

John Bradley
Modification Panel Secretary
Joint Office of Gas Transporters
1st Floor South
31 Homer Rd
Solihull
B91 3LT

Phil Hobbins
Senior Commercial Analyst
philip.hobbins@uk.ngrid.com
Direct tel +44 (0)1926 653432
Direct fax +44 (0)1926 656605
Mobile +44 (0)7966 865623

www.nationalgrid.com

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Dear John

Modification Proposal 0266: Amendment to Gas Quality NTS Entry Specifications for the North Morecambe Terminal

Thank you for the opportunity to comment on the above Proposal.

National Grid NTS supports implementation of this Proposal.

Comments on Section 1 of the Draft Modification Report, "The Modification Proposal"

National Grid NTS agrees with the Proposer that if the Proposal is implemented, it will allow the Barrow Delivery Facility Operator (DFO) the scope to process a wider range of offshore reserves and hence facilitate additional gas flows into the NTS, enhancing both security of supply and competition between gas shippers and suppliers. In practice however, consistent with the Proposer's representation, we believe that regular deliveries of gas through North Morecambe with a wobble number within the proposed expanded range are unlikely to materialise and that a greater benefit to the DFO will accrue via a smoother return to production following an outage.

We note that the Proposer believes that there would not be any measurable impact on CV shrinkage or NTS system operation if this Proposal were to be implemented but would welcome our views on these points. These are set out below.

Impact on System Operation

GS(M)R compliant gas entered at North Morecambe commingles with potentially non-GS(M)R compliant gas from South Morecambe. If the commingled stream is non-GS(M)R compliant, it may only proceed beyond Lupton if further commingling with NTS gas (mainly travelling south from St Fergus) achieves GS(M)R compliance at that location. If there is an imminent risk of insufficient volumes of higher quality gas being available to ensure that the commingled gases achieve GS(M)R compliance at Lupton then a Transportation Flow Advice (TFA) is issued to the Barrow DFO.

We have conducted analysis on the potential impact of a lower wobble limit for North Morecambe on our ability to accept South Morecambe gas. The analysis has taken St Fergus flows with an average wobble, typical South Morecambe wobble as seen in operation and a range of potential North and South Morecambe flows.

The analysis has concluded that, should North Morecambe operate continuously at the proposed lower wobble limit, the requirement for commingling flows from the north would increase marginally (by around 1 mcmd) in order to meet the requirements for gas exiting Lupton. This conclusion, allied with our belief that such flows from North Morecambe are unlikely to occur, leads us to believe that implementation of this Proposal has a low probability of increasing the number of occasions when South Morecambe flows are constrained to protect the network downstream of Lupton.

Impact on CV Shrinkage

We do not expect the Proposal to give rise to increased levels of CV shrinkage for three reasons:

- 1) The Barrow DFO already has a lower CV limit of 36.9 MJ/m³ for North Morecambe and so can therefore already deliver low CV gas into the system. (It is possible for gas composition to coincidentally display a 48.2 MJ/m³ wobble number and 36.9 MJ/m³ CV);
- 2) Our experience suggests that incidences of very low wobble gas at Lupton are most likely to be caused by short term transient events within the gas day. The daily CVs that enter the flow weighted average calculation from which any CV shrinkage may result are calculated as a flow weighted average across the day, hence we would expect any associated low CV periods to be smoothed out; and
- 3) Lower CV Barrow gas commingles with typically higher CV St Fergus gas at Lupton. The commingled gas then travels along many miles of pipeline before exiting the NTS at an offtake where CV measurements apply for the flow weighted average calculation.

Comments on Section 3 of the Draft Modification Report, “Extent to which implementation of the proposed modification would better facilitate the relevant objectives”

This Proposal would align the North Morecambe wobble range with that that would be offered 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.

Yours sincerely

Phil Hobbins
National Grid NTS