Making a positive difference
for energy consumers

Penny Garner

Joint Office of Gas Transporters

By email

Email: jonathan.balls@ofgem.gov.uk

Date: 14 December 2023

Dear Penny,

UNC Modification 0859S[1]: Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)

We[2] have received notification from the Joint Office on 24 October 2023 that Uniform Network Code (UNC) modification proposal 0859S: Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)[3] (hereafter "UNC859S") was considered a non-material change and therefore subject to Self-Governance. This letter confirms that we reject the Self-Governance Statement[4] received and direct that UNC859S should come to the Authority for a decision.[5]

Background

Gas interconnectors connect gas transmission systems from other countries to the National Transmission System ("NTS") in Great Britain ("GB"). The Balgzand to Bacton Line ("BBL") is a bi-directional gas pipeline connecting GB and the Netherlands. BBL Company ("BBLC") is the certified Transmission System Operator of the pipeline. BBL is connected to the NTS at the Bacton Exit interconnection point. BBL is one of two gas interconnectors between GB and continental Europe.

On 22 July 2022, National Gas Transmission ("NGT") raised UNC0814: Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector (hereafter "UNC814"). UNC814 proposed to enable changes to the Interconnector Agreement ("IA") between NGT and BBLC to increase the Maximum Network Exit Point Offtake Rate ("MNEPOR") at the Bacton Exit interconnection point. It would allow BBLC to request access to an enhanced pressure service for BBL over a time limited period, from implementation of the modification up to and including 30 September 2023. We approved this modification on 6 March 2023.[6] However, market conditions were such that

[1] UNC Modification O859S https://www.gasgovernance.co.uk/0859
[2] 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.
[3] Code modification documents available from: https://www.gasgovernance.co.uk/0859
[4] Self-Governance Statement as defined in the UNC Modification Rules https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2021-03/19%20Modification%20Rules.pdf
[5] This is the procedure set out in the UNC Modification Rules at 6.6.3 and we understand that although a Self-Governance Statement was issued to the Authority by the Code Administrator, it did not include a Proposed Self-Governance Modification Proposal Determination Date. In the absence of this we are still rejecting the Self-Governance Statement and bringing the decision before the Authority for decision. https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2021-03/19%20Modification%20Rules.pdf
[6] https://www.ofgem.gov.uk/publications/unc814-temporary-access-enhanced-pressure-service-and-increase-maximum-nts-exit-point-offtake-rate-bbl-interconnector-decision

BBLC did not request an enhanced pressure service in the period up until 30 September 2023, and so the service was not used.

UNC859S is also a proposal raised by NGT and seeks to enable the same changes to the IA between NGT and BBLC for a different time period, from the point of implementation until 31 December 2024. NGT states that allowing BBLC to request an enhanced pressure service will provide BBLC and NGT a window of opportunity to gather data and provide NGT an opportunity to understand whether the increased flows effect the NTS. NGT states that this will contribute towards the longer term thinking of how or if an enduring increased MNEPOR can be proposed.

UNC Modification Panel View

At a Panel Meeting on 19 October 2023, the UNC Modification Panel ("the Panel") considered whether this modification should go to the Authority for a decision.

During this meeting the Ofgem representative expressed Ofgem's view that this modification should be subject to Authority direction.[7] A Panel member sought clarification as to whether we had decided on Authority direction, and Ofgem responded that should the Panel vote for Self-Governance we would then consider rejecting the statement of Self-Governance.

The Panel determined that the Proposal satisfies the Self-Governance Criteria[8] and eight panel members voted in favour of Self-Governance with six not in favour. The Panel endorsed NGT's view that the modification can be processed under Self-Governance procedures, concluding that the modification is unlikely to have a material effect on competition in the shipping, transportation or supply of gas through pipes or any associated commercial activities.

Reasons for our decision

In reaching our decision, we have considered NGT's (as the Proposer) and the Panel's views on this modification progressing down the Self-Governance route.

The Authority is of the view that UNC859S may have a material effect on security of supply because the proposed solution involves changes to arrangements at Bacton Interconnection Point during winter months when GB may rely on gas imports through the interconnectors to balance supply and demand on the NTS. For this reason we reject the Self-Governance Statement received and we consider it appropriate that UNC859S should come to the Authority for a decision.

For avoidance of doubt, in bringing the decision before the Authority, we have made no assessment of the merits of the Proposal and nothing in this letter in any way fetters our discretion in respect of the Proposal.

If you have any further questions, please contact jonathan.balls@ofgem.gov.uk.

Yours sincerely,

Helen Seaton

Interim Head of Energy Security of Supply

[7] https://www.gasgovernance.co.uk/sites/default/files/ggf/2023-10/Panel%20Minutes%20312%2019%20October%202023.pdf

[8] The Self-Governance criteria are set out in NGT's Standard Special conditions - Part A document https://www.ofgem.gov.uk/sites/default/files/2023-03/Standard%20Special%20Condition%20-%20PART%20A%20Consolidated%20-%20Current.pdf