

UNC Panel Chair, the Joint Office, relevant Gas Transporters, Gas Shippers, and other interested parties

Email: industrycodes@ofgem.gov.uk

Date: 25 July 2022

Dear Wanda and colleagues,

UNC modification proposal UNC0814: `Temporary access to the Enhanced Pressure Service and increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector' – decision on urgency

We¹ have received a request from National Grid NTS ("NGG", "The Proposer") that Uniform Network Code ("UNC") modification proposal UNC0814: 'Temporary access to the Enhanced Pressure Service and increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector'² (hereafter "UNC814") should be given urgent status and follow expedited modification procedures. This letter confirms that we have agreed to that request, and sets out the timetable under which the modification will proceed.

Background

Gas Interconnectors connect gas transmission systems from other countries to the National Transmission System ("NTS") in Great Britain ("GB"), in order to convey gas between GB and the other country. There are currently two gas interconnectors between GB and continental Europe:

- Balgzand to Bacton Line ("BBL") to the Netherlands; and
- Interconnector Limited ("INT") to Belgium.

¹ Ofgem is the Office of the Gas and Electricity Markets Authority. The terms 'Ofgem', 'the Authority', 'we', 'our' and 'us' are used interchangeably in this letter.

² Modification proposals are available at <u>https://www.gasgovernance.co.uk/livemods</u>

These are both bi-directional interconnectors, meaning they can import to and export from the NTS. The operators of these interconnectors are certified Transmission System Operators and holders of a gas interconnector licence.

Currently NGG provides BBL with an assured exit pressure of 45-55 bar at the Bacton Interconnection Point and a Maximum NTS Exit Point Offtake Rate³ ("MNEPOR") of 184,780,632 kWh/d.

The modification proposal

UNC814 is an enabling modification which does not modify the UNC document. The modification proposes to allow an update to the Interconnection Agreement between NGG and BBL to temporarily provide an enhanced pressure service for BBL at the Bacton Exit Interconnection Point permitting BBL to request enhanced pressures between 55 bar and 68 bar when exporting gas at Bacton Interconnection Point and to increase its MNEPOR to 252,000,000 kWh/d. The proposed changes would be temporary and apply from the date of implementation of the Modification, if approved, up to and including 30 September 2023.

The Proposer is seeking to make these changes to enable BBL to increase the amount of gas it can export from GB to continental Europe. The Proposer states that increasing flows to Europe in summer and autumn will contribute towards continental Europe's security of supply by helping to fill continental Europe's storage and that this will be of benefit to GB consumers by reducing the likelihood of increased exit flows and increasing the likelihood of import flows (to GB) during the winter months when GB gas demand is greater.

UNC Modification Panel View

We have not on this occasion sought a formal UNC Panel view on the proposals, as allowed for under paragraph 10.1.1(b) of the Modification Rules.⁴ We consider that the need to take swift action is justified.

Authority Decision

We have considered the Proposer's justification for urgency for the modification proposal and assessed the request against the urgency criteria set out in Ofgem's published

³ An MNEPOR is an amount (where positive) determined as the instantaneous rate of offtake which the Transporter determines to be the maximum instantaneous rate at which it is feasible to make gas available for offtake at the NTS Exit Point.

⁴ UNC Modification Rules: <u>www.gasgovernance.co.uk/sites/default/files/Modification%20Rules 13.pdf</u>

guidance.⁵ The guidance sets out the factors that we will consider in reaching a decision on urgency in the context of industry code modification proposals – it is intended to be illustrative and not exhaustive. Each request for urgency will be considered on its merits on a case-by-case basis by reference to our guidance, and in circumstances where we depart from it, we will explain the reasons why.

In general, we consider that an urgent modification should be linked to an imminent issue⁶ or a current issue that, if not urgently addressed, may cause a:

- i. significant commercial impact on parties, consumers or other stakeholder(s); or
- ii. significant impact on the safety and security of the electricity and/or gas systems; or
- iii. party to be in breach of any relevant legal requirements.

The Proposer considers that this proposal satisfies the urgency criteria as it is linked to a current issue that may cause a "*significant impact on the safety and security of the electricity and/or gas systems*". NGG states that implementation is sought as soon as practicable to maximise the benefit provided by additional exit gas flows via BBL during summer and autumn, in order to support GB security of supply in winter 2022/23.

While we have not made a judgement on the merits of this proposal specifically, we consider that it is appropriate to consider options to increase gas flows to Europe in the summer and autumn in order to support GB security of supply for this winter due to the current geo-political situation. We are satisfied that the progression of this modification proposal and the need to take prudent steps to enhance GB's security of supply this winter is "a current issue that if not urgently addressed may cause a significant impact on the safety and security of the electricity and/or gas systems" and have therefore agreed that the modification proposal should follow the urgent timetable as set out below.

Process	Date
Ofgem Decision on Urgency	25 July 2022
Modification Proposal issued for consultation	26 July 2022
Consultation Close-out for representations	01 August 2022
Final Modification Report available for Panel	Midday 02 August 2022
Modification Panel recommendation	03 August 2022
Final Modification Report issued to Ofgem	03 August 2022

⁵ Ofgem Guidance on Code Modification Urgency Criteria: <u>https://www.ofgem.gov.uk/publications-and-updates/ofgem-guidance-code-modification-urgency-criteria-0</u>

We have considered the timetable presented by the Proposer. We recognise the importance of considering options to quickly increase exit flows to Europe to support GB security of supply this winter. For that reason, we are deciding to grant urgency to this modification. We urge the Proposer to use the consultation time effectively including by making itself available to affected parties to explore this modification at pace.

In reaching our decision on urgency we have made no assessment of the substance of the proposed modification and nothing in this letter in any way fetters the discretion of the Authority.

Yours sincerely,

Dr Adrian Richardson Head of Energy Security of Supply