

UNC Final Modification Report	At what stage is this document in the process?
<h1>UNC 0814 (Urgent):</h1> <h2>Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 10px;"> 01 Modification </div> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 10px;"> 02 Workgroup Report </div> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 10px;"> 03 Draft Modification Report </div> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 10px;"> 04 Final Modification Report </div> </div>
<p>Purpose of Modification:</p> <p>To enable the amendment of BBL’s Interconnector Agreement (IA) to temporarily provide for an enhanced pressure service for BBL at Bacton Exit Interconnection Point (IP) permitting BBL to request enhanced pressures between 55 bar and 68 bar when exporting gas at Bacton Interconnector and to increase its Maximum NTS Exit Point Offtake Rate (MNEPOR).</p>	
<p>Next Steps:</p> <p>Panel consideration is due on 03 August 2022 <i>(at short notice by prior agreement)</i></p>	
<p>Impacted Parties:</p> <p>High: BBL, Interconnector Limited, Shippers</p> <p>Low: National Grid Gas</p> <p>None:</p>	
<p>Impacted Codes:</p> <p>None</p>	

1 Summary

What

Currently National Grid NTS ('National Grid') provides the BBL Interconnector with an assured exit pressure of 45 – 55 bar at the Interconnection Point. National Grid has historically provided an enhanced pressure service for Interconnector Limited (INT) which allowed INT to request exit pressures above 55 bar to a maximum of 68 bar. National Grid facilitate these requests where possible by providing additional compression via the Kings Lynn Compressor.

To date BBL has not sought an enhanced pressure service hence this is not provided for within its Interconnection Agreement (IA) with National Grid and its MNEPOR is currently limited to 184,780,632 kWh/d (7,699,193kWh/h).

Why

BBL is seeking to maximise quantities of gas it is able to export from GB to continental Europe in order to help address existing gas supply shortages which are being experienced in continental Europe. In order to do so, it requires access to the enhanced pressure service provided by National Grid and an appropriate increase in its maximum daily exit flows from the NTS.

Maximising exports to continental Europe ahead of Winter 2022/23 will contribute to security of supply across the continent and enable storage stocks to be increased. Enhanced resilience of supplies across Europe heading into the forthcoming winter can benefit the GB market by reducing likely demand for exports to Europe (compared to if this change was not made) over the expected period of high demand from October 2022 as we move into the winter

It is also necessary that both BBL and INT have the option of accessing equivalent services from NGG and therefore an amendment should be introduced into BBL's IA to ensure both parties have consistent agreements and opportunities to access the enhanced pressure service.

By gaining access to the enhanced pressure service BBL will have an opportunity to request and maintain higher pressures which would increase their export capability and flow rate to continental Europe.

How

This Modification seeks to enable the proposed change to the Interconnection Agreement between National Grid NTS and BBL (an 'enabling' modification) to increase the MNEPOR from 184,780,632 kWh/d (7,699,193kWh/h) to 252,000,000 kWh/d (10,500,000 kWh/h) and to allow BBL to access to the enhanced pressure service provided by National Grid. Both of the proposed changes are to be temporary in nature and apply from the date of implementation of this Modification up to and including 30 September 2023.

2 Governance

Justification for Urgency

Urgent status is requested in order to allow BBL to increase flows to Continental Europe and contribute towards their security of supply through the filling of storage facilities and supplying Distribution Networks in preparation for Winter 2022/23. Additionally, this will benefit the GB market by reducing likely demand for exports to Europe over the expected period of high demand from October 2022 and for winter 2023.

In order to maximise the benefit of these additional exit gas flows via the BBL interconnector, implementation is sought as soon as practicable which would allow for an immediate increase to the export flows contributing to filling European storage stocks. Therefore, reducing the likelihood of sustained exports in the winter.

Based on this explanation we believe that Urgency Criteria B “A significant impact on the safety and security of the electricity and/or gas systems” is being satisfied and an urgent timeframe for implementation can be agreed with the Authority.

Justification for Authority Direction

This Modification is recommended to be sent to the Authority for direction as it is likely to have a material effect on GB and continental Europe’s security of supply. Failing to implement this modification as soon as possible could risk security of supply for GB consumers and market participants. If this modification is not implemented there is a risk that the Interconnectors will continue to export large volumes to the continent during the winter in to contribute towards filling the European storage facilities. This would apply additional pressure to the GB market and NTS when greater levels of seasonal demand have been observed.

Requested Next Steps

This Modification should:

- be treated as urgent and should proceed as such under a timetable agreed with the Authority.

3 Why Change?

The Interconnection Agreement between National Grid NTS and BBL at the Bacton IP takes effect as both a Network Entry Agreement and a Network Exit Agreement and the existing Agreement specifies a MNEPOR value of 184,780,632 kWh/d (7,699,193kWh/h) (i.e. export from GB to continental Europe).

In order to alleviate the existing gas supply shortages being experienced in continental Europe as a consequence of the conflict in Ukraine, BBL has requested temporary access to the existing enhanced pressure service provided at the Bacton IP and a temporary commensurate increase to the MNEPOR quantity such that it is able to maximise its capability to export gas to continental Europe.

Enabling BBL to access the enhanced pressure service and increasing the MNEPOR at the BBL Interconnection Point (IP) is directly relevant to the arrangements between National Grid and Users and is therefore a ‘Relevant Interconnection Provision’ as per EID Section A4.1.1(b)(ii). The UNC (EID Section 4.1.3) prescribes that changes to Relevant Interconnection Provisions cannot be made unless (a) approval is obtained from each User holding capacity (‘for the time being’) at the relevant IP, or (b) pursuant to a Code Modification. Given the practical challenges associated with the former option (including the transient nature of Users holding capacity ‘for the time being’) our preferred approach is to seek a Code Modification to obtain this approval.

Maximising exports to continental Europe ahead of Winter 2022/23 will contribute to security of supply across the continent and enable storage stocks to be increased. Enhanced resilience of supplies across Europe heading into the forthcoming winter will benefit the GB market by reducing likely demand for exports to Europe over the expected period of high demand from October 2022.

If this change is not made, it is possible that European Storage Facilities will not reach the member state agreement of having gas storage of at least 80% full before winter 2022/23. Additionally, if BBL do not gain access to the enhanced pressure service, it is unlikely they will be able to achieve the higher flows which are

required to support the transition away from Russian gas supplies and contribute towards the filling of Storage stocks.

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. However, as the enhanced pressure service is available on a reasonable endeavours basis based on NTS conditions and any increase in flow rate is intrinsically linked to a sustained pressure increase, National Grid believes that there is no additional material risk processing these changes on an interim basis. If BBL requested them on an enduring basis there may be a requirement to undertake more detailed network analysis.

BBL have also expressed an interest in having access the enhanced pressure service and the increase to their maximum flow rate as an interim solution as this requirement is based on the current geo-political landscape.

4 Code Specific Matters

Reference Documents

None

Knowledge/Skills

None

5 Solution

No changes to the UNC are required or proposed. However, changes to BBL's IA will be required. NGG propose to use equivalent wording to the "ANNEX B-3: EXIT PRESSURE" from the Interconnection Agreement with INT which will ensure the services offered are equitable and fair.

Changes will also be required "Appendix 2 – Network Exit Part 3 – flow Profiles and Rate changes 1.4" to reflect the update in maximum network exit point offtake rate.

6 Impacts & Other Considerations

Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

None

Consumer Impacts

Positive. Increased opportunities for gas shippers to utilise the infrastructure and increase their flows to Europe. Increased levels of demand coming from Europe are expected to continue and may present a less seasonal pattern which also highlights the importance of improving the export capabilities at Bacton through the enhanced pressure service. Increased GB demand also increases the attractiveness of the GB market to shippers and sends a positive signal to existing and new market participants. This could benefit GB consumers by increasing GB competition.

Increasing flows through the Bacton BBL interconnector to Europe throughout summer and autumn 2022 ahead of the coming winter will contribute towards Europe's security of supply by filling storage stocks. This will be of

benefit to GB consumers by reducing the likelihood of increased exit flows and increasing the likelihood of import flows during the winter months when GB gas demand is greater.

Potential for improved short-term flexibility when trying to balance the NTS and could give market participants more options to respond to changes in market prices.

What is the current consumer experience and what would the new consumer experience be?

Positive on security of supply grounds. By taking steps now and supporting continental Europe with filling their storage stocks it is less likely there will be sustained flow increases during the winter.

If this does not happen, it is more likely that increased flows will continue into the winter months when the GB network experiences higher levels of domestic demand which could be impacted by European demand and subsequent flows out of GB.

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
Improved safety and reliability	None
Lower bills than would otherwise be the case Improved GB security of supply could result in reduced tariff and price volatility for end consumers, if the cost savings are passed onto end consumers.	Positive
Reduced environmental damage None	None
Improved quality of service None	None
Benefits for society as a whole None	None

Cross-Code Impacts

None

EU Code Impacts

None

Central Systems Impacts

None

7 Relevant Objectives

Impact of the Modification on the Transporters' Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

(d) Securing of effective competition:

- (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.**

Implementation of this modification would lead to increased competition between the active shippers at Bacton Interconnector who export gas from GB to continental Europe. Through providing BBL shippers access to the enhanced pressure service and coupling this with an increase to the MNEPOR shippers will be able to export larger quantities of gas through the BBL pipeline. This could also mean that more shippers are able to export gas leading to greater levels of competition for the available capacity.

8 Implementation

As urgent status has been requested the timeline for implementation is to be agreed by the Authority with implementation as soon as possible to ensure the benefits for this summer are maximised.

9 Legal Text

Text Commentary

No changes to UNC are required

Text

No changes to UNC text. However, changes will be made to BBLs IA which have also been published with this Modification proposal.

10 Consultation

Panel invited representations from interested parties on 25 July 2022. The consultation window closed at 5pm on 01 August 2022. All representations are encompassed within the Appended Representations section.

The following table provides a high-level summary of the representations. Of the 10 representations received 3 supported implementation, 1 offered qualified support, 2 provided comments and 4 were not in support.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives
BBL Company V.O.F.	Support	d) positive
British Gas Trading Limited	Comments	d) none
EDF Trading Limited	Oppose	a) negative d) negative c) negative g) negative
Equinor UK Limited	Comments	d) none
Freepoint Commodities LLC	Oppose	Not provided
Interconnector Limited	Oppose	a) negative d) negative c) negative g) negative
National Grid NTS	Support	d) positive
SEFE Marketing & Trading Limited	Oppose	d) negative

Uniper	Support	d) positive
Vitol SA	Qualified Support	d) positive

Please note that late submitted representations will not be included or referred to in this Final Modification Report. However, all representations received in response to this consultation (including late submissions) are published in full alongside this Report and will be taken into account when the UNC Modification Panel makes its assessment and recommendation.

11 Panel Discussions

Discussion

Consideration of the Relevant Objectives

Determinations

12 Recommendations

Panel Recommendation

Panel Members recommended:

- that Modification 0814 (Urgent) [should [not] be implemented.

13 Appended Representations

Representation – BBL Company VOF

Representation – British Gas Trading Ltd

Representation - EDF Trading Ltd

Representation - Equinor UK Limited

Representation - Freepoint Commodities LLC

Representation - Interconnector Limited

Representation - National Grid NTS

Representation - SEFE Marketing & Trading Limited

Representation - Uniper

Representation - Vitol SA

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Date	Telephone
27 July 2022	+31 50 521 2065
Our reference	Your reference
BBL VOF 22.052	
Subject	

**BBL Company's response to consultation on UNC Modification Proposal 0814 -
Temporary Access to the Enhanced Pressure Service and Increase to the Maximum
NTS Exit Point Offtake Rate of the BBL interconnector**

Dear Joint Office,

BBL Company (BBLC) supports the Proposal.

Given the current energy supply concerns across continental Europe BBLC is seeking to maximise its ability to transport gas from GB to NL. In order to do so, BBLC has requested access to the enhanced pressure service provided by National Grid (NGG) together with an appropriate increase in its maximum daily exit flow rate (MNEPOR) from the NTS. BBLC agrees with the Proposer that facilitating maximum exports of gas to continental Europe ahead of Winter 2022/23 will contribute to security of supply across the continent and enable storage stocks to be increased thus improving security of supply both within Europe and GB. BBLC appreciates the work undertaken by NGG prior to raising this Proposal and understands why it has raised the Proposal as a temporary change. BBLC recognises that the timeframes within the Proposal allow for further assessment of the provision of the service in the longer term.

Relevant objectives

d) Securing of effective competition: Positive.

The provision of higher pressures at the BBL Bacton Interconnection Exit Point will enable BBLC to offer its shippers more transportation capacity for reverse flow (GB to NL) thus increasing the provision of such capacity to the market and further facilitating competition. To the extent that such additional BBL capacity is matched to NTS Exit Capacity provided by NGG this will also increase competition for NGG capacity products, again facilitating this relevant objective.

Yours sincerely,

Rudi Streuper
Commercial Manager

Representation - Draft Modification Report UNC 0814 (Urgent)

Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector

Responses invited by: 5pm on 01 August 2022

To: enquiries@gasgovernance.co.uk

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

Representative:	Ricky Hill
Organisation:	British Gas Trading Limited
Date of Representation:	01/08/22
Support or oppose implementation?	Comments
Relevant Objective:	d) None
Relevant Charging Methodology Objective:	Not Applicable

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

In principle, Centrica would support proposals to increase pressure at Bacton exit point to allow for an increased export capability and flow rate to continental Europe. However, we do not believe that sufficient analysis on the impact has been undertaken for us to support the modification at this stage. We note that the mod has been designed as a time limited measure due to the limited opportunity to carry out this type of analysis, but we nevertheless believe that there could be impacts in the short term that need to be assessed. The types of questions we would like clarity on are: 1) Is there certainty that the change would not be to the detriment of other gas flows? 2) Given that Interconnector UK has recently claimed *force majeure* due to low pressure, can NGG/Bacton facilities confidently support the proposal? 3) Would an increase in pressure create a new risk of the 'dust' issue entering the BBL filters/pipeline or result in other unexpected operational issues. 4) What contingencies are NGG proposing to ensure reliability should local or regional compressors trip/fail. 5) How would the costs be transferred to Shippers (e.g. will there be a new charge to existing bookings or only levied on additional flows)?

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

We believe any implementation should be delayed until a thorough Impact Assessment has been done.

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

As per our comments above, we are uncertain.

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 further comments

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

No further comments

Representation - Draft Modification Report UNC 0814 (Urgent)

Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector

Responses invited by: 5pm on 01 August 2022

To: enquiries@gasgovernance.co.uk

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

Representative:	CEMIL ALTIN
Organisation:	EDF TRADING LIMITED
Date of Representation:	1 AUGUST 2022
Support or oppose implementation?	Oppose
Relevant Objective:	<p>d) Negative</p> <p>In addition, we think the proposed modification is</p> <p><i>A. Negative</i></p> <p><i>C. Negative</i></p> <p><i>D. Negative</i></p> <p><i>G. Negative</i></p>
Relevant Charging Methodology Objective:	Not Applicable* <i>delete as appropriate</i>

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

The Gas Safety (Management) Regulations (GSMR) require that gas transported in the NYS should not contain solid or liquid material that may interfere with the integrity or operation of the pipelines. The GMSR imposed a legal obligation on NGG to operate in accordance with the GSMR.

In recent months the operation of the UK Interconnector and consequently the commercial activities of relevant shippers have suffered several times from the delivery of solids and liquid in gas delivered from the NTS to the Bacton Exit Interconnection Point. The receipt of the off specification gas damaged IUK equipment and led to a curtailment of export flows – to the detriment of the commercial activities of relevant shippers and ultimately the efficiency and effectiveness of the interconnected GB-EU gas market.

EDF Trading Limited is opposed to this urgent modification as it will not facilitate greater efficiency of export-import flows but rather increase the probability that non-GSMR gas will be delivered to the Bacton IP thereby significantly increasing the risk of further curtailments of capacity on IUK. This will ultimately be detrimental to GB consumers as it could mean that winter imports of gas could face curtailment if additional off specification gas is delivered to IUK resulting in damage which curtails capacity. Therefore, the modification is negative against objective (d) and objective (g) by increasing disruption risk rather than facilitating cross border flows and market efficiency.

EDFT also believes that NGGG is negatively impacting objective c by proposing the modification without addressing the underlying issues it faces and without any impact assessment of its proposals.

This modification would undermine NGG's obligation to maintain an efficiency and economic system and is therefore negative against objective (a). It is clear that gas being transported in the NTS is contaminated and requires remedial filtering. This is the urgent action that NGG should be undertaking – not proposing a modification that will allow it to continue in dereliction of its statutory obligations.

It is also the case that NGG is potentially acting in a discriminatory manner by looking to provide clean gas to one interconnector at the expense of additional off-spec gas to the other interconnector.

EDFT is also not aware of any technical assessments that have been carried out by NGG to support this modification.

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

NGG must urgently address material ingress from the NTS at the Bacton IP by investment in filters. Any modification proposal needs to be fully assessed to understand impacts given NGG itself has indicated that the problems with hazardous material ingress from the NTS at the Bacton Exit IP are directly linked to the unprecedented high flows at Bacton.

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

Increased risk of delivery of non-specification gas could result in significant costs to both Interconnector and GB shippers through their inability to use all their contracted capacity – which would also represent a significant loss of commercial opportunity and for the market as a whole an undermining of the efficiency of the interconnected GB-EU gas market.

It can also increase costs to consumers if:

- Export flows are disrupted, increasing the likelihood of higher European demand later this year competing for demand with GB; and
- Sudden reductions in GB export capabilities leads to a disorderly and inefficient market as Shippers need to rebalance their portfolios, at cost, in both the GB and Continental markets;
- If further damage caused by material ingress results in GB import curtailments or unplanned interconnector shutdowns this winter.

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

Insert Text Here

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.*

There is no impact assessment to support the modification.

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

Insert Text Here

Representation - Draft Modification Report UNC 0814 (Urgent)

Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector

Responses invited by: **5pm on 01 August 2022**

To: enquiries@gasgovernance.co.uk

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

Representative:	Terry Burke
Organisation:	Equinor UK Limited
Date of Representation:	1 st August 2022
Support or oppose implementation?	Comments
Relevant Objective:	d) None
Relevant Charging Methodology Objective:	Not Applicable

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

Equinor feels there is merit with the proposed modification but has concerns around the urgent nature of the process. Due to the gas quality issues that have occurred at Bacton in recent months there is a requirement to carry out robust technical analysis regarding the impact on gas quality at Bacton and the wider NTS. A shortened governance process can only be considered when this information is communicated to the wider industry. Assurance is sought that additional flows will not impose further costs on consumers and that market participants should be given sufficient notice of how the additional capacity will be sold.

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

Delayed implementation until further analysis of the full impact is understood.

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

Not possible to quantify at present

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

Not assessed

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.*

N/A

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

N/A

Representation - Draft Modification Report UNC 0814 (Urgent)

Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector

Responses invited by: **5pm on 01 August 2022**

To: enquiries@gasgovernance.co.uk

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

Representative:	Nick Mills
Organisation:	Freepoint Commodities LLC
Date of Representation:	27/07/2022
Support or oppose implementation?	Oppose
Relevant Objective:	
Relevant Charging Methodology Objective:	

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

Two reasons for objection:

- 1) The modification leaves Bacton Exit Capacity oversubscribed.

If pressure towards BBL is increased, the total pipeline capacity to export at Bacton will be 38GW (27GW on the IUK, 11GW on BBL). The total exit capacity at Bacton is 34GW (27GW baseline, 7GW non-obligated). The result is that exit capacity at Bacton will be oversubscribed by 4GW

Firstly, given that this proposal will not increase exit capacity at Bacton, it will not result in the ability to export more gas to the continent to help fill continental storages, as mentioned in the modification proposal.

Of more concern is the fact that, in times of wide price difference between the UK and continental hubs (as we are currently experiencing), there will be increased risk of shippers over-nominating Bacton exit, since the penalty charge for over nomination may well be less than the profit achieved from the wide price difference. This raises a range of operational risks, with no benefit to continental storages.

- 2) The modification results in increased likelihood of higher gas prices for the UK consumer.

At the time of writing the Day-Ahead contract price at the TTF (Dutch hub) is 187p/Thm above the equivalent contract at the NBP (UK Hub). The Day-Ahead contract at the ZTP (Belgium) is only 38p/Thm above NBP. By increasing the ability to export gas to the TTF, the likelihood of the NBP coupling with the TTF increases, which would increase the price for the UK consumer by 52%

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

At a very minimum this modification should not be implemented before 1st January 2023. The monthly auction for Bacton exit capacity in August has already passed (on the 18th July 2022) and the quarterly auction for Q4'22 capacity is scheduled to happen on the 1st August 2022, before this decision is finalised. It would be unfair to shippers with existing capacity on IUK or BBL to be forced into competing for oversubscribed Day-Ahead Bacton exit capacity in the daily auctions during periods where alternative capacity purchasing options have expired.

This modification makes a significant change to the information considered by shippers when choosing an optimal strategy for exporting gas to the continent – specifically whether to book Bacton Exit Capacity on a quarterly, monthly or daily basis. If this modification were to be implemented it's highly likely that shippers would choose a different optimal strategy, and so it should not be implemented before 1st January 2023 when shippers still have flexibility to choose the most optimal strategy.

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

All shippers wishing to export to the continent would likely face increased costs due to increased likelihood that the oversubscribed Bacton Exit Capacity would trigger a spike in the surcharge obtained at the capacity auctions.

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

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.*

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

Representation - Draft Modification Report UNC 0814 (Urgent)

Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector

Responses invited by: 5pm on 01 August 2022

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:	01 August 2022
Support or oppose implementation?	Oppose
Relevant Objective:	<p>d) Negative</p> <p>In addition, we would argue this modification is:</p> <p>a) Negative</p> <p>c) Negative</p> <p>g) Negative</p>
Relevant Charging Methodology Objective:	Not Applicable * <i>delete as appropriate</i>

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

It is a requirement of the Gas Safety (Management) Regulations¹ (“**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 NGG has a statutory duty to conduct its business in a manner that secures compliance with GSMR².

In recent months Interconnector and GB shippers have suffered several times from the delivery of solids and liquids from the NTS at the Bacton Exit Interconnection Point (IP), the cause of which has been attributed by NGG to unprecedented flows in the Bacton area. The receipt of off-specification gas has damaged Interconnector equipment and led to GB export flow curtailments to the detriment of GB consumers. The flow constraints forced on Interconnector this year to date due to the delivery of solids/liquids from the NTS is estimated to have costed shippers at least

¹ See Schedule 3 Part 1 “Requirements under normal conditions”

² Section 16 (10) of the Gas Act 1986

£270m³. It is also noticeable that since these constraints some shippers have themselves reduced Interconnector nominations despite higher contracted levels possibly due to concerns about exposure to further constraints. This has resulted in significantly less gas being exported than would have been possible to help European security and supply and storage filling targets. In addition, there have also been significant costs to Interconnector in managing the off-specification gas (removing toxic and hazardous materials from its system) and repairing damage it has caused.

Interconnector is opposed to this urgent Modification because, rather than furthering consumer interests through higher export flows, there is a significant risk and high probability that this modification is detrimental to GB consumers by increasing the delivery of hazardous non-GSMR specification gas at the Bacton Exit IP. Based on our experience in recent months and in particular persistent deliveries of off-specification gas in April, May and June 2022, it is highly likely that this Modification will actually reduce overall export flows through the two gas interconnectors at Bacton (thereby increasing the likelihood of higher European demand later this year to fulfil storage needs) and poses significant risks to GB imports this winter (if further damage is caused resulting in curtailments or unplanned interconnector shutdowns for repair of damaged equipment). In this scenario, the Modification could result in a net loss of export flows to the continent during the summer of 2022 and a net loss of GB imports from the continent during winter 2022, as well as an increase in cost for Shippers who are no longer able to fully use already contracted capacity due to curtailments. It is therefore negative against objective (d) and also objective (g) by exacerbating disruption risk rather than further facilitating cross border flows.

To be clear, Interconnector's concern is not directed at BBL requesting an enhanced pressure service and we are already highly contracted in the relevant period ourselves. Our key concern is that NGG is proposing to enable such a service to deliver higher flows at the Bacton Exit IP when:

- NGG says itself that a key reason for the delivery of non GSMR compliant gas at the Bacton Exit IP has been because ***“unprecedented export flows at Bacton via Interconnector Ltd and BBL have resulted in high velocity, turbulent flows in the Network. These flow conditions are believed to be the root cause of legacy matter within the NTS being delivered into Interconnector’s filters at Bacton.”*** [Source: National Grid letter dated 17th June 2022 entitled “Shipper questions: Underlying cause for incidents”]
- Despite the above, NGG admits in this hurried proposal that it has not done a proper assessment saying there has been a ***“limited opportunity to carry out analysis on the proposal in time for the modification to be implemented”*** and that it has not carried out network analysis.
- The above two points indicate, in our view, that NGG is negatively impacting objective (c), (Efficient discharge of the licensee's obligations) by proposing this modification without addressing the current issues with off specification gas and without carrying out a proper impact assessment of the proposal taking account of these issues.

Whether a modification is deemed temporary or not, NGG continues to have duty to maintain an efficient and economical pipeline system⁴. Proceeding with this modification is contrary to NGG's obligation to maintain an efficient and economical pipeline system and therefore negative against relevant objective (a). It is apparent that gas being transported within the NTS system is contaminated and requires filtering. Urgent action is required to address that.

NGG furthermore has a duty to “avoid any undue preference or undue discrimination”⁵. If an additional 3GW of "clean" gas can be delivered via feeder 27, the configuration of NGG network should be used to substitute this for the off specification gas currently being delivered to Interconnector via feeders 2 and 4. To provide one interconnector additional “clean” gas at the

³ See footnote 6 for an explanation of the calculation.

⁴ Section 9(1)(a) of the Gas Act 1986

⁵ Section 9(2) of the Gas Act 1986

same time as the other interconnector is receiving, and having to deal with, contaminated gas, is discriminatory.

No technical impact assessments (e.g. on velocities) taking account of the current problems at Bacton have been carried out. This is despite the causal link highlighted by NGG between recent high flows and the delivery of non-GSMR compliant gas. The continued supply of contaminated gas is highly likely to be exacerbated by the Modification (increasing the sweep up of dust) leading to increased risk of disruption to cross border flows risking both European and GB security of supply. No technical assessment has been conducted to satisfy stakeholders that this is not a material risk.

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

Before taking forward any modification proposal to further enhance NTS IP flows at Bacton, it is in the interest of GB consumers for NGG to urgently address the delivery of off specification gas from the NTS at the Bacton IP by investment in mitigating assets (e.g. filters). Any modification proposals, whether temporary or not, also need to be fully assessed against the current issues to understand impacts given NGG itself has indicated that the problems with the delivery of hazardous material from the NTS are directly linked to the unprecedented high flows at Bacton. This assessment must include operational and technical impacts.

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

The increased risk and probability of delivery of non-specification gas could result in significant costs to both Interconnector (cleaning /clearing the system, repairing damage to equipment and curtailment of flows) and GB shippers through their inability to use all their contracted capacity.

It can also increase costs to consumers if:

- Export flows are disrupted, increasing the likelihood of higher European demand later this year competing for demand with GB; and
- Sudden reductions in GB export capabilities leads to a disorderly and inefficient market as Shippers need to rebalance their portfolios, at cost, in both the GB and Continental markets;
- If further damage caused by the delivery of non-specification gas from the NTS leads to GB import curtailments or unplanned interconnector shutdowns this winter.

Additionally, there is a health and safety cost as more frequent delivery of hazardous, pyrophoric and toxic material is a serious concern.

It should be noted the flow constraints forced on Interconnector this year to date due to the delivery of solids/liquids to today is already estimated to have costed shippers circa £270m⁶ as well as the costs to Interconnector is dealing with this material.

⁶ Whilst the full cost of the impact of the disruption caused by the delivery of solids and liquids this year is hard to ascertain, Interconnector made has some estimations to indicate the scale of the cost. Across the 24 days over the period 24/04/22 to 21/7/22 that Interconnector has been affected by flow constraints due to off-specification gas delivery from the NTS, Interconnector estimates a total value loss to shippers of circa. £270m. This is estimated by taking booked capacity minus reduced nomination volume multiplied by the higher priced Zeebrugge market prices (i.e. using the assumption that in the absence of constraints on Interconnector, all of the booked capacity would have been utilised on the day). Estimating in a slightly different way i.e. looking at shipper nominations less the volume that Interconnector was able to deliver on the days when constraints were applied, and quantifying this lost volume at the higher priced Zeebrugge market, provides an estimate of circa. £200m. Either calculation indicates a significant cost. These calculations are the direct measures related to Interconnector flows. It should be noted that costs across the wider market will be higher in

The delivery of liquids is a major concern and the increased risk of the delivery of liquids from the NTS to Interconnector could lead to major disruption and cost. An incident on 2002 led to a 7 week shut down and forced flows against the market to help clean the system. If such an incident occurred with today's market prices it would cost GB consumers and shippers £billions⁷ which illustrates again the necessity and urgency to address this problem first and undertake proper technical and operational assessments before any additional enhancements.

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

Insert Text Here

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.*

As noted above, the modification lacks a sufficient impact assessment.

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

We are very surprised to see NGG consider increasing the flows at Bacton, given that it has not been able to operate in compliance with GSMR at current flow rates and do not have any meaningful protection against gas quality excursions at this crucial IP. The risk is not theoretical but very real – NGG have been delivering solids and liquids into the Interconnector Bacton Terminal consistently this year (see pictures below). This year to date Interconnector has had:

- 24 days impacted by flows constraints, a total of 510 hours of constraints because of Solids (and liquids) from the NTS.
- 24 filter maintenance activities to clear filters of solids (sometimes with liquids) delivered from the NTS when typically filter changes are only required twice a year.
- Excessive solid delivery and subsequent removal and repairs to damaged filters has led to 2 periods of full outage/shutdown.
- 450kg of solids has been removed (which includes hazardous and toxic material, radioactive material (NORM), pyrophoric, etc) and 250 litres of liquid (glycol) has been removed.

NGG has explained that the higher flows are the cause of these issues and assessments are on-going. It has not indicated in discussions about the delivery of off-specification gas that increasing the flows would mitigate this problem.

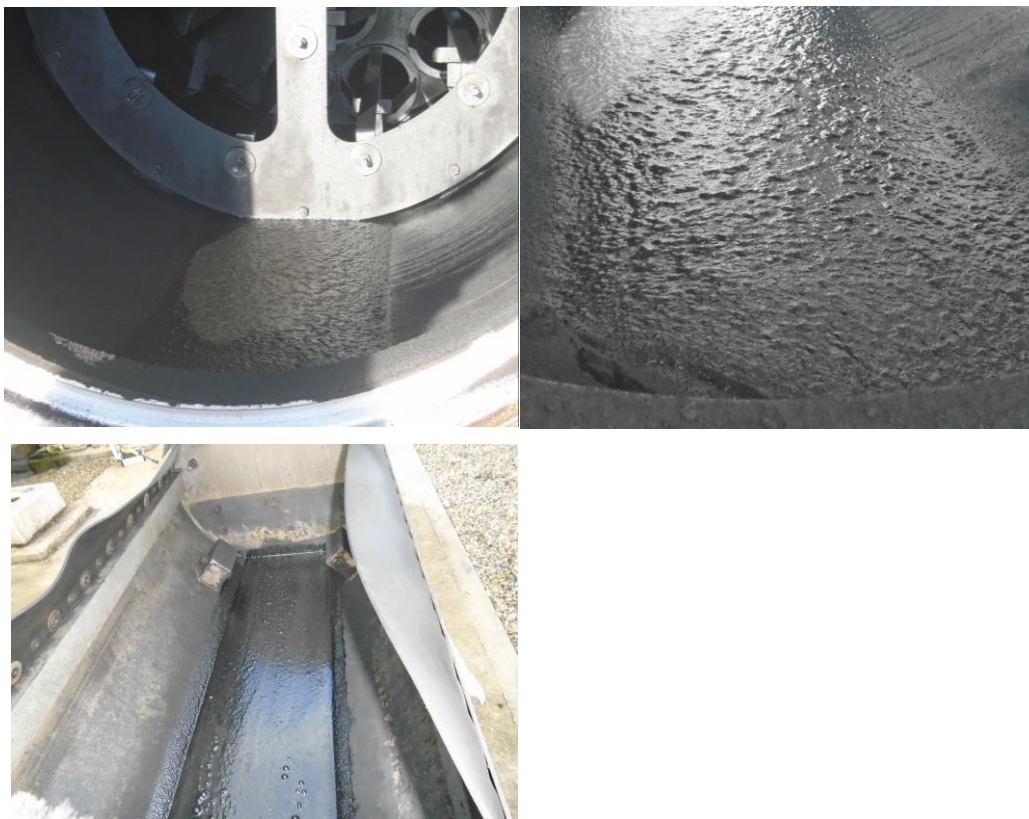
reality as under tight market conditions that we are experiencing this summer, any disruption to flows will create greater volatility and price fluctuations in both the UK and Continental markets with extensive impact across shippers' market positions (these wider impacts are hard to quantify as they will be specific to individual shipper portfolio positions).

⁷ If INT was shut down for a 2 month period (~8weeks) due to liquids, at current average TTF prices (over the period 1Apr2022 to 28 Jul2022) and 100% GB to BE flow rate, the value loss to the market would be circa. £4bn.

Pictures of solids delivered in the gas flow from the NTS at Interconnector's Bacton Terminal



Pictures of liquids delivered in the gas flow from the NTS at Interconnector's Bacton Terminal



As it stands, we do not consider that NGG is able to comply with its legal duties regarding gas quality in its system. It would not be reasonable and prudent for this modification to proceed without technical analysis being undertaken and appropriate risk mitigations being put in place first. We also consider it negligent for impact assessments to be avoided by labelling this modification as “temporary”. Statutory duties and the relevant objectives of the UNC modification process still apply. This modification allows a service for well over a year – in which time significant impacts (highlighted earlier) could occur. It is also unacceptable to suggest that if a problem occurs due to the service, NGG can stop offering it. It may already be too late by then in terms of the disruption and damaged caused. The market’s recent experience with high flows clearly shows urgent mitigation measures are required to be installed by NGG in the Bacton area to protect GB consumer interests before consideration of any proposals to increase flows at the Bacton IP.

Furthermore, if NGG considers 3GW of additional on-spec gas is available for the Bacton IP via feeder 27, this should, as part of NGG urgent mitigation actions, be directed through its network to be substituted for the off-specification gas currently being delivered via feeders 2 and 4 into Bacton. NGG has a duty to “avoid any undue preference or undue discrimination” under Section 9(2) of the Gas Act. If additional “clean” gas is being delivered to one interconnector at the same time as the other interconnector is receiving, and having to deal with, contaminated gas, this is discriminatory. This is particularly the case as delivery of contaminated gas to Interconnector has been an significant issue since April 2022. NGG has carried out no technical analysis (e.g on velocities) in light of the current challenges to determine the impact of the Modification on these ongoing issues.

On this basis, we would ask NGG with their statutory duties to firstly and urgent address the current, very serious threat to security of supply caused by the continued non-compliance with GSMR before proposing a modification which has a high potential to cause further interruptions and disruption to an already volatile market.

Representation - Draft Modification Report UNC 0814 (Urgent)

Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector

Responses invited by: 5pm on 01 August 2022

To: enquiries@gasgovernance.co.uk

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

Representative:	Matthew Newman
Organisation:	National Grid NTS
Date of Representation:	01/08/22
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 of this modification National Grid NTS (NG) supports its implementation. This is an enabling modification that provides the governance for making changes to relevant provisions within the interconnector agreement between NG and BBL Company. The changes will allow for BBL to gain access to the enhanced pressure service and increase their Maximum NTS Exit Point Offtake Rate (MNEPOR) allowing them to support continental Europe with filling storage stocks ahead of this winter and ahead of winter 2023. Therefore, supporting GB security of supply by reducing the likelihood of increased and sustained export flows during the winter where GB demand will be larger. Additionally, relevant objective d)i) securing of effective competition between shippers is also being supported as BBL will be able to flow larger quantities.

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

We propose to implement as soon as possible in line with the urgency request to allow BBL to flow increased volumes and support GB and continental Europe's security of supply.

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

The ongoing cost of providing the pressure service will be paid for by the party or parties (INT or BBL) that request the service. The pressure service is treated as an Excluded Service under the NTS Licence. This means it does not impact recovery of regulated revenue, it does not affect NG charges to shippers, and NG will be cost neutral to provision of the service.

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

As an enabling modification there are no changes proposed to the UNC. Marked changes to BBL's Interconnector Agreement have been provided as part of the submission and we are satisfied they deliver the intended solution.

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.*

N/A

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

N/A

Representation - Draft Modification Report UNC 0814 (Urgent)

Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector

Responses invited by: **5pm on 01 August 2022**

To: enquiries@gasgovernance.co.uk

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

Representative:	Gavin Steyn
Organisation:	SEFE Marketing & Trading Limited (prior company name: Gazprom Marketing & Trading Limited)
Date of Representation:	01.08.2022
Support or oppose implementation?	Oppose
Relevant Objective:	d) Negative
Relevant Charging Methodology Objective:	Not Applicable* <i>delete as appropriate</i>

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

In recent months shippers who have purchased capacity sold by Interconnector Limited from Bacton to Zeebrugge (forward flow) have encountered numerous occasions where flows have been impacted by off-specification gas, which has involved large quantities of solids being delivered at the Bacton terminal by NGG towards the Interconnector operated by Interconnector Ltd.

The reasoning, as we understand it, has been due to extremely high flows at Bacton towards both Interconnector Ltd and BBL, which resulted in solids being lifted and delivered into the filters of Interconnectors filters.

These instances have resulted in the curtailment of shipper's capacity resulting in a detrimental impact on Interconnector shippers at a time of volatile markets and high prices.

We would therefore be opposed to this urgent modification without analysis, investigation, and resolution by NGG of these solids issues before going ahead with an increase in the pressure at Bacton.

As a long-term shipper of Interconnector since 1998, this is not the first instance that we have seen when flows increase.

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

It would not seem a reasonable and prudent action risking further issues at Bacton until NGG can assure shippers that they have completed an assessment of the recent issues and found a robust temporary and/or permanent resolution to the recent problem of off-specification gas.

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

The cost to shippers as already mentioned to manage their portfolio's in the current volatile markets at short notice and for prolonged periods would be detrimental and not sustainable.

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

Insert Text Here

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.*

Lack of any assessment by NGG, especially considering recent issues at Bacton.

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

Insert Text Here

Representation - Draft Modification Report UNC 0814 (Urgent)

Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector

Responses invited by: **5pm on 01 August 2022**

To: enquiries@gasgovernance.co.uk

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

Representative:	Richard Fairholme
Organisation:	Uniper
Date of Representation:	28 July 2022
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)

We support this proposal as it will provide BBL Shippers with enhanced gas transportation capability, increasing flexibility in the market and further facilitating competition. In addition, this proposal, if implemented, will allow BBL to access the same (or very similar) enhanced pressures and offtake rates as currently made available to IUK, thereby facilitating competition between the two interconnectors and their users.

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

As soon as reasonably possible

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

None anticipated.

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

Not applicable

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

Nothing further to add.

Representation - Draft Modification Report UNC 0814 (Urgent)

Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector

Responses invited by: 5pm on 01 August 2022

To: enquiries@gasgovernance.co.uk

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

Representative:	Davide Rubini
Organisation:	Vitol SA
Date of Representation:	01.08.2022
Support or oppose implementation?	Qualified Support
Relevant Objective:	d) Positive
Relevant Charging Methodology Objective:	Not Applicable

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

We generally support the proposal on the back of the expectation that it will provide BBL shippers with additional transportation capacity and consequently increased available flexibility and possibly lower unitary capacity cost due to higher infrastructure utilisation. We are aware that for some the change raises concerns related to safety matters, specifically linked to the risk of delivery of solids and liquids from the NTS which may damage downstream infrastructure and have potential unintended consequences. Due to the current stressful market environment, it would be helpful if market participants are fully informed about any technical impact assessment performed so far.

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

When reasonably possible provided that all safety concerns are properly addressed and market participants are informed about additional capacity becoming available with due notice.

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

None anticipated.

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

Not applicable.

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

Nothing to add.