

UNC Combined Workgroups 0498/0502 Minutes
Amendment to Gas Quality NTS Entry Specification at BP
Teesside System Entry Point
Tuesday 31 March 2015
at ENA, 52 Horseferry Road, London SW1P 2AF

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MiB)	Joint Office
Andrew Toolis	(AT)	BP Gas
David O'Donnell	(DO)	TGPP
David Reilly	(DRe)	Ofgem
Dennis Rachwal	(DRa)	National Grid NTS
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JCh)	SSE
Julie Cox	(JC)	Energy UK
Marshall Hall	(MH)	Oil & Gas UK
Matthew Bacon	(MB)	DECC
Natasha Ranatunga	(NR)	EDF Energy
Sveva Sangalli	(SS)	DECC

**via teleconference*

Copies of papers are available at: www.gasgovernance.co.uk/0498/310315

Modification 0498 - Amendment to Gas Quality NTS Entry Specification at BP Teesside System Entry Point

Modification 0502 - Amendment to Gas Quality NTS Entry Specification at the px Teesside System Entry Point

The combined Workgroup Report is due to be presented at the UNC Modification Panel by 21 May 2015.

1.0 Introduction

BF welcomed all to the meeting.

2.0 Review of Minutes and Actions

2.1 Minutes

The minutes from the previous meeting were approved.

2.2 Actions

1201: All parties to review the draft Workgroup Report (published at: www.gasgovernance.co.uk/0498/081214) and what information they have been tasked to provide (*see text/assignments in red, page 8 onwards*), and submit their contributions to the Joint Office in advance of the next meeting (i.e. by 20 March 2015) for inclusion in the redrafted Workgroup Report.

Update: BF reported that a number of contributions had been received and been added to the draft Workgroup Report (v0.9) by L Jenkins.

Following consideration of the draft report (see discussions at 3.0, below) further contributions were necessary and should be submitted to the Joint Office in advance of the next meeting (i.e. by 20 April 2015) for inclusion in the redrafted Workgroup Report.

Closed

0301: DRa to clarify that CO₂ above the Network Entry Agreement (NEA) limit would not result in a Terminal Flow Advice (TFA).

Update: DRa confirmed that the TFA process applies in respect of all flow parameters and is still utilised for contractual compliance purposes. Additionally, the TFA can apply in respect of the CO₂ for Teesside.

DRa went on to point out that where a risk is identified on any given day, mitigation of that risk can be via the TFA and this is one of many parameters for example flow weighted average CV etc. Where the NEA CO₂ (contractual) limit of 2.9 mol% is breached, alarm would be triggered in National Grid systems and on a reasonable endeavours basis, National Grid may undertake appropriate rectification actions such as blending or request a shut down.

During a brief discussion around the definition of 'reasonable endeavours', DO explained that the legal consensus view, is that this involves the requirement to successfully pass quite stringent contractual tests.

It was noted that should the Workgroup advocate a (strict) 4 mol% CO₂ limit, this could / would potentially restrict National Grid's ability to respond on a reasonable endeavours basis. It was also suggested that care is needed to balance the NEA requirements against overall system flow and CO₂ requirements. **Closed**

0302: DECC Q1 - LJ to write to GrowHow to seek its views regarding the feasibility of upgrading its CO₂ removal systems.

Update: BF reported that L Jenkins had received responses and incorporated these into the latest version draft Workgroup Report accordingly. **Closed**

0303: DECC Q2 - J Chandler to provide more/quantifiable evidence from turbine manufacturers to support the assertions made in respect of the impact on warranties.

Update: JCh confirmed that he had provided the requested information. BF noted that both SSE and their specific turbine manufacturers believed that they could manage circumstances with a 4% level of inert gases. BF then undertook an onscreen revision to the draft WGR. **Closed**

0304: DECC Q3 - DO to obtain more data from the Jackdaw field operator to support the assertion that Jackdaw gas production will improve security of supply.

Update: DO confirmed that he had provided the requested information whereupon BF pointed out that it had been incorporated into the text on page 9 of the draft Workgroup Report. **Closed**

0305: DECC Q7: AP to provide information/estimation of the number of days CO₂ might exceed 2.9% pre-2019.

Update: DO advised that the requested information had been provided and was now incorporated into the draft Workgroup Report. **Closed**

0306: Draft Workgroup Report v0.8 - Page 13 Technical Complexity - All parties to arrange for their Technical colleagues to review this section and submit comments.

Update: BF reported that L Jenkins had incorporated any comments received into the draft Workgroup Report. **Carried forward**

0307: DECC Q8 - For a CCGT, establish the costs of tripping and retuning.

Update: JC confirmed that she had provided the information including some capital cost elements that are quoted against a relatively new CCGT.

When asked whether gas quality issues had been taken into account, JC advised that discussions around mitigating actions had been undertaken although no final view had been established at this time.

Discussion temporarily focused on CCGTs may not have varying gas quality levels and how their choice of plant may be different to that of those locations where variations were anticipated. In acknowledging that there are several factors at play, it was also recognised that the challenge is how best to manage the variations and timescales involved. In considering Wobbe related variations, it was also recognised that geographical location also has a bearing on the scale of the issue, due in part to gas blending related impacts. In short, care is needed in assessing impacts of potential variations to the flows at certain Entry Points. Responding, JC acknowledged that whilst it would be nice to undertake analysis, it is not possible due to a lack of information.

It was noted that at previous Workgroup meetings discussions had taken place around Power Stations that are 'related' to Teesside gas, and maybe identifying the nearest gas fired power station to Teesside could/would provide an indication of any Teesside gas flow related impacts.

DR believes that whilst there are multiple potential impacts (including GrowHow related ones), care is needed to avoid mixing these up – he made reference to the East Coast maps suggesting that these reveal a range of sources of gas that could potentially flow to the power station(s).

DO suggested that he could look to provide some data and examples of the potential impact on CO₂ levels of gas from different CATS fields going offline. JC acknowledged that gas quality is a high profile issue for power station operational aspects going forward, but suggested that the power stations would be able to model their respective CO₂ and flow related impacts if they had the data – she believes that the issue comes about when increasing CO₂ levels potentially displace or increase the total inerts contained. DR suggested that this is an interesting debate and pointed out that it is a matter that he expects would be discussed in more detail at future industry Interoperability meetings. JC pointed out that she had previously requested that National Grid NTS starts to look at these matters in more detail, although so far, nothing seems to have been done. AT then explained that as far as CATS gas purposes are concerned (where circa 14 to 16 fields feed into CATS), where CO₂ levels increase Nitrogen is displaced to maintain the inert gas 'balance'. DO pointed out that CATS gas is a relatively rich gas which has Nitrogen injected at the (CATS) terminals in order to maintain the Calorific Value (CV) requirements of the gas. DR pointed out this matter is already captured within the draft WGR. It was suggested that hydrocarbon related issues could have a more significant impact.

DO then explained that the CATS offshore pipeline feeds into two CATS terminals, hence the two modifications. He also noted that TGPP tends to inject less Nitrogen than the BP terminal does. When asked he confirmed that this could have a potential impact on GrowHow considerations. DRe suggested that perhaps the real issue relates to the potential level of inerts as GrowHow use the methane in gas as feed product and not as a fuel to burn.

DO believed that in reality it would be difficult to run CATS on Jackdaw only flows as the gas flows can be very complex, especially if you try to incorporate all potential variables. He pointed out that 'Jackdaw' is a firm service or nothing and it is the tail end of the production field flows, which if there was a reduction in other CATS pipeline flows may not be sufficient to be accommodated at the terminal – in short he believes that in this instance it is not truly a CO₂ or gas quality related issue, but rather an issue relating to how much gas there is coming off the production platform for Jackdaw purposes. From his

perspective, securing Jackdaw into the NTS on a 'reasonable endeavours' basis is a non starter. Offering a slightly different perspective, GJ suggested that in essence, this relates to a fixed (contracted) service provision supported by a few weeks of reasonable endeavours based provision where necessary. MH highlighted that in his opinion, an Offshore Party would not proceed in the absence of a firm service into the NTS provision, and anything other than this would be a concern as it could potentially 'cap' Offshore Owners. When it was pointed out that an Offshore Owner had previously proceeded without a firm service provision in place, it was suggested that this was only due to it being a special circumstance. MH noted that in previous discussions the CATS had confirmed that whilst there had been some curtailments, they remain firm services and in his view no Offshore Operator is going to invest in the absence of such. **Closed**

3.0 Development of the Workgroup Report

The draft Workgroup Report (v0.9, dated 24 March 2015) was reviewed on screen. BF explained that it had been restructured and the additions made following receipt of various contributions. He also pointed out that DECC had provided a number of questions for consideration and response by the Workgroup, and that these were to be addressed at the appropriate points during the review of the current draft.

During a detailed onscreen review of the document the new inclusions were discussed and what further information might be required; a number of observations and suggestions were made as the review progressed. Individual parties were tasked with confirming / providing additional information as appropriate, according to the Workgroup's view of what was necessary to include as supporting evidence in the Workgroup's report.

3.1 Review of Relevant Objectives

BF drew attention to the initial statements included and noted that this whole section may continue to be refined as development of the report progresses further.

During consideration of the 'Carbon Cost Assessment – Option 1 – Removal of CO₂ above 2.9 mol% at the upstream platform or onshore at the terminals' statement, it was agreed that the DECC Q13 *'Have the Jackdaw developers considered whether there are alternative arrangements for managing the CO₂ risk. i.e. could the terminal hold blending gas in storage for the (limited) number of days when offshore blended gas might not be available?'*, the Workgroup concluded that this remains to be discussed in more detail and updated at the next meeting.

New Action 0308: Reference draft WGR Relevant Objectives, Initial Representations – TGPP (DO) to seek additional confirmation from BG Group that they (BG) would not be able to continue to develop the (Jackdaw) field without a firm service provision agreement being in place.

New Action 0309: Reference draft WGR Relevant Objectives, Potential European Standard on Gas Quality – DECC (MB/SS) to consider whether a statement is required to clarify the UK position for inclusion in the Workgroup Report.

New Action 0310: Reference draft WGR Relevant Objectives, Impact on Consumers, Warranty Impacts – Shipper participants to consider both the commercial and contractual issues (including potential trip leading to Electricity Capacity Mechanism impacts).

New Action 0311: Reference draft WGR Relevant Objectives, Impact on Consumers, Warranty Impacts – National Grid NTS (DR) to provide a summary statement relating to the variability of gas at Entry Points etc., to be included within the Workgroup Report.

New Action 0312: Reference draft WGR Relevant Objectives, Impact on Consumers, Warranty Impacts – Downstream Consumers – impact on CO₂ Removal Systems – TGPP (DO) to consider moving the section into an appendix as a case study.

New Action 0313: Reference draft WGR Relevant Objectives, Impact on Storage Operators – All parties to consider whether the order of £225,000 p.a. statement would be better expressed as a % of Opex, and whether this is overstated based on annual and not the limited number of high CO₂ days in a year.

New Action 0314: Reference draft WGR Relevant Objectives, Impact on Consumers, Carbon Cost Assessment – Option 1 – Removal of CO₂ above 2.9 mol% at the upstream platform or onshore at the terminals - TGPP (DO) to consider moving the section into an appendix, plus consider other alternative heat options that might be viable.

New Action 0315: Reference draft WGR Relevant Objectives, Tabulation of Advantages/Disadvantages for CO₂ options table - TGPP (DO) to review and amend the table where appropriate.

New Action 0316: Reference draft WGR Relevant Objectives, Wider Considerations – Risk of setting precedent – Oil & Gas UK (MH) to provide a Policy explanation (statement) for Carbon Reduction v's sustainable UKCS.

New Action 0317: Reference draft WGR Relevant Objectives, Appendix 6 - Conclusions - TGPP (DO) to review and amend as appropriate.

3.2 Consideration of Legal Text for NEAs

The Workgroup believe that the legal text is commensurate with the NEA requirements.

3.3 Recommendations (including additional questions for UNC Modification Panel consideration)

Following discussion, a new action was placed on all parties to consider what additional questions for Panel should be added for inclusion in the subsequent consultation process.

New Action 0318: Reference draft WGR Recommendations - All parties to consider what additional questions for Panel should be added for inclusion in the subsequent consultation process.

4.0 Any Other Business

4.1 National Grid NTS Update on CO₂ Daily Average Data

DR provided a brief update on the CO₂ Daily Average Data spreadsheet explaining that the values are calculated as a simple average and not on a flow weighted average basis.

5.0 Next Steps

BF reminded that the Workgroup's report is due for consideration at the UNC Modification Panel meeting on 21 May 2015 (submission date is 08 May 2015).

The draft Workgroup Report (as amended to reflect today's discussions) will be published following this meeting, and all parties will continue to maintain involvement and contribute to the drafting process through their respective outstanding actions (updated to reflect the date agreed for submission of further contributions).

Further contributions should be provided to the Joint Office in advance of the next meeting

(i.e. by 17 April 2015) for inclusion in the redrafted Workgroup Report, for publication prior to Tuesday 21 April 2015 meeting, to give sufficient time for review.

At the next Workgroup meeting (29 April 2015) it will be the intention to continue to formally structure and shape the Workgroup's report, with the primary focus being on the further outputs from any outstanding actions, and how these will inform the Workgroup's views and be translated into meaningful content.

6.0 Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

Workgroup meetings will take place as follows:

Time/Date	Location	Programme
10:00, Wednesday 29 April 2015	Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR (Room LG8 - maximum capacity 22 persons)	Completion of Workgroup Report and Workgroup sign off <i>(Contributions to be sent to Joint Office by 17 April 2015)</i>

Action Table – Combined Workgroup 0498/0502 (31 March 2015)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1201	08/12/14	3.0	All parties to review the draft Workgroup Report (post meeting version, published at www.gasgovernance.co.uk/0498/090315) and what information they have been tasked to provide (<i>see text/assignments in red, page 8 onwards</i>), and submit their contributions to the Joint Office in advance of the next meeting (i.e. by 20 March 2015) for inclusion in the redrafted Workgroup Report.	ALL Parties	Update provided. Closed
0301	09/03/15	2.1	DRA to clarify that CO ₂ above the Network Entry Agreement (NEA) limit would not result in a Terminal Flow Advice (TFA).	National Grid NTS (DRa)	Update provided. Closed
0302	09/03/15	3.0	DECC Q1 - LJ to write to GrowHow to seek its views regarding the feasibility of upgrading its CO ₂ removal systems.	Joint Office (LJ)	Update provided. Closed
0303	09/03/15	3.0	DECC Q2 - J Chandler to provide more/quantifiable evidence from turbine manufacturers to support the assertions made in respect of the impact on warranties.	SSE (JCh)	Update provided. Closed

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0304	09/03/15	3.0	DECC Q3 - DO to obtain more data from the Jackdaw field operator to support the assertion that Jackdaw gas production will improve security of supply.	TGPP (DO)	Update provided. Closed
0305	09/03/15	3.0	DECC Q7: AP to provide information/estimation of the number of days CO ₂ might exceed 2.9% pre-2019.	BP Gas (AP)	Update provided. Closed
0306	09/03/15	3.0	<i>Draft Workgroup Report v0.8 - Page 13, Technical Complexity</i> - All parties to arrange for their Technical colleagues to review this section and submit comments.	All parties	Carried forward
0307	09/03/15	3.0	DECC Q8 - For a CCGT, establish the costs of tripping and retuning.	Energy UK (J Cox)	Update provided. Closed
0308	31/03/15	3.1	<i>Reference draft WGR Relevant Objectives, Initial Representations</i> – TGPP (DO) to seek additional confirmation from BG Group that they (BG) would not be able to continue to develop the (Jackdaw) field without a firm service provision agreement being in place.	TGPP (DO)	Pending
0309	31/03/15	3.1	<i>Reference draft WGR Relevant Objectives, Potential European Standard on Gas Quality</i> – DECC (MB/SS) to consider whether a statement is required to clarify the UK position for inclusion in the Workgroup Report.	DECC (MB/SS)	Pending
0310	31/03/15	3.1	<i>Reference draft WGR Relevant Objectives, Impact on Consumers, Warranty Impacts</i> – Shipper participants to consider both the commercial and contractual issues (inc. potential trip leading to Electricity Capacity Mechanism impacts).	Shippers	Pending
0311	31/03/15	3.1	<i>Reference draft WGR Relevant Objectives, Impact on Consumers, Warranty Impacts</i> – National Grid NTS (DR) to provide a summary statement relating to the variability of gas at Entry Points etc., to be included within the Workgroup Report.	National Grid NTS (DR)	Pending
0312	31/03/15	3.1	<i>Reference draft WGR Relevant Objectives, Impact on Consumers, Warranty Impacts – Downstream Consumers – impact on CO₂ Removal Systems</i> – TGPP (DO) to consider moving the section into an appendix as a case study.	TGPP (DO)	Pending

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0313	31/03/15	3.1	<i>Reference draft WGR Relevant Objectives, Impact on Storage Operators</i> – All parties to consider whether the order of £225,000 p.a. statement would be better expressed as a % of Opex, and whether this is overstated based on annual and not the limited number of high CO2 days in a year.	All	Pending
0314	31/03/15	3.1	<i>Reference draft WGR Relevant Objectives, Impact on Consumers, Carbon Cost Assessment – Option 1 – Removal of CO2 above 2.9 mol% at the upstream platform or onshore at the terminals</i> - TGPP (DO) to consider moving the section into an appendix, plus consider other alternative heat options that might be viable.	TGPP (DO)	Pending
0315	31/03/15	3.1	<i>Reference draft WGR Relevant Objectives, Tabulation of Advantages/Disadvantages for CO2 options table</i> - TGPP (DO) to review and amend the table where appropriate.	TGPP (DO)	Pending
0316	31/03/15	3.1	<i>Reference draft WGR Relevant Objectives, Wider Considerations – Risk of setting precedent</i> – Oil & Gas UK (MH) to provide a Policy explanation (statement) for Carbon Reduction v's sustainable UKCS.	Oil & Gas UK (MH)	Pending
0317	31/03/15	3.1	<i>Reference draft WGR Relevant Objectives, Appendix 6 - Conclusions</i> - TGPP (DO) to review and amend as appropriate.	TGPP (DO)	Pending
0318	31/03/15	3.3	<i>Reference draft WGR Recommendations</i> - All parties to consider what additional questions for Panel should be added for inclusion in the subsequent consultation process.	All	Pending