly mixed with gas from the many other System Entry Points in the vicinity, but would increase flexibility and ease of operation when IUK is exporting to Europe as it would remove any requirement for mixing prior to export.

No implications on industry fragmentation have been identified.

**4 The implications for Transporters and each Transporter of implementing the Modification Proposal, including:**

**a) Implications for operation of the System:**

Having undertaken analysis across various supply patterns and demand levels, National Grid NTS can confirm that it is satisfied that the level of CV shrinkage would not be adversely impacted by this Modification Proposal.

However, SSE still believed there may be impacts on CV shrinkage and in support referred to the issue raised by National Grid NTS in the SO Incentive consultations,

National Grid NTS is unaware of any implications for other Transporters of implementing the Modification Proposal.

**b) Development and capital cost and operating cost implications**

SSE believed there might be implications for availability of capacity, particularly NTS Exit (Flexibility) Capacity. This would potentially have capital cost implications.

**c) Extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs:**

No specific costs recovery steps have been identified within this Proposal.

**d) Analysis of the consequences (if any) this proposal would have on price regulation:**

No such consequences have been identified.

**5 The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the**

**Modification Proposal**

No such consequences have been identified.

**6 The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users**

No such implications have been identified. The current measurement range and NTS systems are capable of handling the reduced limit without modification.

**7 The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk**

***Administrative and operational implications (including impact upon manual processes and procedures)***

No such implications have been identified.

***Development and capital cost and operating cost implications***

It is assumed that by removing a potential barrier to entry, Users would benefit from implementation.

***Consequence for the level of contractual risk of Users***

No such consequences have been identified.

**8 The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non Code Party**

The Proposer considered that the IUK operator would have more flexibility in operation due to the wider Wobbe limit in force.

However, AEP pointed out that CCGTs connected close to Bacton may experience a wider CV/wobbe range and more rapid variations. This can be problematic for stable CCGT operation and in extreme can cause plant trips and plant damage.

**9 Consequences on the legislative and regulatory obligations and contractual relationships of each Transporter and each User and Non Code Party of implementing the Modification Proposal**

Subsequent to the approval of the Modification Proposal, the Interconnection Agreement between National Grid and IUK will be modified to reflect the changed value.

**10 Analysis of any advantages or disadvantages of implementation of the**

**Modification Proposal**

**Advantages**

- Reduction of the minimum allowed Wobbe Index within IUK's Network Entry Provisions and Network Exit Provisions to the current GSMR minimum of 47.2 MJ/m³ would remove potential barriers to increased gas flows into the UK from Europe, increasing security of supply to the UK.
- In respect of environmental considerations, BGT also believed that adopting the Wobbe limit set out in this Proposal could make additional gas available in a very tight supply position, thereby potentially reducing the need for alternative and more polluting fuels, eg distillate, to be used in place of natural gas

**Disadvantages**

No disadvantages have been identified.

**11 Summary of representations received (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)**

Representations were received from the following eleven parties, all of whom were in support of this Proposal:

| **Organisation** | | **Position** |
|---|---|---|
| Association of Electricity Producers | (AEP) | Supports |
| British Gas Trading Limited | (BGT) | Supports |
| BOC Limited | (BOC) | Supports |
| BP Gas Marketing | (BP) | Supports |
| E.ON UK plc | (EON) | Supports |
| National Grid Gas Distribution plc | (NGD) | Supports |
| National Grid NTS | (NGNTS) | Supports |
| RWE Npower and RWE Supply & Trading GmbH | (RWE) | Supports |
| Scotia Gas Networks plc | (SGN) | Supports |
| Scottish and Southern Energy plc | (SSE) | Supports |
| Statoil (U.K.) Limited | (STUK) | Supports |

**12 The extent to which the implementation is required to enable each Transporter to facilitate compliance with safety or other legislation**

Implementation is not required to enable each Transporter to facilitate compliance with safety or other legislation.

**13 The extent to which the implementation is required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence**

Implementation is not required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement

furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence.

**14 Programme for works required as a consequence of implementing the Modification Proposal**

No programme of works would be required as a consequence of implementing the Modification Proposal.

**15 Proposed implementation timetable (including timetable for any necessary information systems changes and detailing any potentially retrospective impacts)**

It is recommended that the Modification Proposal be progressed towards an implementation date of 30 November 2008 in order that the anticipated benefits are available for the majority of the 2008/9 winter period.

**16 Implications of implementing this Modification Proposal upon existing Code Standards of Service**

No implications of implementing this Modification Proposal upon existing Code Standards of Service have been identified.

**17 Recommendation regarding implementation of this Modification Proposal and the number of votes of the Modification Panel**

At the Modification Panel meeting held on 16 October 2008, of the 10 Voting Members present, capable of casting 10 votes, 10 votes were cast in favour of implementing this Modification Proposal. Therefore the Panel recommend implementation of this Proposal.

**18 Transporter's Proposal**

This Modification Report contains the Transporter's proposal to modify the Code and the Transporter now seeks direction from the Gas and Electricity Markets Authority in accordance with this report.

**19 Text**

No text is required as the Modification Proposal is concerned with a change to IUK's Network Entry and Exit Provisions.

For and on behalf of the Relevant Gas Transporters:

**Tim Davis**
**Chief Executive, Joint Office of Gas Transporters**