

Please find comments for the work group report.

Regards

Jeff Chandler

P4 Additional text

Arguments for governance procedures to change to Authority Direction

SSE believe that Authority decision should be sought due to the negative impact on competition at downstream operations at Peterhead CCGT. During times of high CO₂ content Peterhead will incur higher inherent CO₂ costs than other power generators will be exposed to. In addition, Peterhead will be exposed to a greater likelihood of plant failure during times of CO₂ change. These factors will place Peterhead at a competitive disadvantage compared with other power generators based in GB.

P9 replacement text

What costs or benefits will pass through to them?

Peterhead CCGT is adjacent to the St Fergus entry terminal and will be directly affected by any change to gas composition as it is the closest offtake point on the NTS. If implemented this modification will allow for gas of 5.5 % CO₂ content to be entered on to the NTS at St Fergus. The step change in CO₂ content will result in a change in Wobbe index (WI). This rate of change of WI risks the trip of the CCGT in order to protect the burners. The plant trip will result in the operator being exposed to cashout penalties on both the gas and power markets. The extent of the cashout penalties will depend on the number of high CO₂ events, the duration of any forced outage and the prevailing gas and power marginal cashout charges.

P9 replacement text

Are there any other Consumer Impacts?

Peterhead CCGT will be exposed to the cost of buying EU ETS for any inherent CO₂ increase resulting from this modification. The proposer intends to avoid the cost of removing CO₂ by increasing the CO₂ limit and pushing costs downstream.

P19 Is this correct. Peterhead DC is immediately adjacent to St Fergus?

e) Impact on consumers

The analysis conducted suggests that Direct Connects (DCs) should not receive over 4mol% CO₂ as a result of an unplanned outage at Laggan Tormore but a slug of higher CO₂ (up to 3.87%) could enter the NTS and the duration could be up to 15 hours (worst case scenario).

P20 addition in red

The concerns expressed for 0498 /0502 for Combined Cycle Gas Turbines (CCGTs) remain for 0607s, namely

- Linking CCGT Trips to Changes in Gas Quality
- Direct Costs for CCGT Trips/Retuning
- Warranty Impacts
- Downstream Consumers – impact on CO₂ Removal Systems]

P25 addition in red

Competition between shippers should be improved through maximization of available production by avoiding early cessation of production, maintaining diversity and reducing reliance on imported gas. In addition, the presence of domestic supplies could contribute to efficient price formation and help sustain the National Balancing Point (NBP) as a liquid hub. However, Peterhead CCGT will be disadvantaged compared to its competitors as it will have higher inherent CO₂ costs and be exposed to cashout risk due to variable gas supply quality outwith its control. SSE think it is only fair that the proposer reimburses Peterhead CCGT for any EU ETS cost above 4%.