

## Representation - Draft Modification Report UNC 0808

### Reverse Compression

**Responses invited by: 5pm on 10 August 2023**

To: [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

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

<b>Representative:</b>	John Baldwin
<b>Organisation:</b>	CNG Services Ltd (CSL)
<b>Date of Representation:</b>	4 <sup>th</sup> Aug 23
<b>Support or oppose implementation?</b>	Support
<b>Relevant Objective:</b>	<p><b>b)</b> Positive</p> <p><b>d)</b> Positive</p>
<b>Relevant Charging Methodology Objective:</b>	<b>c)</b> None

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

To meet Netzero we need biomethane with Bio-CO2 capture/CCS. To continue to grow the biomethane market, the UK needs reverse compression (RC). We support this enabling modification because it facilitates competition in the provision of RC - moving gas from lower to higher pressure tiers via two (short) connecting pipelines. In principle, there should be no difference between DNO and iGT ownership of any connecting pipelines that host a compressor. However, to deliver the capacity benefits expected from RC, the network operators need to co-operate. If the DNO owns the connecting pipelines, this would be an internal matter. The substantive provision of this modification is that where an iGT owns the connecting pipelines, an operator-to-operator agreement is put in place. This agreement can specify the terms that would otherwise be internal arrangements such that competition is facilitated while network operation can be as it would be if the facility were owned by the relevant DNO. By facilitating competition, the modification is expected to help deliver timely and cost effective RC solutions without impacting operational efficiency.

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

CSL is progressing a project that needs an RC solution to operate by 31<sup>st</sup> March 2024 due to loss of network capacity from a local factory closing. While 12 – 15 months is normally required, CSL can deliver this one in 9 months as it is particularly simple. Modification 0808 is required for the project to progress and gas to flow such that the

biomethane project stops having to flare gas caused by the factory closure reducing network capacity.

**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.*

We do not think the Modification Report provides a justification for this straightforward enabling proposal not being subject to self-governance.

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

Biomethane is acknowledged by CCC as being a valuable contributor to the UK meeting NetZero targets. It is now critical and urgent that RC becomes routine in GB. Around 50% of potential biomethane projects cannot go ahead due to the lack of network capacity for the injection of biomethane. Reduction of pressure in the grid (as per WWU Optinet) is always the best option for allowing injection, but increasingly this cannot overcome the fundamental lack of capacity. With high gas prices, electrification and Hydrogen Business Model projects there are likely to be increasing problems caused by lack of local pipeline demand, and hence capacity, for existing biomethane plants as well as new sites. The technical solution of RC means that wherever there is a gas pipeline, there can be network capacity.

CSL has worked on RC since our first feasibility study in 2009 and has completed around 15 feasibility studies. The technical solution is straightforward, and in widespread use in Europe (we recently visited France and shared our report on their RC approach with the DNOs). An NGN NIC project demonstrated the feasibility of RC in 2012. While the DNOs could have installed RC since that demonstration project, only one project has been started – a WWU/Cadent NIC project that started in 2018 and is scheduled to be completed in 2024. We believe that competitive solutions will be able to be completed in a much shorter time than by the DNOs and having choice is valuable to customers.

There is no security of supply risk to customers because there is no change to the existing PRSs in the grid. All that happens, for example, is that the set point for summer in a 19 bar grid is reduced to 18.5 bar to allow the RC to operate. This is not novel as such pressure reductions already happen, with around 75% of biomethane projects given increased access to the grid by the DNO reducing grid pressures in summer. RC simply adds additional capacity by moving gas to higher pressure tiers so that a wider area of demand can be accessed.

There are no material technical issues and similar compressors are used to inject biomethane directly into the LTS - more than 15 sites have this, with no technical issues. The RC is a simpler version of a Bio-CNG compressor that compresses gas to 300 bar

(there are over 30 in operation in GB) and the same technicians who look after such compressors will maintain and monitor the RCs installed by CSL as a result of this modification and the anticipated granting of an iGT Licence.

(<https://www.ofgem.gov.uk/publications/cng-services-limited-notice-statutory-consultation>)