

Representation - Draft Modification Report UNC 0780S

Amendment to Gas Quality NTS Entry Specification at the St Fergus SAGE System Entry Point

Responses invited by: 5pm on 11 February 2022

To: enquiries@gasgovernance.co.uk

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

Representative:	Ashley Adams
Organisation:	National Grid NTS
Date of Representation:	25/01/2022
Support or oppose implementation?	Support
Relevant Objective:	a) Neutral d) Positive
Relevant Charging Methodology Objective:	Not Applicable

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

National Grid NTS supports this Proposal. The implementation of this proposal, together with the subsequent amendment of the associated Network Entry Agreement (NEA) would enable the SAGE Terminal Operator to commence a terminal rationalisation programme which would reduce unit operating costs and extend the economic life of the SAGE terminal.

National Grid NTS agrees with the Proposer that this would further relevant objective d). We believe that this Proposal would maintain the economic viability of flows of gas through the SAGE terminal potentially prolonging the life of the terminal and its contribution towards a diverse portfolio of supply into the GB market compared with non-implementation, which should serve to enhance effective competition between shippers. We also note the environmental benefits and operational efficiencies within the SAGE terminal that are expected to result from implementation of this Modification.

Arguments in support of relevant objective a) the efficient and economic operation of the pipeline system, should only consider impacts in regard to the NTS and DN networks. Greater efficiency of the terminal's operations would be expected to be realised by the implementation of this Proposal, extending the life of the terminal, and therefore having a small positive impact on the efficient and economic operation of the NTS. However, as detailed in the Workgroup Report, National Grid have identified a small risk to

compressor operability arising from variations in the CV of the fuel gas. We therefore believe that, on balance, the Proposal will have a neutral impact on relevant objective a).

Additionally, allowing a greater latitude in gas quality limits can sometimes enable more gas to be delivered than would otherwise be the case, which makes use of existing infrastructure and in turn promotes the efficient and economic use of the system. However, we do not believe that, in this case, the implementation of the Proposal would necessarily result in more gas being delivered onto the NTS. If it was not to be implemented, we would expect that the CO₂ removal plant at the SAGE terminal would continue to operate intermittently when high CO₂ fields were the dominant supply source resulting in the similar quantities of gas being delivered.

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

National Grid NTS supports the application of Self Governance procedures as set out in the Draft Modification Report. We believe that the temporary amendment to the CO₂ limit at the St Fergus SAGE System Entry Point that this Proposal is seeking will not have a material impact on consumers, competition, operation of the pipeline systems, matters relating to sustainable development, safety or security of supply, the management of market or network emergencies, governance procedures, and will not unduly discriminate between different classes of parties to the UNC.

Whilst it will afford shippers delivering gas through the SAGE terminal greater latitude on CO₂ content than at other NTS entry points, we believe that individual requests for changes to gas quality limits at individual NTS entry points should be judged on their own merits. We are satisfied that the temporary nature of the Modification and the competition safeguards within the solution adequately mitigate any competition concerns.

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

National Grid NTS does not have any particular lead-time requirement for implementation. As Self-Governance procedures are proposed, following a Modification Panel decision to implement, and subject to no appeal being raised, we would expect to agree the necessary text within the Network Entry Agreement with SAGE North Sea Limited as soon as reasonably practicable thereafter and notify the industry once this had taken place in accordance with UNC TPD section I2.2.6.

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

We do not expect any material additional costs for National Grid NTS associated with implementing this Proposal. However, in the unlikely event that the implementation of this Modification does result in material costs, we are satisfied that the points outlined within the solution allowing National Grid NTS to reduce the CO₂ limit back to a level between 4.0 mol% and 6.0 mol% provide a satisfactory remedy.

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

Since this UNC Modification seeks to enable a change to a Network Entry Agreement, we agree with the proposer that no UNC legal text is required in accordance with UNC TPD Section I 2.2.3 (a).

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.*

We have not identified any errors or omissions.

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

Notification of high CO2 Events:

The SAGE terminal operator has agreed that they will notify National Grid NTS in advance of when a high CO2 event is expected so that we can monitor any impact on our compressor emissions models. We note the request from the Workgroup for such notification to be shared with the industry and are currently considering how this could best be facilitated.

UNC Modifications 0607

We would like to explain our position on this Proposal with reference to UNC Modification 0607 which introduced a 5.5 mol% CO2 limit at the St Fergus NSMP System Entry Point.

National Grid NTS treats each case to change gas quality limits on its own merits with respect to the relevant objectives. The differences between the arrangements outlined in UNC 0607 and UNC 0780S reflect the different requirements of the requesting parties, the reasoning demonstrated, and the impacts identified at the time the request was made.

We supported UNC 0607 in part due to the provision in the NSMP St Fergus NEA to allow National Grid NTS to reduce the CO2 limit at the NSMP St Fergus Entry Point to a level between 4.0mol% and 5.5mol% in the event that another UNC Modification to increase the CO2 limit is approved in respect of another System Entry Point and which National Grid NTS would otherwise be unable to accommodate without incurring material cost.

We believe that the proposed elevated limit at the SAGE subterminal can be facilitated in addition to elevated limit at the NSMP subterminal with minimal risk and without incurring material costs. The implementation of this Proposal is not therefore expected to have any effect on the limits revised through UNC Modification 0607. Although there is no agreed industry approach as to how National Grid NTS should facilitate any sharing of flexibility if it became necessary to do so, we have worked with the Proposer, as we did with the Proposer of UNC 0607, to ensure provision is included within the Proposal for any flexibility to be shared on a non-discriminatory basis if required, should future requests for gas quality limit changes materialise from other parties.