

Representation received by Email

0502 : Amendment to Gas quality NTS Entry Specification at the px Teesside System Entry Point

Date: 22 May 2014

Organisation:

GrowHow UK

Abstract:

Comments from GrowHow UK Ltd regarding potential increase in CO2 entry cap to 4%

GrowHow is the largest industrial user of Gas in the UK; we use 1% of UK gas each day (c. 2.5MCM). Gas is both feedstock and fuel within our process; it is 68% of our variable manufacturing cost.

As Natural Gas plays such a crucial role and security of supply is paramount to the operations of our business we welcome diverse supplies into the NTS that offset dwindling UK continental shelf flows.

However, higher CO2 content in the gas entering the network will cause some issues

- Our CO2 emissions increase as the additional CO2 is emitted from our process in addition to the CO2 we are generating ourselves (this would presumably take the form of an increased emissions factor on the metered incoming gas), leading to higher costs under EU ETS.
- There would be additional load on our CO2 removal systems, which are already highly loaded at maximum production rates – so this could become a limit on production rate.
- Calorific value is reduced, so our volume of gas consumed needs to increase, this will increase pressure drop in the distribution pipework (both NG system and customers own distribution system).
- The CO2 acts a diluent, so where we are trying to achieve high temperatures (e.g. in reformer furnaces) we have more mass to heat, which consumes more energy (minor effect).

So whilst broadly supportive of any new supplies which can help improve energy security, we would suggest that mechanisms to help minimise the consequences for major customers should be considered.

e.g. could the EU ETS cost penalty associated with the elevated level of CO2 in the feed be transferred to the supplier rather than the customer, in the longer term this could encourage the supplier to consider carbon capture at point of entry to reduce the CO2 content.

We would like these comments to be taken account of in the discussion.

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