

## **Modification 0607 – Workgroup Action 0701 for the meeting on 7<sup>th</sup> September 2017**

### **National Grid NTS to report back to the Workgroup on compliance with relevant licences and obligations and provide a statement for the Workgroup report.**

National Grid NTS has further considered whether the implementation of Modification 0607 and the subsequent NEA amendment would have an impact on its obligations to avoid any undue preference or undue discrimination in the terms on which it undertakes conveyance of gas and avoid conferring any unfair commercial advantage on any industry party. At present, we believe that we could continue to comply with these obligations, however, we are concerned about whether this would remain the case into the future if other parties were to request similar arrangements that we may not be in a position to grant.

In and of itself, implementation of Modification 0607 as currently drafted and execution of the subsequent NEA amendment would in our view be neither unduly discriminatory, nor would it confer an unfair commercial advantage for NSMP or shippers that deliver gas through the NSMP terminal. This is because we do not believe that any detrimental effect on competition will occur whilst no other industry parties demonstrate any requirement for such an elevated CO<sub>2</sub> limit at St Fergus or any other terminals. If such requests were to be made which the NTS is capable of accommodating, again, we see no detriment to competition or potential for undue discrimination.

We are concerned however about the potential for an anti-competitive effect if such a request occurs in the future that we are unable to accommodate under the current arrangements for gas quality management. This may arise either due to a proliferation of such requests or a specific locational constraint that would affect our ability to meet other existing contractual obligations. Whilst the provision of OGA information from BP to the Workgroup indicates that at present there are no other high CO<sub>2</sub> fields in prospect, there remains a possibility that such requests could still arise from other upstream parties who may wish to widen their specification with National Grid as an alternative to investing in new / replacement processing capability.

In a wider context, there have been a number of UNC Modifications brought forward in recent years seeking gas quality limits that are outside the 'norm' as stated in our Gas Ten Year Statement. As the UKCS declines, GB import dependency increases and sources of supply continue to diversify, we would be interested to explore with the industry the extent to which these types of requests are likely to continue / increase and hence whether current arrangements for gas quality management and the change process for individual parameters remain appropriate.