UNC Modification

At what stage is this document in the process?

UNC 0814:

Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector

01 Modification

02 Workgroup Report

03 Draft Modification Report

04 Final Modification Report

Purpose of Modification:

To enable the amendment of BBL's Interconnector Agreement (IA) to temporarily provide for an enhanced pressure service for BBL at Bacton Exit Interconnection Point (IP) permitting BBL to request enhanced pressures between 55 bar and 68 bar when exporting gas at Bacton Interconnector and to increase its Maximum NTS Exit Point Offtake Rate (MNEPOR).

Next Steps:

The Proposer recommends that this Modification should be:

- Treated as Urgent and should proceed as such under a timetable agreed with the Authority

Impacted Parties:

High: BBL, Interconnector Limited, Shippers

Low: National Grid Gas

None:

Impacted Codes:

None

Contents

Timetable

Modification timetable:

Pre-Modification Discussed	09 June 2022 and 07 July 2022
Date Modification Raised	22 July 2022
Ofgem Decision on Urgency	26 July 2022
Draft Modification Report issued for consultation	27 July 2022
Consultation Close-out for representations	01 August 2022
Final Modification Report available for Panel	Midday 02 August 2022
Modification Panel decision consideration	03 August 2022
Modification sent to Ofgem	03 August 2022

Any questions?

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1 Summary

What

Currently National Grid NTS ('National Grid') provides the BBL Interconnector with an assured exit pressure of 45 – 55 bar at the Interconnection Point. National Grid has historically provided an enhanced pressure service for Interconnector Limited (INT) which allowed INT to request exit pressures above 55 bar to a maximum of 68 bar. National Grid facilitate these requests where possible by providing additional compression via the Kings Lynn Compressor.

To date BBL has not sought an enhanced pressure service hence this is not provided for within its Interconnection Agreement (IA) with National Grid and its MNEPOR is currently limited to 184,780,632 kWh/d (7,699,193kWh/h).

Why

BBL is seeking to maximise quantities of gas it is able to export from GB to continental Europe in order to help address existing gas supply shortages which are being experienced in continental Europe. In order to do so, it requires access to the enhanced pressure service provided by National Grid and an appropriate increase in its maximum daily exit flows from the NTS.

Maximising exports to continental Europe ahead of Winter 2022/23 will contribute to security of supply across the continent and enable storage stocks to be increased. Enhanced resilience of supplies across Europe heading into the forthcoming winter can benefit the GB market by reducing likely demand for exports to Europe (compared to if this change was not made) over the expected period of high demand from October 2022 as we move into the winter

It is also necessary that both BBL and INT have the option of accessing equivalent services from NGG and therefore an amendment should be introduced into BBL's IA to ensure both parties have consistent agreements and opportunities to access the enhanced pressure service.

By gaining access to the enhanced pressure service BBL will have an opportunity to request and maintain higher pressures which would increase their export capability and flow rate to continental Europe.

How

This Modification seeks to enable the proposed change to the Interconnection Agreement between National Grid NTS and BBL (an 'enabling' modification) to increase the MNEPOR from 184,780,632 kWh/d (7,699,193kWh/h) to 252,000,000 kWh/d (10,500,000 kWh/h) and to allow BBL to access to the enhanced pressure service provided by National Grid. Both of the proposed changes are to be temporary in nature and apply from the date of implementation of this Modification up to and including 30 September 2023.

2 Governance

Justification for Urgency

Urgent status is requested in order to allow BBL to increase flows to Continental Europe and contribute towards their security of supply through the filling of storage facilities and suppling Distribution Networks in preparation for Winter 2022/23. Additionally, this will benefit the GB market by reducing likely demand for exports to Europe over the expected period of high demand from October 2022 and for winter 2023.

In order to maximise the benefit of these additional exit gas flows via the BBL interconnector, implementation is sought as soon as practicable which would allow for an immediate increase to the export flows contributing to filling European storage stocks. Therefore, reducing the likelihood of sustained exports in the winter.

Based on this explanation we believe that Urgency Criteria B "A significant impact on the safety and security of the electricity and/or gas systems" is being satisfied and an urgent timeframe for implementation can be agreed with the Authority.

Justification for Authority Direction

This Modification is recommended to be sent to the Authority for direction as it is likely to have a material effect on GB and continental Europe's security of supply. Failing to implement this modification as soon as possible could risk security of supply for GB consumers and market participants. If this modification is not implemented there is a risk that the Interconnectors will continue to export large volumes to the continent during the winter in to contribute towards filling the European storage facilities. This would apply additional pressure to the GB market and NTS when greater levels of seasonal demand have been observed.

Requested Next Steps

This Modification should:

- be treated as urgent and should proceed as such under a timetable agreed with the Authority.

3 Why Change?

The Interconnection Agreement between National Grid NTS and BBL at the Bacton IP takes effect as both a Network Entry Agreement and a Network Exit Agreement and the existing Agreement specifies a MNEPOR value of 184,780,632 kWh/d (7,699,193kWh/h) (i.e. export from GB to continental Europe).

In order to alleviate the existing gas supply shortages being experienced in continental Europe as a consequence of the conflict in Ukraine, BBL has requested temporary access to the existing enhanced pressure service provided at the Bacton IP and a temporary commensurate increase to the MNEPOR quantity such that it is able to maximise its capability to export gas to continental Europe.

Enabling BBL to access the enhanced pressure service and increasing the MNEPOR at the BBL Interconnection Point (IP) is directly relevant to the arrangements between National Grid and Users and is therefore a 'Relevant Interconnection Provision' as per EID Section A4.1.1(b)(ii). The UNC (EID Section 4.1.3) prescribes that changes to Relevant Interconnection Provisions cannot be made unless (a) approval is obtained from each User holding capacity ('for the time being') at the relevant IP, or (b) pursuant to a Code Modification. Given the practical challenges associated with the former option (including the transient nature of Users holding capacity 'for the time being') our preferred approach is to seek a Code Modification to obtain this approval.

Maximising exports to continental Europe ahead of Winter 2022/23 will contribute to security of supply across the continent and enable storage stocks to be increased. Enhanced resilience of supplies across Europe heading into the forthcoming winter will benefit the GB market by reducing likely demand for exports to Europe over the expected period of high demand from October 2022.

If this change is not made, it is possible that European Storage Facilities will not reach the member state agreement of having gas storage of at least 80% full before winter 2022/23. Additionally, if BBL do not gain access to the enhanced pressure service, it is unlikely they will be able to achieve the higher flows which are

required to support the transition away from Russian gas supplies and contribute towards the filling of Storage stocks.

A time limited measure has been proposed due to the limited opportunity to carry out analysis on the proposal in time for the modification to be implemented. If access to the enhanced pressure service and an increase to the maximum exit flow rate was to be considered on an enduring basis, network analysis would be required. However, as the enhanced pressure service is available on a reasonable endeavours basis based on NTS conditions and any increase in flow rate is intrinsically linked to a sustained pressure increase, National Grid believes that there is no additional material risk processing these changes on an interim basis. If BBL requested them on an enduring basis there may be a requirement to undertake more detailed network analysis.

BBL have also expressed an interest in having access the enhanced pressure service and the increase to their maximum flow rate as an interim solution as this requirement is based on the current geo-political landscape.

4 Code Specific Matters

Reference Documents

None

Knowledge/Skills

None

5 Solution

No changes to the UNC are required or proposed. However, changes to BBL's IA will be required. NGG propose to use equivalent wording to the "ANNEX B-3: EXIT PRESSURE" from the Interconnection Agreement with INT which will ensure the services offered are equitable and fair.

Changes will also be required "Appendix 2 – Network Exit Part 3 – flow Profiles and Rate changes 1.4" to reflect the update in maximum network exit point offtake rate.

6 Impacts & Other Considerations

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

None

Consumer Impacts

Positive. Increased opportunities for gas shippers to utilise the infrastructure and increase their flows to Europe. Increased levels of demand coming from Europe are expected to continue and may present a less seasonal pattern which also highlights the importance of improving the export capabilities at Bacton through the enhanced pressure service. Increased GB demand also increases the attractiveness of the GB market to shippers and sends a positive signal to existing and new market participants. This could benefit GB consumers by increasing GB competition.

Increasing flows through the Bacton BBL interconnector to Europe throughout summer and autumn 2022 ahead of the coming winter will contribute towards Europe's security of supply by filling storage stocks. This will be of

benefit to GB consumers by reducing the likelihood of increased exit flows and increasing the likelihood of import flows during the winter months when GB gas demand is greater.

Potential for improved short-term flexibility when trying to balance the NTS and could give market participants more options to respond to changes in market prices.

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

Positive on security of supply grounds. By taking steps now and supporting continental Europe with filling their storage stocks it is less likely there will be sustained flow increases during the winter.

If this does not happen, it is more likely that increased flows will continue into the winter months when the GB network experiences higher levels of domestic demand which could be impacted by European demand and subsequent flows out of GB.

Impact of the change on Consumer Benefit Areas:

Area	Identified impact
Improved safety and reliability	None
Lower bills than would otherwise be the case Improved GB security of supply could result in reduced tariff and price volatility for end consumers, if the cost savings are passed onto end consumers.	Positive
Reduced environmental damage None	None
Improved quality of service None	None
Benefits for society as a whole None	None

Cross-Code Impacts

None

EU Code Impacts

None

Central Systems Impacts

None

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

(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.

Implementation of this modification would lead to increased competition between the active shippers at Bacton Interconnector who export gas from GB to continental Europe. Through providing BBL shippers access to the enhanced pressure service and coupling this with an increase to the MNEPOR shippers will be able to export larger quantities of gas through the BBL pipeline. This could also mean that more shippers are able to export gas leading to greater levels of competition for the available capacity.

8 Implementation

As urgent status has been requested the timeline for implementation is to be agreed by the Authority with implementation as soon as possible to ensure the benefits for this summer are maximised.

9 Legal Text

Text Commentary

No changes to UNC are required

Text

No changes to UNC text. However, changes will be made to BBLs IA which have also been published with this Modification proposal.

10 Recommendations

Proposer's Recommendation to the Authority

The Authority is asked to:

- Agree this Modification should be treated as Urgent and should proceed as such under a timetable agreed by the Authority.