










| UNC Draft Modification Report | At what stage is this document in the process? |
|---|---|
| <h1>UNC 0786S:</h1> <h2>Amendment of the framework for the Bacton exit pressure service to interconnectors</h2> |  <ul style="list-style-type: none">01 Modification02 Workgroup Report03 Draft Modification Report04 Final Modification Report |
| <p>Purpose of Modification:</p> <p>This is an enabling modification which will allow National Grid to provide a revised and consistent pressure service to interconnectors off-taking gas at Bacton.</p> | |
| <p>Next Steps:</p> <p>This Draft Modification Report is issued for consultation responses at the request of the Panel. All parties are invited to consider whether they wish to submit views regarding this Self-Governance modification.</p> <p>The close-out date for responses is 18 January 2022, which should be sent to enquiries@gasgovernance.co.uk. A response template, which you may wish to use, is at www.gasgovernance.co.uk/0786.</p> <p>The Panel will consider the responses and agree whether or not this Self-Governance modification should be made.</p> | |
| <p>Impacted Parties:</p> <p>High: BBL; Interconnector Ltd.</p> <p>Low: National Grid; Shippers</p> | |
| <p>Impacted Codes: None.</p> | |

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| Timetable | | |
| Modification timetable: | | |
| Pre-Modification Discussed | 02 September 2021 |  Any questions? |
| Date Modification Raised | 12 September 2021 | Contact: Joint Office of Gas Transporters |
| New Modification to be considered by Panel | 21 October 2021 |  enquiries@gasgovernance.co.uk |
| First Workgroup Meeting | 04 November 2021 |  0121 288 2107 |
| Workgroup Report to be presented to Panel | 16 December 2021 | Proposer: Malcolm Montgomery |
| Draft Modification Report issued for consultation | 17 December 2021 |  Malcolm.montgomery@nationalgrid.com |
| Consultation Close-out for representations | 18 January 2022 |  telephone |
| Final Modification Report available for Panel | 19 January 2022 | Transporter: National Grid Gas |
| Modification Panel decision | 17 February 2022 |  Malcolm.montgomery@nationalgrid.com |
| | |  telephone |
| | | Systems Provider: Xoserve |
| | |  UKLink@xoserve.com |

1 Summary

What

The assured operating pressure at Bacton is 45 bar. There is currently a pressure service contained within the interconnection agreement (IA) between National Grid Gas (NGG) and Interconnector Limited (IL), that allows IL to request pressures above this level. Since the implementation of UNC Modification 675s, the BBL Interconnector has been able to receive and transport gas exported from the National Transmission System (NTS) at Bacton, however their IA contains no concept of a pressure service. This Modification Proposal is to provide the governance to amend the BBL and IL interconnection agreements, to provide a framework that enables National Grid to offer an amended pressure service in excess of 45 bar to either BBL and IL upon their request.

Why

It is necessary that both BBL and IL have the option of accessing equivalent services from National Grid, and therefore an amended framework should be introduced that is consistent for both parties. The language around pressure and the pressure service will at the same time be simplified within the IL interconnection agreement.

How

The pressure service agreement shall be amended and inserted into the BBL interconnection agreement. The IL interconnector agreement shall also be amended to reflect the new framework. This Modification Proposal provides the governance for the change in accordance with UNC European Interconnector Document (EID) A4.1.3(b). This states that 'National Grid NTS will not agree with the Adjacent TSO to amend the Relevant Interconnection Provisions in relation to an Interconnection Point except...pursuant to a Code Modification which authorises such agreement'.

2 Governance

Justification for Self-Governance

This is a facilitating modification and requires no changes to the UNC, however the change is necessary to ensure a consistent service offering to both BBL and IL interconnectors. As the same framework is being offered to both interconnectors operating at Bacton then this proposal can be considered for self-governance.

Requested Next Steps

This Modification should:

- be considered a non-material change and subject to Self-Governance.
- proceed to Consultation.

3 Why Change?

The assured operating pressure at Bacton is 45 bar. There is currently a pressure service contained within the interconnection agreement between NGG and IL, that allows IL to request pressures above this level. Since the implementation of UNC Modification 675s, the BBL Interconnector has been able to receive and transport gas exported from the National Transmission System (NTS) at Bacton, however their IA contains no concept of

a pressure service. This Modification Proposal is to provide the governance to amend the BBL and IL interconnection agreements, to provide a framework that enables National Grid to offer a pressure service in excess of 45 bar to both BBL and IL upon their request.

A pressure service is of benefit to interconnectors by facilitating higher volumes of flow going through, and/or helping to operate the asset more effectively. It is necessary that both BBL and IL have the option of accessing equivalent services from National Grid.

No direct changes to the UNC are required, however where changes are made to the Relevant Interconnection Provisions within an Interconnection Agreement then the governance arrangements, as stated in EID A4.1.3, stipulate that a Code Modification is one route by which the change can be given effect.

4 Code Specific Matters

Reference Documents

None.

Knowledge/Skills

None.

5 Solution

To confirm: no changes to UNC text is required or proposed, but there will be changes to Relevant Provisions within the interconnection agreements for BBL and IL.

Overview of changes to IA between NG and Interconnector (for info)

| ARIA 2021 Ref | Proposed Drafting Change | Comment |
|--|--|--|
| Annex B-1: General & Interpretation - para 2 | Deletion of obsolete definitions and various updates. | Any terms related to pressure service charging are deleted as charging will now be covered in a separate charging agreement. |
| Annex B-3: Pressure - para 1.1 & 1.2 | Deletion of references to charging clauses in the agreement. | Deletion of any reference to charges as will be covered in separate charging agreement, and deletion of other unnecessary terms. |
| Annex B-3 old paras 1.3 to 1.5 | Deletion. | Considered no longer relevant for IA. |
| Annex B-3 para 2.2 | Amended to clarify the Normal Offtake Pressure value. | |

| ARIA 2021 Ref | Proposed Drafting Change | Comment |
|--------------------------|---|---|
| Annex B-3 para 2.3 | New drafting to clarify charging for pressure requested above 45barg. | To reflect revised service being offered to Interconnector and BBL. |
| Annex B-3 paras 3, 4 & 5 | Minor amendments to reflect revised pressure service. | Note : deadline for pressure requests pushed back by 1 hour. |

Overview of changes to IA between between NG and BBL

| Ref | Proposed Drafting Change | Comment |
|---|--|---|
| Appendix 2 – Network Exit Provisions Part 2 para 4 Pressure | Replace paragraph 4 with new pressure arrangements | Addition of pressure service to BBL agreement |

6 Impacts & Other Considerations

Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No.

Consumer Impacts

Slightly positive. This proposal facilitates a level playing field for the export of gas from the NTS through the interconnectors at Bacton, and so is of direct benefit to GB exporters rather to GB consumers. However, it is noted that there is a seasonal nature to the interconnector flow as they generally export over summer and import over winter, therefore gas ‘leaving’ the NTS over summer can be viewed as ‘returning’ to the NTS later in the year. It also gives suppliers to the NTS additional options which helps maintains the attractiveness of the GB market to new supply. Additional export capability should not therefore be seen as having a detrimental impact upon GB consumers, even if on a single gas day exports are seen to be higher.

Workgroup comments

A workgroup participant noted that there may be ongoing positive benefits as greater flexibility for Interconnectors may be used to provide balancing services or for short-term arbitrage and GB consumers might then benefit as a result of the positive effect on gas market prices.

What is the current consumer experience and what would the new consumer experience be?

As an arrangement between operators then there is no direct upon consumer experience.

| Impact of the change on Consumer Benefit Areas: | |
|--|-------------------|
| Area | Identified impact |
| Improved safety and reliability n/a | None |
| Lower bills than would otherwise be the case n/a | None |
| Reduced environmental damage n/a | None |
| Improved quality of service n/a | None |
| Benefits for society as a whole n/a | None |

Cross-Code Impacts

None.

Interconnector Workgroup participants noted that the changes to their own agreements would be publicised, and in respect of BBL the changes will be separately consulted upon to comply with its licence.

EU Code Impacts

None.

Central Systems Impacts

None.

Panel Questions

None raised

Workgroup Impact Assessment

Workgroup did not disagree with the assessments presented above.

Interconnector workgroup participants noted that this is the recognised process in order to facilitate the changes to the Interconnection Agreements and supported this modification proposal.

7 Relevant Objectives

| Impact of the Modification on the Transporters' Relevant Objectives: | |
|---|-------------------|
| Relevant Objective | Identified impact |

| | |
|--|----------|
| a) Efficient and economic operation of the pipe-line system. | None |
| b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters. | None |
| c) Efficient discharge of the licensee's obligations. | None |
| d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers. | Positive |
| e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers. | None |
| f) Promotion of efficiency in the implementation and administration of the Code. | None |
| g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators. | None |

This Modification will provide a consistent service to BBL and INT shippers by ensuring that the operators of the respective pipelines are offered the same level of service by National Grid.

Interconnector workgroup participants support these points.

8 Implementation

As Self-Governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

9 Legal Text

Text Commentary

No changes to UNC

Text

No changes to UNC, however draft IAs have been published alongside this report.

10 Recommendations

Panel's Recommendation to Interested Parties

The Panel have recommended that this report is issued to consultation and all parties should consider whether they wish to submit views regarding this Self-Governance Modification.