

## **CODE MODIFICATION PROPOSAL No. 00xx**

"Amendment of Network Entry Provisions at the European Interconnector sub-terminal  
at Bacton "  
Version 0.1

**Date:** xx/xx/2005

**Proposed Implementation Date:** xx/xx/2005

**Urgency:** Non-Urgent

### **Proposer's preferred route through modification procedures and if applicable, justification for Urgency**

(see the criteria at [http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/2752\\_Urgency\\_Criteria.pdf](http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/2752_Urgency_Criteria.pdf))

National Grid NTS seeks this Modification Proposal to proceed direct to consultation in accordance with Section 7.3 of the Modification Rules in the UNC.

### **Nature and Purpose of Proposal (including consequence of non implementation)**

The proposed changes to the Network Entry Provisions (NEPs) are required for the forthcoming winter, as they will facilitate the number of sources of gas that can flow from Europe via the European Interconnector. This will have a beneficial effect on the volumes of gas that can be accepted into the European Interconnector for delivery into the NTS and hence increase the UK security of supply position.

Adoption of the proposed changes to the NEPs at the European Interconnector sub-terminal at Bacton would: -

- Allow more diverse sources of imported gas be brought into the UK;
- Secure greater flexibility in the operation of the European Interconnector;

The implementation of these proposed limits would be through amendment of the Network Entry Provisions.

### **Basis upon which the Proposer considers that it will better facilitate the achievement of the Relevant Objectives, specified in Standard Special Condition A11.1 & 2 of the Gas Transporters Licence**

Changing the NEPs at the European Interconnector sub-terminal will allow access to greater volumes of European gas, which could be brought into the UK via the Bacton System Entry Point. Currently, certain European gas sources, although meeting British legislative limits, are beyond the contractual gas quality limits in the IUK Interconnection Agreement. The widening of these limits, whilst still being within the legislative limits, would allow these gas sources to flow into Britain via the European Interconnector, thereby enhancing security of supply. Access to these additional European supplies is likely to offset some of the reductions in Southern North Sea gas flows that will be experienced as existing gas fields in that area are depleted.

Implementation of the proposal would be expected to facilitate the achievement of securing effective competition between the relevant shippers and relevant suppliers.

This proposal would align the gas quality specification at the European Interconnector sub-terminal with the gas quality specification contained in the GS(M)R 1996 (and published in National Grid's current Ten Year Statement ("TYS")) in respect of the upper Wobbe Number and would allow for an increase in the Total Sulphur limit that was more reflective of the contractual limits that exist within Europe whilst still being inside the GS(M)R and TYS limits.

It is proposed that the Gas Entry Conditions, which form part of the NEPs for the European Interconnector System Entry Point be amended in accordance with the following:

Gas Quality Characteristic	Current Specification	Proposed Specification
Wobbe No. upper limit: -	54.0 MJ/m <sup>3</sup> (Normal) / 51.1 MJ/m <sup>3</sup> (Standard)	<b>[converted value to be inserted]</b> MJ/m <sup>3</sup> (Normal) / 51.41 MJ/m <sup>3</sup> (Standard)
Total Sulphur	15 ppm	21 ppm

It should be noted that the IUK Interconnection Agreement is written in terms of Normalised reference conditions, whereas the UK operates to Standard reference conditions. **[Drafting note: The converted Normalised reference condition value will be agreed and set out in the submitted modification proposal]**. Both figures are presented here for completeness sake. The Total Sulphur figure is unaffected by reference conditions.

It has been identified that if the present gas quality specification is retained at the European Interconnector sub-terminal this could impact on the flexibility, capacity and/or costs of imported gas.

National Grid NTS considers this Proposal would, if implemented, better facilitate the following Relevant Objectives as set out in its Gas Transporters Licence:

- in respect of Standard Special Condition A11 paragraph 1(a), the Proposal would better facilitate the efficient and economic operation of the NTS pipeline system by expanding the range of gas sources that could be imported at the System Entry Point. This would be expected to increase competition in the provision of gas balancing and other system services that National Grid NTS must procure to operate its pipeline system;
- in respect of Standard Special Condition A11 paragraph 1(b), the Proposal would better facilitate the co-ordinated, efficient and economic operation of the combined pipe-line system by allowing greater volumes of imported gas to be brought into the Total System. This would assist other relevant transporters to better manage their respective systems;
- in respect of Standard Special Condition A11 paragraph 1(d), the Proposal would better facilitate the achievement of securing effective competition between the relevant shippers and relevant suppliers by allowing greater volumes of imported gas to be brought into the UK.

**Any further information (Optional), likely impact on systems, processes or procedures, Proposer's view on implementation timescales and suggested text**

Implementation of this modification proposal is not believed to have any impact on systems, processes or procedures.

**a. Proposed implementation timetable**

**b. Proposed legal text**

As the modification would be implemented through the amendment of NEPs for the European Interconnector sub terminal, no legal text is required.

**c. Advantages of the Proposal**

National Grid NTS believes that this Proposal, if implemented, would:

- Allow access to greater volumes of European sourced gas that could be imported into the UK via the European Interconnector;
- Better facilitate the achievement of securing effective competition between the relevant shippers and relevant suppliers
- Enhance security of supply.

**d. Disadvantages of the Proposal**

This modification proposal could lead to an increase in CV shrinkage. However, National Grid NTS believes that the typical Wobbe Number and CV of gas delivered will not appreciably change and therefore does not anticipate any significant increase in the costs of CV shrinkage as a consequence of its implementation.

In addition, this modification proposal could lead to an increase in Sulphur in the gas. However, National Grid NTS would point out that the European Interconnector specification contains a limit for Total Sulphur that is currently set at slightly above 40% of the GS(M)R limit of 50 mg/m<sup>3</sup> and that even with the change, the limit would be less than 60% of the GS(M)R limit. For comparison, there are several sub terminals that have contractual limits set at the GS(M)R level.

National Grid NTS also considers that the implementation of this modification would under most circumstances lead to zero or minimal increases in the Sulphur content of the gas within the system, and therefore the gas delivered to consumers as a consequence of its implementation. Under worst-case conditions, National Grid NTS anticipates that some consumers could see an incremental increase of Total Sulphur in 2005/6 of approximately 2.5mg/m<sup>3</sup>, increasing over the next ten years to just below 4 mg/m<sup>3</sup> on the occasions when the European Interconnector is operating in import mode. Any increases would reduce as distance from the distance from the Bacton terminal increases.

**e. The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation**

National Grid NTS considers that implementation of this Proposal would enhance security of supply.

**f. The implication for Transporters and each Transporter of implementing the Modification Proposal, including**

**i. implications for operation of the System**

National Grid NTS considers that implementation of this Proposal would provide access to greater volumes of European sourced gas that could be brought into the UK via the European Interconnector. This would increase competition in the provision of gas balancing and other system services that National Grid NTS must procure to operate its pipeline system.

**ii. development and capital cost and operating cost implications**

National Grid NTS does not anticipate incurring any development or capital costs as a consequence of implementing this Modification Proposal.

**iii. extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs**

National Grid NTS does not believe that this Proposal, if implemented, requires it to recover any additional costs.

**iv. analysis of the consequences (if any) this proposal would have on price regulation**

National Grid NTS does not believe this Proposal, if implemented, would have any consequences on price regulation.

**g. The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal**

National Grid NTS considers that implementation of this Proposal would have no effect on the level of contractual risk of each Transporter.

**h. The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users**

National Grid NTS does not envisage any impact on the UK Link System if this Proposal were to be implemented.

**i. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk**

National Grid NTS believes that the typical Wobbe Number and CV of gas delivered will not appreciably change and therefore does not anticipate any significant increase in the costs of CV shrinkage as a consequence of implementing this Modification Proposal.

As described in 'd' above, National Grid NTS considers that the implementation of this modification would under most circumstances lead to minimal increases in the Sulphur content of the gas within the system, and therefore the gas delivered to consumers.

**j. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non Code Party**

As described in 'd' above, National Grid NTS considers that the implementation of this modification would under most circumstances lead to minimal increases in the Wobbe Number and Sulphur content of the gas within the system, and therefore the gas delivered to consumers.

**Code Concerned, sections and paragraphs**

UNC Transportation Principle Document, Section I

**Proposer's Representative**

Nick King (National Grid NTS)

**Proposer**

Matt Golding (National Grid NTS)

**Signature**

.....