

UNC Final Modification Report		At what stage is this document in the process?
<h1>UNC 0675S:</h1> <h2>Enabling changes to the BBL Interconnection Agreement to facilitate physical reverse flow</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>UNC Modification to enable changes to be made to the BBL Interconnection Agreement to facilitate physical reverse flow and amendment to reference temperature conditions.</p>		
	Panel consideration is due on 16 May 2019 <i>(at short notice by prior agreement)</i>	
	High Impact: BBL	
	Medium Impact: National Grid NTS, BBL Shippers	
	Low Impact: None	

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12	Recommendations	12	Transporter: National Grid NTS
Timetable		 Jennifer.randall@nationalgrid.com	
Modification timetable:		 07768 251404	
Initial consideration by Workgroup	08 January 2019	Systems Provider: Xoserve	
Workgroup Report presented to Panel	18 April 2019	 UKLink@xoserve.com	
Draft Modification Report issued for consultation	18 April 2019	m	
Consultation Close-out for representations	14 May 2019		
Final Modification Report available for Panel	15 May 2019		
Modification Panel decision	16 May 2019		

1 Summary

What

The purpose of this modification is to enable amendments to be made to the Interconnection Agreement between National Grid Gas Plc and BBL Company VOF, which provide for gas to be physically offtaken from the NTS at the BBL Interconnection Point at Bacton. These amendments will facilitate physical reverse flow (GB to the Netherlands) and be mainly made to the Network Exit Provisions in respect of Maintenance, Pressure, Flow Profiles, Notice Periods for Rate Changes and Gas Quality. There will also be updates required to other areas of the agreement to make clauses bi-directional where applicable, including updates to the Local Operating Procedures.

Whilst amending the Interconnection Agreement (IA), National Grid NTS and BBL also propose to update certain provisions associated with reference conditions to reflect operational reality.

Why

BBL have made an application to National Grid NTS for physical reverse flow (GB to the Netherlands) at the BBL Interconnection Point at the Bacton terminal with a start date of 01/10/2019. The current Interconnection Agreement between National Grid Gas Plc and BBL Company VOF includes provision for physical NTS entry flows and commercial reverse flow. Therefore, amendments to the Interconnection Agreement are required to specify provisions for physical reverse flow.

How

As specified in the UNC EID Section A - General, paragraph 4.1.3 "National Grid NTS will not agree with the Adjacent TSO to amend the Relevant Interconnection Provisions in relation to an Interconnection Point except:

- (a) with the approval of each User which for the time being holds Available Interconnection Point Capacity at the Interconnection Point, or
- (b) pursuant to a Code Modification which authorises such agreement; or
- (c) as may (in the reasonable opinion of National Grid NTS) be required to enable National Grid NTS or the Adjacent TSO to comply with any Legal Requirement."

National Grid NTS proposes to use the route specified in (b) above in this case.

2 Governance

Justification for Self-Governance

Panel determined the modification is unlikely to have a material effect on competition as it is a facilitating Modification and requires no amendments to the Uniform Network Code (UNC).

Modification 0675S will therefore follow self-governance procedures.

Requested Next Steps

This Modification should:

- proceed to Consultation

3 Why Change?

Physical Reverse Flow

The BBL interconnector is a 235-kilometer pipeline which connects Europe's largest trading hubs, TTF and the NBP. The BBL interconnector currently transports gas from Julianadorp in the Netherlands to Bacton in Great Britain. BBL Company VOF has made a connection application to National Grid NTS to enable physical reverse flow on the BBL interconnector (Bacton to Julianadorp). A full connection offer was accepted by BBL in November 2018.

The BBL Interconnection Agreement needs to be amended to facilitate physical reverse flow. The amendments will mainly be to the Network Exit Provisions in respect of Maintenance, Pressure, Flow Profiles, Notice Periods for Rate Changes and Gas Quality. There will also be updates required to other areas of the agreement to make clauses bi-directional where applicable, including updates to the Local Operating Procedures.

Common Units

In recognition of the requirements set out in the EU Interoperability Network Code in relation to Common Units¹, National Grid NTS and BBL agreed in 2015 to measure gas flows and quality at the BBL Interconnection Point using normal reference conditions of 0°C for volume and 25°C for calorific value (hereafter referred to in this modification as "0/25"). Neither party was ready to make this operational change when originally envisaged in the agreement. The parties have since agreed that BBL will provide measurements using both standard and normal conditions and therefore the Interconnection Agreement requires updating to reflect this.

4 Code Specific Matters

Reference Documents

None.

Knowledge/Skills

None.

5 Solution

Amend the National Grid NTS and BBL Interconnection Agreement to remove the commercial reverse flow rules in the Network Exit Provisions and introduce new rules to facilitate physical reverse flow in the areas of Maintenance, Pressure, Flow Profiles, Notice Periods for Rate Changes, and Gas Quality.

Amend additional areas of the Interconnection Agreement to make clauses suitable for the physical bidirectional nature of the BBL Interconnector, including Local Operating Procedures.

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R0703&from=EN>, chapter III, Units

Insert the relevant provisions to reflect that BBL now send gas flow and quality measurements to National Grid NTS in normal units as well as standard units.

This is an enabling Modification; therefore, no changes to UNC text are required.

6 Impacts & Other Considerations

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

No.

Workgroup Impact Assessment

Workgroup noted this is an enabling Modification which is the standard process for reviewing changes to such documents as Network Entry Agreements and Interconnection Agreements that may impact upon Users.

Workgroup noted the delay in viewing the draft changes to the Interconnection Agreement; the document was published on the Joint Office website on 09 April 2019.

Workgroup noted that there already exists provision for commercial reverse flow, this has now been deleted from the Interconnections Agreement and has been replaced with more substantial network exit provisions.

Workgroup noted Interconnector UK's request for consideration of a review of the Interconnector UK's Interconnection Agreement. This has been triggered by publication of the draft changes to the BBL Interconnection Agreement. Interconnector UK is of the view that there are changes to its Interconnection Agreement which will necessitate discussion. These include, but are not limited to:

- Pressure services
- Flow rates
- Velocity protocols.

National Grid is of the view that the evaluation of the Interconnector UK is independent of this Modification and as such the Workgroup report for 0675S should be treated separately to the review of the Interconnection Agreement. Workgroup noted that a UNC Modification to enable the review of the Interconnection Agreement for Interconnector UK cannot be initiated by Interconnector UK itself, but must be initiated by National Grid. Bilateral discussions can of course continue offline.

A Workgroup Participant noted that Interconnector UK had sight of the changes to the BBL Interconnection Agreement from 09 April 2019 published on the Joint Office website (it may have been available elsewhere before this).

A Workgroup Participant noted that there does not appear to be any impact on other UNC Users, given the relatively little amount of detail Workgroup has heard about the changes which may be discussed as part of the review of the Interconnector UK Interconnection Agreement.

Consumer Impacts

None.

Consumer Impact Assessment	
Criteria	Extent of Impact
Which Consumer groups are affected?	GB consumers are not likely to see an impact from this modification proposal.
What costs or benefits will pass through to them?	n/a
When will these costs/benefits impact upon consumers?	n/a
Are there any other Consumer Impacts?	n/a

Cross Code Impacts

None.

EU Code Impacts

Article 5 of the revised Gas Security of Supply Regulation (EU 2017/1938) states that “The transmission system operators shall enable permanent physical capacity to transport gas in both directions (‘bi-directional capacity’) on all interconnections between Member States except:...(b) where an exemption from that obligation has been granted, after detailed assessment and after consulting other Member States and with the Commission in accordance with Annex III”. Annex III goes onto specify that submission for exemption shall take place no later than 1 December 2018. These derogations are for a maximum period of four years.

Therefore, once physical reverse flow of the BBL interconnector is achieved, the current derogation can be terminated.

Central Systems Impacts

None.

Rough Order of Magnitude (ROM) Assessment

There are no system impacts from this Modification.

7 Relevant Objectives

Impact of the modification on the 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.	Positive

The Workgroup agrees with the Proposer that the Relevant Objectives are furthered, as follows:

- d) Workgroup participants agreed the modification proposal gives more options available to shippers in terms of export, providing more flexibility in terms of destination and quantity. This furthers competition for shippers.
- g) Workgroup agreed with the Proposer that this Modification furthers compliance with the Revised EU Security of Supply Regulation² in that it enables physical reverse flow as required by that revised Regulation.

² Revised EU Security of Supply Regulation

https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2017.280.01.0001.01.ENG&toc=OJ.L:2017:280:TOC

Workgroup noted Interconnector UK’s view that Relevant Objective b) is negatively impacted by this Modification because it has an impact on Interconnector UK’s Interconnection Agreement. For example, Interconnector UK believes that Pressure Services currently agreed within its own Interconnection Agreement could be affected by the BBL Interconnection Agreement and should be thoroughly explored. It is Interconnector UK’s view that this should be done in advance of agreement of the BBL Interconnection Agreement to avoid discrimination.

8 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

9 Legal Text

This is an enabling Modification; therefore, no changes to UNC text are required. However, to enact these changes, amendments are made to the BBL Interconnection Agreement.

A tracked changed version of that Interconnection Agreement is embedded below and included as a stand-alone document on the Joint Office website as part of this Modification here: <http://www.gasgovernance.co.uk/0675> .



BBL-NGG Amended and Restated Intercon

10 Consultation

Panel invited representations from interested parties on 18 April 2019. The summaries in the following table are provided for reference on a reasonable endeavours basis only. We recommend that all representations are read in full when considering this Report. Representations are published alongside this Final Modification Report.

Of the 5 representations received 3 supported implementation, 1 provided comments and 1 were not in support.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
BBL Company VOF	Support	d - positive g - positive	<ul style="list-style-type: none"> BBL feels the physical reverse flow of the BBL Interconnector will enhance the level of interconnection between Europe’s largest trading hubs: TTF and the NBP. This will facilitate the creation of more liquidity in the GB and Dutch gas market, thereby securing more effective competition.

			<p>It will also further compliance with the revised Security of Supply Regulation in that it enables physical reverse flow as required by that Regulation.</p> <ul style="list-style-type: none"> • BBL Company agrees that this meets the self-governance criteria. • BBL Company commented that if implementation goes ahead on 11 June 2019 the TSO's would have to ability to act in accordance with the amended terms of the Interconnection Agreement. This would facilitate BBL Company VOF's ambition of having the capacity product available from Summer 2019.
Centrica	Support	d - positive g - positive	<ul style="list-style-type: none"> • Feels this Modification will support the future physical reverse flow of gas in the BBL Interconnector and will therefore be consistent with European objectives for promoting gas security of supply. Additionally, providing a new route for the export of gas will help to promote competition in gas supply. • As this is a facilitating Modification, self-governance is justified.
Gazprom	Comments	d - positive g - positive	<ul style="list-style-type: none"> • Has provided comments on the level of transparency provided for this Modification. • Feels the Bacton IP exit will undergo significant operational change to provide further optionality and flexibility to shippers once BBL reverse flow becomes live. • Believes that more transparency is required to ensure that the full benefits of this project are realised with minimal disruption. • Would welcome further information and analysis from National Grid to confirm that there is no discrimination between Shippers at Bacton, i.e. ensuring other Bacton Shippers will not face additional costs or operational issues as a result of the newly proposed provisions within the BBL-NTS interconnection agreement. • Feels that without the information on the above, it is difficult to assess whether there is a potential impact on other Users. • Currently no impacts or costs are anticipated although they seek assurances that Bacton

			<p>maintenance will continue to be arranged in coordination with all Bacton operators once BBL reverse flow commences.</p> <ul style="list-style-type: none"> • Feels there is lack of detail in the Workgroup Report on the specific changes within the Interconnection Agreement.
IUK	Oppose	<p>b -negative d - negative g - negative</p>	<ul style="list-style-type: none"> • Is opposed to this Modification because there is a detrimental and discriminatory impact on services established in the IUK/ National Grid Interconnection Agreement (IA). The impact of the proposed changes to the BBL/NG IA on the IUK/NG IA and the interlinkages between the BBL/NG IA and the IUK/NG IA have not been considered despite the proximity of the IUK and BBL connection points at Bacton. • Is concerned that the proposed amendments have a negative and discriminatory impact on the pressure, flow, velocity control and gas quality commitments made by National Grid in the IUK/NG IA, the effect of which distorts and hinders cross border flows via the IUK interconnector, adversely affecting Shippers and the GB market and/ or consumers as a whole. • Does not consider it appropriate for this Modification to be subject to self-governance as the proposal will have an adverse effect on competition related to the transportation of gas and on the operation of one or more pipeline systems. • Has written to National Grid requesting a formal review of the IUK/NG Interconnection Agreement. • Feels the Modification does not consider the impact or interaction of the BBL/NG Interconnection Agreement proposals on or with the IUK/NG Interconnection Agreement. • Believes the report erroneously suggests no impact for IUK or its Users. There is a detrimental and discriminatory impact on services agreed in the IUK/NG Interconnection Agreement. • The proposals do not further compliance with relevant EU regulations but, rather, infringe these core obligations as the discriminatory impact on the IUK/NG Interconnection Agreement harms cross border trade. • Notes the Modification report suggest that the proposals further compliance with the EU Security of

			<p>Supply Regulation (EU) 2017/1938, referring specifically to addressing Article 5 rules on physical reverse flow. However, this Modification report contains no information or links to any assessment against the criteria outlined to justify compliance with Article 5.</p> <ul style="list-style-type: none"> • The relevant rules in Article 5 require a cost benefit analysis to be undertaken which includes an assessment of market demand, a feasibility study, costs to the system and benefits to security of supply. • Those rules also require an assessment of the impact on existing infrastructure. Is not aware of any market demand assessment having been made which concludes that the reverse flow satisfies the cost benefit analysis. Therefore, feels the proposal as currently presented is incomplete. • Please refer to the Representation provided and published for detailed comments on the following subjects: <ul style="list-style-type: none"> Undue discrimination Inoperability of the IUK/NG IA Gas quality Late notice/ lack of engagement • IUK requests that National Grid: <ul style="list-style-type: none"> ○ Engages with IUK on the points outlined above; ○ Engages with IUK to modify the existing IUK/NG IA, including raising the necessary UNC Modification proposal seeking to amend the BBL/NG Interconnection Agreement proposal as and where necessary taking account of the interaction with the IUK/NG Interconnection Agreement.
National Grid	Support	d - positive g - positive	<ul style="list-style-type: none"> • This Modification enables amendments to be made to the Interconnection Agreement between National Grid Gas Plc and BBL Company VOF, as requested by BBL Company VOF. • The physical reverse flow of the BBL Interconnector will enhance the level of interconnection between Europe’s largest trading hubs: TTF and the NBP. • This will facilitate the creation of more liquidity in the GB and Dutch gas market, thereby securing more effective competition. It will also further compliance with the revised Security of Supply Regulation in that

			<p>it enables physical reverse flow as required by that Regulation.</p> <ul style="list-style-type: none">• Proposes that this Modification continues to meet the self-governance criteria.• Supports the UNC Modification Panel considering this Modification and consultation responses at the May meeting which, if approved, would enable its implementation on 11th June 2019. Following which, the TSO's would have to ability to act in accordance with the amended terms of the Interconnection Agreement. This would facilitate BBL Company VOF's ambition of having the capacity product available from Summer 2019.
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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 Determination

Members agreed that Modification 675S **should [not]** be implemented.