Representation - Draft Modification Report UNC 0859

Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)

Responses invited by: 5pm on 15 December 2023

To: enquiries@gasgovernance.co.uk

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

Representative:	Pavanjit Dhesi
Organisation:	Interconnector Limited
Date of Representation:	15th December 2023
Support or oppose implementation?	Oppose
Relevant Objective:	d) Negative In addition, we would argue this modification is: a) Negative c) Negative g) Negative
Relevant Charging Methodology Objective:	Not Applicable

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

Interconnector (INT) does not support this modification due to:

a) The continued risk of contaminated gas being delivered from the National Transmission System (NTS) at Bacton into the Interconnector system. This has the potential to cause further market disruption and damage to GB's largest transmission connection to and from Europe. This can impact both GB exports and GB imports and therefore is a risk to GB security of supply and GB consumers' interest;

b) The lack of technical assessment accompanying the modification despite commitments from National Gas Transmission (NGT) to do this if arrangements were more enduring beyond UNC814[1];
c) Unfair and discriminatory exposure of the NTS Bacton (exit) IP users seeking to flow GB gas with INT. Only these NTS users, Interconnector and INT shippers are directly exposed to the negative consequences of NGT's "trial" to "gather data" and "understand impacts"[2]; and
d) Unfair and discriminatory treatment of the NTS Bacton (exit) IP users seeking to flow GB gas with INT (the NTS Bacton (exit) IP being a single exit point in NGT's licence and commercial arrangements, connecting to 2 interconnectors). This is by choosing to continue an operational configuration which extends the provision of "clean" gas flows to only one downstream party via feeder 27 whilst exposure remains to contaminated gas via gas delivery from other NTS Bacton feeders into Interconnector, and despite alternative configurations being available. NGT's velocity analysis indicates the splitting the flows (feeder 27 to BBL and feeder 2 + 4 to INT) increases the velocity of flows into INT. It shows this velocity is increased by this modification proposal. It also shows the velocity feeding BBL from feeder 27 is almost always half of what is it feeding INT via feeders 2 and 4. This is a concern and is not, in our view, a level playing for NTS Bacton (exit) IP shippers wishing to use their Bacton capacity to flow to Belgium. NGT's analysis of the velocities, if flows are split over the three Feeders, shows a significant drop in the velocities to INT, and more parity on the velocity levels of the 3 feeders. This illustrates a common configuration must be utilised.

To be clear, INT's concern is not directed at BBL requesting an enhanced pressure service and increased MNEPOR. Our representations here are driven by our concern about contaminated gas being delivered into the INT system. The risk of contaminated gas from the NTS Bacton (exit) IP continues and needs addressing first. This modification increases exit flows at Bacton increasing this risk exposure. NGT has itself explained that high flows to both interconnectors were a key factor in the delivery of significant volumes on contaminated gas from the NTS at Bacton in 2022. It is therefore negative against objective (d) and also objective (g) by exacerbating disruption risk rather than further facilitating cross border flows.

[1] The UNC 814 Final Modification Report said "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": https://www.gasgovernance.co.uk/sites/default/files/ggf/book/2022-08/Final%20Modification%20Report%200814%20%28Urgent%29%20v2.0%20with%202%20appendices_0.pdf

[2] The UNC859 modification now refers to UNC814 as a "trial period" and "testing period" (this was not mentioned in the UNC 814 modification) and says this UNC859 modification "will provide BBLC and NGT a greater window of opportunity to gather data and for NGT an opportunity to understand whether the increased flows effect the National Transmission System": https://www.gasgovernance.co.uk/sites/default/files/ggf/book/2023-10/Modification%200859%20v1.0.pdf

NG's presentation to the September UNC transmission working group about this proposal also said this was "a time limited solution until data has been obtained which can contribute towards our longer term thinking and understand the impacts": https://www.gasgovernance.co.uk/sites/default/files/ggf/2023-08/1.5.2.%20Extension%20of%20the%20arrangements%20introduced%20via%20UNC%20Modification%200814%20%20-%20Sep%20TWG.pdf

It is important to also note that the current operational mitigation measures and cleaning on the NTS are only partial, not fully effective and not sustainable (only a fraction of NTS flows to INT are partially filtered). NGT has said this itself and this has formed its justification for NTS filter investment at Bacton under its RIIO-2 re-opener application to Ofgem in January 2023. We continue to support NGT's proposal to mitigate this problem with this investment and look forward to Ofgem's minded to decision.

Despite the partial measures taken by NGT, and assurances in the UNC814 process, there have been further instances of contaminated gas being delivered from the NTS to Interconnector. Further high levels of contaminated gas (solid particulate matter) from the NTS again caused market disruption to gas flows via INT in May 2023 forcing it to undertake unplanned maintenance. Flows to the European continent had to be reduced by 15% of INT's technical capacity (97.76 GWh/day) for the affected period with consequences for the market and the connected system users. Furthermore, in INT's most recent annual maintenance period in November 2023, significant quantities of dust/solids (182 kg) were again found and cleaned from our filters. This is significantly more than what would be expected and indicates that the problem persists, also in an environment of medium flows towards NTS Bacton (exit) IP. The risk therefore remains if NTS Bacton (exit) IP flows via both interconnectors again reach high levels.

The proposal also does not include the required network analysis to assess it adequately. UNC859 now speaks of a trial period to understand impacts - this was not mentioned in the UNC814 process. We also consider it discriminatory to carry out extended trial periods where the risk and impacts will affect one downstream party only. Proceeding with this modification would be contrary to NGT's obligation to maintain an efficient and economical pipeline system and therefore negative against relevant objective (a). It is also contrary to relevant objective (d), discriminating against NTS Bacton (exit) IP users seeking to use capacity with Interconnector and flow gas to Belgium.

In the UNC814 process, NGT stated it did not do network analysis assessments because the modification was urgent and insufficient time was available in that context. Noting UNC814 was raised in July 2022, it is unclear why 16 months has now been insufficient time to include this assessment in this extension modification. Furthermore, the urgency of the supply crisis to Europe has subsided to a certain extent with European storage at maximum filling levels, and an accelerated build out of LNG import terminals. We therefore do not view criticality for this temporary modification extension. The proposer should be providing the information it is required to provide, and which it previously committed to providing if the amendments were to be extended further.

The velocity analysis seems brief and does not provide an explanation or comfort on which predictive, preventive or mitigating actions and operating protocols are in place. Moreover, whilst the velocity analysis seemingly indicates there should not have been any issues, large quantities of contaminated gas (solid particulate matter) have been delivered in May 2023 and subsequently. What the velocity analysis does indicate, is that a configuration where flows are split (feeder 27 to BBL and feeder 2 + 4 to INT) increases the velocity of flows into INT. It shows this velocity is increased by this modification proposal. It also shows the velocity feeding BBL from feeder 27 is almost always half of what is it feeding INT via feeders 2 and 4. If flows are split over the three Feeders, the NGT analysis shows a significant drop in the velocities to INT, and more parity on the velocity levels of the 3 feeders. This illustrates a common configuration must be utilised, to support a level playing field and to mitigate the risk of delivery of contaminated gas.

It is a requirement of the Gas Safety (Management) Regulations[3] ("GSMR") that gas transported in the NTS should not contain solid or liquid material which may interfere with the integrity or operation of pipes. We note that NGT as the NTS operator has a statutory duty to conduct its business in a manner that secures compliance with GSMR[4]. The proposed arrangement, explained as an 'extended trial period', 'to understand impacts', and with no network analysis is not, in our view, in line with this statutory duty. That there is a material risk of delivering non-GSMR compliant gas to an NTS connected party is by now well clear. This is, in our view negatively impacting objective (c), (Efficient discharge of the licensee's obligations). The modification is being proposed without adequately addressing the current issues with contaminated gas and without carrying out a proper assessment of the proposal taking account of these known issues.

We ask that consideration is also given to the legal obligations included in the EU-UK Trade and Cooperation Agreement on cooperation in the domain of security of supply, as well as the intergovernmental agreement between the United Kingdom and Belgium regarding Interconnector[5]: "*to make every effort to ensure the uninterrupted flow of natural gas*". We therefore ask that it is ensured that the operator of the NTS takes a reasonable and prudent approach and puts in place the necessary mitigation and risk reducing measures.

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

Before considering taking forward any modification extension, to further enhance flows at Bacton, it is in the interest of GB consumers for NGT to address the contaminated gas issue from the NTS at the Bacton (exit) IP. This is by investment in mitigating assets (filters). Any modification proposals, whether temporary or not, also need to be fully assessed by technical analysis which should be shared and consulted on with stakeholders.

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

Without technical information to support the proposal, and without risk mitigation, there is the risk of significant impacts to the functioning of the GB market, cross border trade and security of supply. This must be considered and adequately assessed.

The risk of the delivery of contaminated gas causing disruption increases in likelihood if this modification were extended and flows reach high level again via both interconnectors. This could result in significant costs for INT (clearing the system, repairing damage to equipment and curtailing flows due to the receipt of contaminated gas) and GB shippers through their inability to use all their contracted capacity at NTS Bacton (exit) IP and on Interconnector.

The proposal could also increase costs to consumers if flows are disrupted and there are sudden reductions in GB export or import capabilities leading to a disorderly and inefficient market with Shippers needing to rebalance their portfolios, at cost, in both the GB and Continental markets.

[3] See Schedule 3 Part 1 "Requirement under normal conditions".
[4] Section 16 (10) of the Gas Act 1986.
[5] Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Belgium relating to the Transmission of Natural Gas through a Pipeline between the United Kingdom of Great Britain and Northern Ireland and the Kingdom of Belgium, 10 December 1997.

In the modification, NGT describes the proposal as a 'testing period' and a 'trial period'. However, it is unclear what is being tested or trialled within this modification, other than whether contaminated gas is indeed delivered from the NTS or not, which could result in serious implications.

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

Insert Text Here

Ofgem have requested that the following questions are addressed:

Q1: Provide views/ details on the data/ information collection required from the proposed solution in order to be in a position for a decision on any future enduring solution. UNC0859S is proposed as a temporary Modification. The proposer states "This timeframe would provide sufficient time to gather data towards the longer term thinking and development of whether an enduring solution would be appropriate" [Page 3 of Modification document]. What information would you need to form a view as to whether an enduring solution is appropriate.

The proposer of the modification has, in this proposal and UNC transmission working groups discussions, spoken about trial periods to gather data and understand impacts. This implies that the proposer does not have a sufficient understanding of the relationship between the operation of the system and the proposed changes, were this Modification implemented. It has also not provided sufficient upfront reassurances that the proposal would be impact-free or that it has the ability to contain an incident. We are very concerned by such an approach in general, and by the potential consequences specifically.

Noting the problem with contaminated gas from the NTS, the risk of further disruption, damage to GB's largest export and import transmission connection to/from Europe and potential consequences to security of supply – this assessment must be done and included in this proposes. It is questionable that a trial can be extended well over a year when there are known problems which can have significant consequences. It is not a level playing field if only one set of NTS Bacton users and INT faces the consequences of any negative impact. In UNC814, the proposer spoke of a "*time limited measure has been proposed due to the limited opportunity to carry out analysis on the proposal. If access to the enhanced pressure service and an increase to the maximum exit flow rate must be considered on an enduring basis, network analysis would be required*."[6] It has had over a year now to carry out this analysis.

Furthermore, the proposer should explain how it as assessed the risk of this extension in terms of delivering more contaminated gas. NGT has explained that high flows towards NTS Bacton (exit) IP are a key factor reasons for the delivery of contaminated gas and Bacton filter investment on the NTS is necessary. Pending the filter investment, it should explain and provide analysis that this modification will not increase this risk. It should furthermore explain why gas from Feeder 27 which can also flow to INT is not being shared in a common configuration despite the known problems with the gas from the other feeders

[6] https://www.gasgovernance.co.uk/sites/default/files/ggf/book/2022-08/Final%20Modification%20Report%200814%20%28Urgent%29%20v2.0%20with%202%20appendices_0.pdf

connected into the Bacton ring main, and the positive impact this would have on reducing the velocities and the risks.

Furthermore, the proposer has also not clearly explained what data it is gathering and how it will be used for assessment. It is therefore difficult for us to review what insights these would deliver, and how such an approach would be sufficiently meaningful and conclusive.

Without technical analysis or until the required risk mitigations are put in place, we consider that the modification should not be progressed.

Q2: Provide views on the appropriateness of the time period for the enhanced pressure service proposed by the Modification, with regards to system safety and GB security of supply. Do you consider Winter 2023/24 to be an appropriate time to implement this Modification? Please explain your reasons. If not, please state when you consider would be an appropriate time and your reasons for this.

The urgency of the supply crisis to Europe has subsided with European storage now at maximum filling levels in line with this winter's EU filling obligations. There has also been accelerated build out of LNG import terminals which are now importing gas into Europe. We therefore do not view criticality for this temporary modification extension – the proposer should be providing the information it is required to provide and committed to providing if the amendments were to be extended further.

We also remind stakeholders that the risks caused by contaminated gas can impact GB security of supply if there is further damage to GB's largest import transmission from Europe and this forces a shut down for resultant maintenance and repair.

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.*

Yes. The required technical analysis is omitted. NGT committed in the UNC0814 process to carry out network analysis if BBL requested something more enduring. NGT said in the UNC0814 modification raised in July 2022 that the technical analysis was not included in the temporary UNC0814 modification due to a lack of time:

"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."

UNC0859S refers to the proposal being a trial period: "*The proposed solution is identical to the one that was implemented for UNC0814 and this enabling Modification will simply extend the trial period to allow BBLC and NGT to gather data and understand the impacts on the NTS*." However, at no time in the UNC0814 process, did NGT say that it needed a trial and data gathering exercise to "understand impacts". On the contrary, NGT expressed firm views that there is no increased risk from the modification and that operational risks surrounding gas containing contaminants will be managed separately: "*The NTS configuration means that National Grid does not believe there is an increased risk should the Modification be implemented*."

NGT has also not explained how it would gather data, what impact assessment would be undertaken with the data, which decisions this would inform and why this was not explained in the UNC814 process. To undertake a 'trial period' which risks a failed test, which could disrupt GB security of supply for Belgium and GB, and have costs/safety implications for Bacton shippers, Interconnector and its stakeholders is, in our view, an approach which should not be taken forward until the risks are mitigated.

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

It should noted the Velocity Protocol within the NGT-INT Interconnection Agreement pre-dates the use of Feeder 27 to feed gas to BBL export. The protocol was supposed to be used to split the total flow to INT down all 3 Feeders – 2,4 and 27 – when INT was flowing at higher rates (but still below the baseline capacity) to reduce the velocity in the pipes and hence reduce the risk of solids pick up in the turbulent flow.

NGT's analysis indicates the splitting the flows (feeder 27 to BBL and feeder 2 + 4 to INT) increases the velocity of flows into INT. It shows this velocity is increased by this modification. It also shows the velocity feeding BBL from feeder 27 is almost always half of what is it feeding INT via feeders 2 and 4. This is a concern and is not, in our view a level playing for NTS Bacton (exit) IP shippers wishing to use their capacity to flow to Belgium. NGT's analysis of the velocities shows that, if flows are split over the three feeders, there is a significant drop in the velocities to gas flows delivered to INT. This configuration provides more parity on the velocity levels of each of the feeders. This therefore suggests a common configuration must be utilised.