

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:	Matt Newman
Organisation:	National Gas Transmission (NGT)
Date of Representation:	15 th December 2023
Support or oppose implementation?	Support
Relevant Objective:	d) Positive
Relevant Charging Methodology Objective:	Not Applicable

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

As proposer, NGT support implementation of this 'enabling' Modification which would facilitate changes to the NGT-BBLC Interconnector Agreement (IA) and permit them to request the existing enhanced pressure service (export pressures from 55-68 bar) and increase their contractual Maximum Network Exit Point Offtake Rate (MNEPOR) until the end of 2024.

NGT believe that Relevant Objective d) "Securing of effective competition: (i) between relevant shippers" would be furthered by the Modification. Implementation would enable greater levels of competition between active Shippers at Bacton Exit IP who are currently or plan to export gas from GB to continental Europe and would also increase the competition for the available capacity. Bacton Exit IP has a shared baseline capacity between BBLC and Interconnector Limited (INT). Therefore, if BBLC were to increase their contractual export capability by gaining access to the existing enhanced pressure service and increasing their MNEPOR, it is likely that there will be greater levels of competition for the available capacity between the active shippers at this location.

In addition to the increasing the levels of competition between Shippers, implementation of this Modification and the subsequent contractual changes it will also further the level of competition between the terminal operators BBLC and INT. INT have enduring access to the enhanced pressure service whereas BBLC had the ability to request it for a limited period of time following the implementation of UNC0814. By allowing BBLC to have the same level of access to the enhanced pressure service at INT, albeit on a temporary basis, it has potential to improve the level of service offered by these parties and

increase the flexibility or optionality for Shippers who wish to export gas to the EU at Bacton. Therefore, increasing the levels of competition.

NGT notes that in its decision letter for Urgent Modification 0814, the Authority stated that implementation of that Modification (which enabled BBLC access to the existing enhanced pressure service and increased their MNEPOR on a temporary basis) would “ensure fair and equal treatment of both interconnectors as well as facilitating a level-playing field between them and their users, which will promote competition”.

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

As stated in the Modification Proposal, implementation is sought as soon as possible to maximise its benefits. The proposed solution is time limited and will lapse at 05:00 on 01/01/2025 and we would like to provide sufficient opportunity for BBLC to utilise the service which in turn provides NGT an opportunity to gather data associated BBLC’s export profile and flow rate.

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

Following the implementation of the Modification and associated contractual changes, NGT intend to gather data on the occasions that the BBLC’s enhanced pressure requests are accepted and their flow rate increases. We expect that analysis from this data will substantiate our current view that allowing BBLC access to the enhanced pressure service does not materially change the risk profile associated with dust deliveries at Bacton.

NGT are cost neutral to the enhanced pressure service via the terms outlined in the Pressure Service Charging Agreement (PSCA).

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

No change to the Uniform Network Code (UNC) is required. This is an enabling modification to permit changes to the NGT-BBLC IA.

There is a secondary contract, the PSCA that supports the Enhanced Pressure Service between NGT and the relevant interconnector operators which sets out the terms of its use and how NGT are cost neutral to the running of Kings Lynn compressor station when enhanced pressure requests are accepted.

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.

As part of the UNC Modification, NGT have provided a velocity study which was produced via our simulation tool. This has confirmed the expected velocities down Feeders 2, 4 and 27 in different NTS configurations and flow rates where Feeders are treated as common or separate.

In order to substantiate the effect of the proposed Modification, we intend to gather data on the actual velocities experienced along the supply Feeders to Bacton Exit IP as a direct result of BBLC utilising the enhanced pressure service and flowing at a rate higher than their existing MNEPOR. The actual velocities would be cross referenced against the differential pressures from within NGT's filters at Bacton to discover whether BBLC flowing at a higher rate has any bearing on the risk of dust at Bacton. The data can then be compared to historical periods to review the impact and help NGT to have an informed view of the effects of BBLCs increased export flows on Bacton and other connected parties.

It is important to highlight that filters are present at Bacton is to capture dust and other material prior to it leaving the NTS. Therefore, the capture of dust is part of 'business as usual' operation.

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.

NGT consider that implementing the Modification and contractual changes permitting BBLC to request the existing enhanced export pressures and increase their MNEPOR to be low risk to GB security of supply and appropriate for a number of reasons:

1. The enhanced pressure service is made available on a 'reasonable endeavours' basis and in the event of NGT forecasting a supply shortage / tightness, it is unlikely that enhanced pressure requests will be approved, therefore, limiting the export pressures available to a maximum of 55 bar and therefore, limiting the export rate of the interconnector facilities.
2. Leading into Winter 2023/24 EU storage was 99% full (and is currently around ~90% full) which improves the resilience of the continental European countries and reduces reliance upon GB exports to meet their gas demand. Continental Europe has also taken steps to further diversify their gas supplies following the reduction / removal of Russian gas and are increasing their LNG import capabilities which will further reduce the reliance upon GB exports.
3. One of the key principles of the GB gas market is that NGT fulfil the role of the residual balancer when the market does not respond to price differentials and balance itself via Shippers taking action to manage their portfolios. Therefore, if GB was forecasting a supply shortage, we would expect the price differentials between the GB and the EU to financially incentivise Shippers to deliver gas to GB rather than other locations or countries. In the event that this does not happen, NGT will take residual balancing actions to purchase gas and balance the network. Therefore, the timing of this Modification and the utilisation of the service has little impact on GB security of Supply.
4. The Modification will not result in any additional obligated firm NTS exit capacity being made available at Bacton. NGT may wish to release Non-Obligated firm capacity to the

market based on the capability of the NTS but this is at NGT's discretion based on perceived risk/reward.

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 errors or omissions have been identified.

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

N/A.