

Stage 02: Workgroup Report

0355:

Alignment of CV and Wobbe Limits at NTS System Entry Points

What stage is this document in the process?



Seeks to align the wobbe number and calorific value limits for certain NTS System Entry Points with the parameters that would be available to any new NTS entry connection. Changes are proposed in respect of Bacton Seal, Bacton Shell, St Fergus Total, St Fergus Mobil, Burton Point and the Hole House Farm storage facility.



The Workgroup recommends that the Modification Panel issues this self-governance modification for consultation.



High Impact:



Medium Impact:



Low Impact:
DFOs wishing to change gas entry specifications

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Workgroup Report

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Version 1.0

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Any questions?

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About this document:

The purpose of this report is make a recommendation to the Panel, to be held on 17 March 2011, on whether Self-Governance Modification 0355 should proceed to the Consultation Phase and to submit any further recommendations in respect of the assessment of this modification.

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1 Summary

Why Change?

National Grid NTS has sought to engage with all Delivery Facility Operators (DFOs) and Storage Facility Operators (SFOs) whose current contractual limits are inside the allowable ranges for wobbe and CV. Of the parties contacted, the DFOs at Bacton Seal, Bacton Shell, St Fergus Total, St Fergus Mobil, Burton Point and the SFO at Hole House Farm expressed a wish to change their limits accordingly.

UNC TPD Section I2.2 specifies, *inter alia*, that "Network Entry Provisions may be amended for the purposes of the Code by way of Code Modification pursuant to the Modification Rules". This modification has therefore been raised to permit changes to gas quality limits at the entry points listed above.

Solution

It is proposed that the following changes are made in relation to the gas quality parameters applicable at the relevant NTS System Entry Point as outlined in the table below:

NTS System Entry Point	Gas Quality Characteristic	Current Specification	Proposed Specification
Hole House Farm	Wobbe Lower Limit	48.14 MJ/m ³	47.2 MJ/m ³
Bacton Seal	Wobbe Lower Limit	48.1 MJ/m ³	47.2 MJ/m ³
Bacton Seal	Wobbe Upper Limit	51.4 MJ/m ³	51.41MJ/m ³
Bacton Shell	Wobbe Lower Limit	48.2 MJ/m ³	47.2 MJ/m ³
Bacton Shell	Wobbe Upper Limit	51.2 MJ/m ³	51.41MJ/m ³
St Fergus Total	Wobbe Lower Limit	48.2 MJ/m ³	47.2 MJ/m ³
St Fergus Total	CV Upper Limit	41.9 MJ/m ³	42.3 MJ/m ³
St Fergus Mobil	CV Upper Limit	41.9 MJ/m ³	42.3 MJ/m ³
Burton Point	Wobbe Lower Limit	48.2 MJ/m ³	47.2 MJ/m ³
Burton Point	Wobbe Upper Limit	51.4 MJ/m ³	51.41 MJ/m ³

Impacts & Costs

Implementation of this facilitating modification will enable changes to be made to Network Entry Provisions. There are no implementation costs.

National Grid NTS has concluded that if the above NTS System Entry Points were to deliver gas at their proposed new limits, there would be no material change in CV shrinkage risk.

Implementation

This self-governance modification can be implemented 15 business days after a Panel decision in favour of doing so.

If this modification is implemented, in respect of those NTS System Entry Points where a Network Entry Agreement (NEA) or Storage Connection Agreement (SCA) is in force, changes to gas entry specifications could be effected by means of a side letter to those agreements. For those NTS System Entry Points where pre-Network Code legacy arrangements prevail, implementation could take effect upon NEA signature.

The Case for Change

The modification will facilitate changes being made to the specified gas entry quality limits.

Recommendations

The Workgroup recommends that Self-Governance Modification 0355 should be issued for consultation.

2 Why Change?

In recent years, three UNC Modification Proposals have been raised to facilitate the widening of certain gas quality parameters for DFOs at Teesside, St Fergus and Barrow¹. These Proposals, all of which were approved by Ofgem, sought mainly to align the wobble number and/or CV limits with those that would be available to any new NTS entry connection, consistent with the Gas Safety (Management) Regulations 1996.

Within the decision letters for Modifications 0256 and 0266, Ofgem stated, "*As other NTS entry points (such as sub-terminals and specified downstream blending points) continue to align their Network Entry Agreements in line with GS(M)R limits, Ofgem looks forward to an assessment by NGG NTS of the viability of a blanket modification to equalise all gas quality conditions at the relevant locations*".

Following discussions with Ofgem, National Grid NTS engaged with all DFOs and SFOs whose current contractual limits are inside the allowable ranges for wobble and CV. Of the parties contacted, the DFOs at Bacton Seal, Bacton Shell, St Fergus Total, St Fergus Mobil, Burton Point and the SFO at Hole House Farm expressed a wish to change their limits accordingly.

National Grid NTS therefore raised this self-governance modification pursuant to section I2.2 of the UNC TPD to facilitate these changes to gas quality limits.

3 Solution

The proposed solution is detailed in Section 1.

¹ <http://www.gasgovernance.co.uk/0236> <http://www.gasgovernance.co.uk/0256>
<http://www.gasgovernance.co.uk/0266>

4 Relevant Objectives

Implementation will better facilitate the achievement of **Relevant Objective (f) below**.

Proposer's view of the benefits of 0355 against the Code Relevant Objectives	
Description of 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.	None.
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	Positive.

The Workgroup noted that this is a facilitating modification which, in the absence of any other change beyond the scope of this modification, would have no impact, either positive or negative, on relevant objectives a to e. By efficiently facilitating a range of changes to network entry provisions, as required by the UNC, implementation of this self-governance modification would be consistent with promotion of efficiency in the implementation of the Code.

Consequent implementation of revised gas quality limits would be expected to enhance effective competition between relevant shippers by allowing shippers that deliver gas into the NTS at the specified System Entry Points the potential to deliver gas of an equivalent CV and wobble range that would currently be permitted at any new NTS System Entry Point. This would potentially increase the amount of gas made available to the GB market, thus promoting competition between shippers seeking to bring gas to market.

5 Impacts and Costs

Costs

Indicative industry costs

None from implementing this self-governance modification.

National Grid NTS conducted analysis on the potential impact of aligning the CV and Wobbe Number parameters for these NTS System Entry Points on CV Shrinkage. This analysis has concluded that if these NTS System Entry Points were to deliver gas at their proposed new limits, there would be no material change in CV shrinkage risk. The analysis, and a presentation summarising the key points, is available at www.gasgovernance.co.uk/0355/030211.

Impacts

Impact on Transporters' Systems and Process

Transporters' System/Process	Potential impact
UK Link	<ul style="list-style-type: none">• None
Operational Processes	<ul style="list-style-type: none">• None
User Pays implications	<ul style="list-style-type: none">• None

Impact on Users

Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none">• DFOs would be able to agree changes that would allow Shippers to deliver gas of a wider gas quality at the specified entry points.
Development, capital and operating costs	<ul style="list-style-type: none">• None
Contractual risks	<ul style="list-style-type: none">• None
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none">• None

Impact on Transporters

Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none">• None
Development, capital and operating costs	<ul style="list-style-type: none">• None
Recovery of costs	<ul style="list-style-type: none">• None

Impact on Transporters	
Price regulation	<ul style="list-style-type: none"> • None
Contractual risks	<ul style="list-style-type: none"> • None
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> • NEA and SCA contractual relationships with the relevant DFOs and SFO could be amended to reflect the new limits.
Standards of service	<ul style="list-style-type: none"> • None

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> • None
UNC Committees	<ul style="list-style-type: none"> • None
General administration	<ul style="list-style-type: none"> • None

Impact on Code	
Code section	Potential impact
No text changes would be required to implement this Proposal.	None.

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	Updates to the relevant gas quality parameters would need to be reflected in the relevant NEAs via side letters. Where no NEA is in force, a new NEA containing the new limits would need to be signed by the relevant DFO.
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	None
Storage Connection Agreement (TPD R1.3.1)	An update to the relevant gas quality parameter would need to be reflected in the relevant SCA via a side letter.
UK Link Manual (TPD U1.4)	None

Impact on UNC Related Documents and Other Referenced Documents	
Network Code Operations Reporting Manual (TPD V12)	None
Network Code Validation Rules (TPD V12)	None
ECQ Methodology (TPD V12)	None
Measurement Error Notification Guidelines (TPD V12)	None
Energy Balancing Credit Rules (TPD X2.1)	None
Uniform Network Code Standards of Service (Various)	None

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	None
Gas Transporter Licence	None

Other Impacts	
Item impacted	Potential impact
Security of Supply	None
Operation of the Total System	None.
Industry fragmentation	None
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	The relevant terminal operators / producers would be able to reach agreement to deliver gas of a slightly wider specification.

6 Implementation

Unless an Appeal against the decision is received, this self-governance modification can be implemented 15 business days after a Panel decision in favour of doing so.

If this modification is implemented, in respect of those NTS System Entry Points where a Network Entry Agreement (NEA) or Storage Connection Agreement (SCA) is in force, changes to gas entry specifications could be effected by means of a side letter to those agreements. For those NTS System Entry Points where pre-Network Code legacy arrangements prevail, implementation could take effect upon NEA signature..

7 The Case for Change

The Workgroup questioned whether the modification could be widened further in order to capture all potential changes to Network Entry Provisions at all entry points, including those where the DFO had not indicated an interest in making change at this time. National Grid NTS explained that they did not feel this was appropriate since they would wish to assess the potential CV shrinkage impacts with respect to any requested change to entry parameters. Widening the analysis undertaken with respect to the entry points for which changes had been identified would not be based on a realistic expectation and hence could be misleading, as well as potentially creating a wide range of possible permutations such that the analysis could be difficult and expensive to undertake.

8 Recommendation

The Workgroup invites the Panel to:

- AGREE that Self-Governance Modification 0355 be issued for consultation.