

Representation - Draft Modification Report UNC 0808

Reverse Compression

Responses invited by: 5pm on 10 August 2023

To: enquiries@gasgovernance.co.uk

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

Representative:	Richard Harper
Organisation:	Acr Energy Ltd
Date of Representation:	8 th August 2023
Support or oppose implementation?	Support
Relevant Objective:	<p>b) Positive</p> <p>d) Positive</p>
Relevant Charging Methodology Objective:	c) None

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

By supporting this modification, we want to encourage competition in gas production and supply, in particular, facilitating competition by renewable (low carbon) biomethane. Reverse compression permits the development of new renewable gas projects in areas that lack sufficient entry capacity due to low or uncertain local demand. The modification also enables independent gas transporters to provide the reverse compression services, creating competition to drive efficiency and lowering costs. They may also be able to offer quicker solutions than the incumbent DNO.

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

Implementation should be immediate upon approval as no lead time is required. We have a project that can come on stream in 2024 if reverse compression is implemented promptly.

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

None

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

Yes

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.*

No

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

We are a developer of anaerobic digestion plants focussed upon producing biomethane. One area of uncertainty and great concern to developers is the availability of capacity in the gas network for their production. The lack of capacity or even just uncertainty about available capacity is a major issue for financing. Capacity can be taken by another plant or lost if demand drops.

Reverse compression provides a developer with the certainty that if local demand drops or another plant is developed in the same area capacity can still be made available. Despite a Network Innovation Competition project in 2012 demonstrating the viability of reverse compression no progress has been made, probably due to a lack of competition in its provision. As the production of biomethane expands the lack of available capacity for want of reverse compression becomes an ever bigger impediment to its development.

The idea of an iGT is already established and the use of compressors is a core gas transportation function and established technology. So the operation of independent compressor stations as a concept is nothing new. Clearly as with all operator to operator interfaces cooperation and coordination are critical. Hence the only substantive provision introduced by modification 0808 is the requirement for an operator to operator agreement to be in place.

The modification will allow us to choose between an iGT and the local DNO. That competition between operators will encourage lower costs and better terms in general, for instance quicker implementation.