

## Representation

### Draft Modification Report

#### 0363V - Commercial Arrangements for NTS Commingling Facilities

**Consultation close out date:** 04 November 2011  
**Respond to:** enquiries@gasgovernance.co.uk  
**Organisation:** Greenpark Energy  
**Representative:** Graham White  
**Date of Representation:** 21<sup>st</sup> October 2011

#### Do you support or oppose implementation?

Support

#### Please summarise (in one paragraph) the key reason(s) for your support/opposition.

Greenpark Energy is a leading coal bed methane (CBM) exploration and production company and is in the process of bringing previously untapped sources of native gas to the UK market. In order to supply this gas to the market it is required to meet GSMR quality specifications which will require either substantial investment in bespoke processing equipment or, lesser investment in infrastructure to facilitate the commingling with NTS gas. This modification proposal is the result of discussions between Greenpark and NG NTS and is viewed by both parties as providing an effective solution ensuring that additional supplies of indigenous gas can be brought to market. It should be noted that this is by no means a "free option" for Greenpark as infrastructure will need to be put in place to allow for the extraction, blending and reinjection of NTS gas. The solution does, however, recognise the costs imposed on the system by the connection of such facilities. Given the instantaneous nature of the flows off and back onto the system, it is right, in a cost reflective sense, that charges should only be based on net flows. If charges were applied to exit flows and entry flows, it is clear that they would be excessive and non-cost reflective. Finally, we are aware that certain players view the proposal as being discriminatory in nature. Greenpark does not agree. Any connection which exhibits similar characteristics to that proposed by Greenpark i.e. instantaneous removal and redelivery of NTS gas within a specific location can benefit from the proposed arrangements. As far as we are aware there are, or are unlikely to be alternative delivery facilities which would require this service, but would not qualify from the arrangements proposed in this modification. Certainly, the review group was unable to identify any realistic propositions.

## Are there any new or additional issues that you believe should be recorded in the Modification Report?

No

### Relevant Objectives:

*How would implementation of this modification impact the relevant objectives?*

Greenpark agrees with the comments set out in the draft report. We would like to emphasise that in the event that this solution, or similar solution was not implemented then the costs of bringing CBM to market are likely to be prohibitive. The proposed solution does provide for cost-reflectivity in charges and coupled with the delivery of new gas into the market it is consistent with the objective of promoting competition.

### Impacts and Costs:

*What analysis, development and ongoing costs would you face if this modification were implemented?*

There would be costs to a developer of building the infrastructure to facilitate commingling, however, these would be less than those which would be incurred if such a service was not available. It should be noted that additional costs would be incurred by the developer in terms of measurement equipment of volumes and quality and both the NTS exit and NTS entry points.

### Implementation:

*What lead-time would you wish to see prior to this modification being implemented, and why?*

No lead time is required.

### Legal Text:

*Are you satisfied that the legal text will deliver the intent of the modification?*

Yes

## Is there anything further you wish to be taken into account?

*Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.*

No