










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>	
<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>The Panel determined that this Self-Governance Modification be implemented.</p>	
<p>Impacted Parties:</p> <p>High: BBL; Interconnector Ltd. Low: National Grid; Shippers</p>	
<p>Impacted Codes: None.</p>	

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Timetable		 Any questions? Contact: Joint Office of Gas Transporters  enquiries@gasgovernance.co.uk  0121 288 2107 Proposer: Malcolm Montgomery  Malcolm.montgomery@nationalgrid.com  telephone Transporter: National Grid Gas  Malcolm.montgomery@nationalgrid.com  telephone Systems Provider: Xoserve  UKLink@xoserve.com
Modification timetable:		
Pre-Modification Discussed	02 September 2021	
Date Modification Raised	12 September 2021	
New Modification to be considered by Panel	21 October 2021	
First Workgroup Meeting	04 November 2021	
Workgroup Report to be presented to Panel	16 December 2021	
Draft Modification Report issued for consultation	17 December 2021	
Consultation Close-out for representations	21 January 2022	
Final Modification Report available for Panel	24 January 2022	
Modification Panel decision	17 February 2022	

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.
- be implemented.

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 than 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 Consultation

Panel invited representations from interested parties on 16 December 2021. No representations were received by the consultation close out date. However, at the January 2022 Panel it was agreed to accept late representations up to and including 21 January 2022.

Two representations were received unanimously supporting implementation and have been appended to this report.

The following table provides a high-level summary of the representations.

Representations were received from the following parties:		
Organisation	Response	Relevant Objectives
BBL Company (BBLC)	Support	d) positive
National Grid NTS	Support	d) positive

11 Panel Discussions

Discussion

The Panel Chair summarised that Modification 0786S would allow National Grid to provide a revised and consistent pressure service to interconnectors off-taking gas at Bacton.

Panel Members considered the representations made noting that implementation was unanimously supported in the 2 representations received.

Panel Members agreed with respondents that this is an enabling Modification that provides the governance arrangements for making changes to relevant provisions within the interconnection agreements between National Grid and Interconnector Ltd, and National Grid and BBL company and as such there are no changes required to the UNC. The changes proposed to the interconnection agreements should allow for a consistent pressure service to be provided to both BBL and Interconnector Ltd and their shippers.

The proposals should give suppliers to the NTS additional options which helps maintain the attractiveness of the GB market to new supplies while not being detrimental to UK consumers.

Consideration of the Relevant Objectives

Panel Members considered relevant objective *d) Securing of effective competition between Shippers and/or Suppliers*, agreeing that implementation would have a positive impact because currently no pressure service is available to BBL. In addition, the provision of an enhanced pressure service at Bacton should also facilitate the transportation of greater flows of gas through the interconnector and therefore will also benefit cross-border competition.

Determinations

Panel Members voted unanimously that Modification 0786S does not have an SCR impact.

Panel Members voted unanimously that no new issues were identified as part of consultation.

Panel Members voted unanimously that there were no cross-Code impacts.

Panel Members voted unanimously that the Modification should continue as a Self-Governance Modification.

Panel Members voted unanimously (14 out of 14 votes) to implement Modification 0786S.

12 Recommendations

Panel Determination

Panel Members agreed that Modification 0786S be implemented.

13 Appended Representations

Representation - BBL Company (BBLC)

Representation - National Grid NTS

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20 January 2022

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Our reference

Your reference

Subject

Response on UNC Modification Proposal 0786S - Amendment of the framework for the Bacton exit pressure service to interconnectors

Dear Joint Office,

BBL Company (BBLC) supports the implementation of this Proposal. Modification Proposal 0786S is an 'enabling Proposal' in that it does not propose any changes to the UNC document itself but rather it provides an open governance framework that enables National Grid to consult stakeholders on the provision of an amended offtake pressure service to both BBLC and Interconnector Limited (INT). BBLC operates the interconnector pipeline between GB and the Netherlands. This pipeline is able to connect the NBP and TTF gas market hubs and can flow gas in either direction. The IAs for both BBLC and INT have references to the pressure provisions at the Bacton NTS Exit Point. Under normal conditions the BBL pipeline is able to operate efficiently with the 'normal' NTS offtake pressure detailed in BBLC's current Interconnector Agreement (IA) with NGG. However, under certain network conditions the efficient operation of the BBL pipeline would benefit further from having a higher offtake pressure at the NTS Bacton Exit Point. Given that the provision of such higher offtake pressures would result in NGG incurring additional costs BBLC and INT have engaged with NGG to establish how such an enhanced service could be provided. These discussions have resulted in the proposed changes to the BBLC and INT Interconnector Agreements.

Historically, NGG have provided a pressure service to INT only. NGG's Proposal seeks to extend this arrangement to give both BBLC and INT the option of accessing equivalent pressure services from National Grid. NGG's costs in providing the pressure service would be paid jointly by BBLC and INT via a new Charging Agreement. By facilitating the provision of such equivalent services to both INT and BBLC, BBLC considers that the proposed changes facilitate competition between shippers seeking to use interconnector services as well as the efficient operation of the BBL pipeline. As such BBLC agrees with the Proposer that the Modification Proposal facilitates relevant objective (d).

BBL Company V.O.F.

Date: 20 January 2022

Our reference: BBL VOF 22.07

Subject: BBL Company's **Response on UNC Modification Proposal 0786S - Amendment of the framework for the Bacton exit pressure service to interconnectors**

BBLC agrees with the Proposer that the provision of an enhanced pressure service at Bacton will also facilitate the transportation of greater flows of gas through the interconnector and therefore will also benefit cross-border competition.

Yours sincerely,



Rudi Streuper
Commercial Manager

Representation - Draft Modification Report UNC 0786S

Amendment of the framework for the Bacton exit pressure service to interconnectors

Responses invited by: **5pm on 18 January 2022**

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Malcolm Montgomery
Organisation:	National Grid NTS
Date of Representation:	18/01/2022
Support or oppose implementation?	Support
Relevant Objective:	d) Positive
Relevant Charging Methodology Objective:	Not Applicable

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

As proposer of this modification National Grid NTS (NG) supports its implementation. This is an enabling modification that provides the governance for making changes to relevant provisions with the interconnection agreements between NG and Interconnector Ltd (INT), and NG and BBL company. The changes will allow for a consistent pressure service to be provided to both BBL and INT interconnectors and their shippers (noting that currently no pressure service is available to BBL), and so this modification furthers relevant objective d)(i) securing of effective competition between shippers.

Self-Governance Statement: Please provide your views on the self-governance statement.

As proposed within the modification then self-governance is appropriate because the same framework is being offered to both interconnectors, so there is no discrimination issue that would warrant Authority consideration.

Implementation: What lead-time do you wish to see prior to implementation and why?

We propose to implement as soon as all three parties have completed their necessary governance processes for amending the interconnector agreement. Changes to the NG-INT agreement and NG-BBL agreement will be co-ordinated to take place on the same date so that the revised pressure service becomes effective for both parties at the same time.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

The ongoing cost of providing the pressure service will be paid for by the party or parties (INT or BBL) that request the service. The pressure service is treated as an Excluded Service under the NTS Licence. This means it does not impact recovery of regulated revenue, it does not affect NG charges to shippers, and NG will be cost neutral to provision of the service.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

As an enabling modification then no changes are proposed to the UNC itself. Change marked copies of the revised interconnector agreements have been provided, and we are satisfied they deliver the intent of the Solution.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

n/a

Please provide below any additional analysis or information to support your representation

n/a