

UNC 251 Review Questions to Ofgem:

Background: "Bio" sources of gas are likely to need some gas processing to meet the GS(M)R (removal of inert gases) and may also require some enrichment with propane in order to meet the Wobbe number requirements of the GS(M)R. For both biomethane and coal bed methane it may be that a certain amount of inert gas is removed and some propane is added to get to a gas quality that meets the GS(M)R standard. If all inerts (CO₂, oxygen, nitrogen) were removed then the gas would meet the GS(M)R standard as 100% methane. More likely, it may be more economic and efficient to remove CO₂ (but not oxygen and nitrogen) and then add some propane to achieve a Wobbe Number within the GS(M)R range.

1. Is it discriminatory if a Gas Transporter (NTS or DN) requires the producer of the gas to meet the GS(M)R Wobbe number range (47.2 – 51.41 MJ/m³) at the producer's cost by treating the gas (e.g. propane enrichment) if necessary?

No, this is not discriminatory. Therefore the producer should provide gas to the system that is of a minimum safe standard (see next response for more reasoning).

2. Is it discriminatory if a Gas Transporter (NTS or DN) enforces a specific CV such that gas producers are required to ensure, at their cost, that the injected gas is within 1 MJ/m³ of the flow-weighted CV of existing gas in the network, by further enrichment of the gas (e.g. with propane) if necessary, so as to avoid triggering lower billable energy under the Gas Calculation Of Thermal Energy regulations and giving rise to CV shrinkage? (See 1.3 above.) It is assumed in this case that the gas from the producer would meet the GS(M)R Wobbe Number range.

Standard Special Condition D12 (Requirement to offer terms for the provision of gas entry points) section 6 provides:

"In carrying out the provision of gas entry points the licensee shall not unduly discriminate between any persons or class or classes of persons."

The issue of whether or not there is discrimination on the facts would depend on the justifications lying behind any decision taken by gas transporters to require gas producers to inject propane into the gas prior to its entry onto the transmission system. If the reason is one of legitimate safety concerns or legitimate safety compliance requirements then this is very likely to provide an objective justification for asking making the injection of propane a requirement. If the justification for requiring the injection is that it reduces CV shrinkage and may potentially lead to more reflective billing of customers and shippers, the particular circumstances would need to be examined carefully in order to determine whether there is objective justification for the requirement to inject propane.

The key issues for discrimination are:

1. Are the two (or more) relevant gas producing/importing facilities sufficiently similar such that they are comparable facilities?

- (a) If no, then there is unlikely to be any discrimination in treatment
- (b) If yes;

2. Are the conditions/requirements being made of some of those facilities by the gas transporters different, i.e. are only *some* facilities required to inject propane whereas others are not?

- (a) If no (i.e. the requirements are the same for all gas producing/ importing facilities) there is no discrimination
- (b) If yes; continue

As different potential injection points are located within different charging zones and different regions of the UK, it is likely that the 'set-point' CV would be different depending on location and the gas quality of existing facilities in the area. Therefore only some facilities would be required to propanate, and to different levels.

3. Can those differences be objectively justified?

- (a) If yes, then the different treatment is not "undue".
- (b) If no, discrimination is made out.

The key issue is therefore the gas transporters rationale for the requirement and whether it constitutes an objective justification for any propane requirements imposed on some but not all facilities.