

UNC Final Modification Report	At what stage is this document in the process?
<h1 data-bbox="134 322 699 412">UNC 0858S</h1> <h2 data-bbox="129 450 1181 591">Amendment to Network Entry Provision at Shell St Fergus Terminal</h2>	<div data-bbox="1209 315 1477 640"> <div data-bbox="1209 315 1477 398">01 Modification</div> <div data-bbox="1209 398 1477 481">02 Workgroup Report</div> <div data-bbox="1209 481 1477 564">03 Draft Modification Report</div> <div data-bbox="1209 564 1477 640">04 Final Modification Report</div> </div>
<p><b>Purpose of Modification:</b></p> <p>This Modification will enable the current Wobbe Index upper limit that applies between National Grid and Shell at St Fergus to be increased on an enduring basis from 51.2 MJ/m<sup>3</sup> to 51.4 MJ/m<sup>3</sup>.</p>	
<p><b>Next Steps:</b></p> <p>Panel consideration is due on <b>16 November 2023</b>.</p>	
<p><b>Impacted Parties:</b></p> <p>High:</p> <p>Low: GB gas transporters, interconnector operators, shippers, consumers</p> <p>None:</p>	
<p><b>Impacted Codes:</b></p> <p>None</p>	

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<b>Modification timetable:</b>			
Date Modification Raised	08 September 2023		
New Modification to be considered by Panel	21 September 2023		
Draft Modification Report issued for consultation	22 September 2023		
Consultation Close-out for representations	19 October 2023		
Final Modification Report available for Panel	20 October 2023		
Modification Panel decision	16 November 2023		

## 1 Summary

### What

This is an enabling Modification to facilitate an amendment to the Wobbe Index (WI) upper limit within the Network Entry Provisions between Shell and National Grid at St Fergus. It is proposed to increase the limit from 51.2 MJ/m<sup>3</sup> to 51.4 MJ/m<sup>3</sup>. The amendment is requested to facilitate a permanent change to the WI following the implementation of Network Code [Modification Proposal 0826S](#)<sup>i</sup> (Amendment to Network Entry Provision at Shell St Fergus Terminal) on 11 January 2023, which is due to expire on 11 January 2024.

Modification Proposal 0826S was requested for a 12-month period to enable St Fergus to prove continued operation within this limit and should this prove successful, Shell would request a subsequent permanent change within this 12-month window.

Shell raised this proposal at the Transmission Working Group on 7 September 2023<sup>ii</sup> to give market participants the opportunity to raise any concerns or questions relating to this proposal. No objections were raised in the Working Group and since Modification Proposal 0826S was implemented, Shell has not been made aware of any commercial or operational issues arising from its implementation.

### Why

Shell St Fergus currently operates under a legacy entry agreement which has an upper Wobbe Index limit of 51.2 MJ/m<sup>3</sup>. Shell St Fergus would like improved flexibility on the Wobbe Index limit to enable increased energy deliveries to the National Grid to further facilitate the security of supply. The requested increase is the same as the standard network agreement limit and within the existing GS(M)R range therefore is not believed to be a significant change and impact on others within the system.

Should the change not be made then Shell St Fergus will continue to operate within its current temporary Wobbe Index limit of 51.4MJ/m<sup>3</sup> until it expires and then revert to its legacy entry agreement limit of 51.2MJ/m<sup>3</sup> which, in turn, will limit the ability to optimise energy delivered to National Grid.

### How

The Proposer is seeking to amend the Network Entry Provision described above via this enabling Modification. The proposed limit of 51.4 MJ/m<sup>3</sup> is consistent with other Network Entry Agreements and in line with the GS(M)R legislation  $\leq 51.41$  MJ/m<sup>3</sup>, therefore gas accepted into the National Grid terminal would still be within this limit.

## 2 Governance

### Justification for Self-Governance

The effect of this Modification on competition is not deemed material due to other network entry parties already operating to the requested increased Wobbe Index limit.

No other pipeline incomers entering the NTS at St Fergus have gas sources above the existing GS(M)R Wobbe Index upper limit, therefore this amendment will not unduly discriminate.

No further development is required so the proposer is seeking implementation before 11 January 2024 to ensure increased energy deliveries enabled through Modification Proposal 0826S are not lost.

The Modification:

(i) is unlikely to have a material effect on:

- (a) existing or future gas consumers; and
  - (b) competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes; and
  - (c) the operation of one or more pipe-line system(s); and
  - (d) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
  - (e) the uniform network code governance procedures or the network code Modification procedures; and
- (ii) is unlikely to discriminate between different classes of parties to the uniform network code/relevant gas transporters, gas shippers or DN operators.

## Requested Next Steps

This Modification should proceed to Consultation.

The proposer is requesting to proceed straight to consultation given the perceived immateriality of the change and the positive benefits on UK security of supply which this could help alleviate through minimal change.

## 3 Why Change?

The Shell St Fergus terminal provides approximately 12% of the UK's gas supplies and, without the current temporary limit granted as per implementation of Network Code Modification Proposal 0826S, exports gas to National Grid within a Wobbe Index upper limit of 51.2MJ/m<sup>3</sup>. Here it comes alongside other entrants to the National Grid who already operate within the requested Wobbe Index limit of 51.4 MJ/m<sup>3</sup>. Given the continued security of supply concerns, the Proposer is keen to play its part in society and help optimise deliveries to the National Grid. This could aid diversity of supply, thereby benefitting security of supply. Should the permanent change not be made then Shell St Fergus will continue to optimise deliveries within its legacy agreement spec but would result in the additional gains not being realised.

## 4 Code Specific Matters

### Reference Documents

Link to: [Gas Safety \(Management\) Regulations 1996 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

### Knowledge/Skills

No additional knowledge/skills, above those available required to assess this Modification.

## 5 Solution

This Modification seeks to permanently amend the Network Entry Provision between Shell and National Grid at St Fergus before 11 January 2024 when 0826S is due to expire. It is proposed to permanently increase the Wobbe Index upper limit from 51.2 MJ/m<sup>3</sup> to 51.4 MJ/m<sup>3</sup> subject to the conditions set out below.

With this Modification, export from Shell St Fergus to National Grid will still have a Wobbe Index no higher than other entrants who already operate within 51.4 MJ/m<sup>3</sup>. Should Shell St Fergus exceed 51.4 MJ/m<sup>3</sup>, then this will be reduced back below 51.4 MJ/m<sup>3</sup> in accordance with the Transportation Flow Advice process.

## 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

A benefit to consumers through security of supply could result by enabling increased energy deliveries to National Grid thereby aiding diversity of supply. These increased deliveries could assist consumers through downward pressure on gas prices.

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

This Modification seeks to help increase energy delivered to the National Grid. The knock-on effect to consumers could be to mitigate against price rises due to increased diversity of supply.

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
<p>Improved safety and reliability</p> <p>None</p>	None
<p>Lower bills than would otherwise be the case</p> <p>This change is unlikely to reduce bills however it could help mitigate against further price rises by optimising gas deliveries to National Grid.</p>	Positive
<p>Reduced environmental damage</p> <p>None</p>	None
<p>Improved quality of service</p> <p>None</p>	None
<p>Benefits for society as a whole</p> <p>This Modification can help with security of supply by optimising current energy supplies to the National Grid.</p>	Positive

### Cross-Code Impacts

No impact identified.

### EU Code Impacts

No impact identified.

## Central Systems Impacts

No impact identified.

## 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.	Positive
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

The implementation of this proposal would better facilitate the following Relevant Objectives:

a) The efficient and economic operation of the pipeline system is positively impacted by this Modification because it would facilitate increased energy to be processed through the existing network infrastructure than would otherwise be the case.

d) Securing of effective competition between relevant shippers would be better facilitated as all would be operating in line with the GS(M)R legislation  $\leq 51.41$  MJ/m<sup>3</sup> thereby creating a level playing field.

## 8 Implementation

The proposer is seeking implementation before 11 January 2024 to ensure the increase in energy deliveries brought about by the temporary proposal are not lost.

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

## 9 Legal Text

### Text

No change to the text of the UNC is required since this is an enabling Modification in accordance with UNC Transportation Principal Document Section I 2.2.3 (a).

## 10 Consultation

Representations were invited from interested parties on 21 September 2023. All representations are encompassed within the Appended Representations section, including any initial representations.

The following table provides a high-level summary of the representations. Implementation was unanimously supported in the 3 representations received.

Representations were received from the following parties:		
Organisation	Response	Relevant Objectives
Esso Exploration and Production UK Limited (EPUK)	Support	a) Positive d) Positive
National Gas Transmission	Support	a) Positive d) Positive
Shell Energy Europe Limited	Support	a) Positive d) Positive

Please note that late submitted representations may 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

Panel Members agreed that Modification 0858S **[should [not] be implemented.**

## 13 Appended Representations

Initial Representations – None

Representation - Esso Exploration and Production UK Limited (EPUK)

Representation - National Gas Transmission

Representation - Shell Energy Europe Limited

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<sup>i</sup> <https://www.gasgovernance.co.uk/0826>

<sup>ii</sup> <https://www.gasgovernance.co.uk/TX/070923>

## Representation - Draft Modification Report UNC 0858S

### Amendment to Network Entry Provision at Shell St Fergus Terminal

**Responses invited by: 5pm on 19 October 2023**

**To:** [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

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

<b>Representative:</b>	Chris Wright
<b>Organisation:</b>	Esso Exploration and Production UK Limited (EPUK)
<b>Date of Representation:</b>	19 October 2023
<b>Support or oppose implementation?</b>	Support
<b>Relevant Objective:</b>	a) Positive  d) Positive
<b>Relevant Charging Methodology Objective:</b>	Not Applicable

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

Self-governance Modification 0826S was implemented with effect from 11 January 2023, allowing the Shell St Fergus terminal to benefit from a small but important increase in its upper Wobbe limit – as set out in its Network Entry Agreement (NEA) - from 51.2MJ/M3 to 51.4MJ/M3 for a period of one year. The temporary nature of that Modification was designed to allow any issues associated with this increase to be considered.

To the best of our knowledge no issues associated with this increase in permitted upper Wobbe have been identified since this new limit has been in force. The period of the temporary Wobbe limit increase is now set to expire, and this new Modification proposes to make the upper limit of 51.4MJ/M3 permanent within the NEA.

Having the flexibility to deliver gas up to the new, higher Wobbe limit has the potential to enhance security of supply. Where it is utilised, this will tend to apply downward pressure on wholesale energy prices to the benefit of end consumers. Increasing utilisation of the pipeline network is also positive for Relevant Objective (a). Aligning the Shell terminal upper Wobbe limit more closely with network entry arrangements enjoyed at other GB

delivery facilities will also better secure effective competition between gas shippers, to the benefit of Relevant Objective (d).

**Self-Governance Statement:** *Please provide your views on the self-governance statement.*

In line with the preceding Modification 0826S, we agree that this Modification proposal 0858S meets the criteria for self-governance.

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

We believe that this Modification should take effect no later than the expiry of the temporary arrangements set out in Modification 0826S.

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

None.

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

**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 change to UNC wording is required.

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

N/A

## Representation - Draft Modification Report UNC 0858S

### Amendment to Network Entry Provision at Shell St Fergus Terminal

**Responses invited by: 5pm on 19 October 2023**

To: [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

<b>Representative:</b>	Phil Hobbins
<b>Organisation:</b>	National Gas Transmission
<b>Date of Representation:</b>	11 <sup>th</sup> October 2023
<b>Support or oppose implementation?</b>	Support
<b>Relevant Objective:</b>	a) Positive  d) Positive
<b>Relevant Charging Methodology Objective:</b>	Not Applicable

#### Reason for support Please summarise (in one paragraph) the key reason(s)

We agree with the Proposer’s assessment of how this Modification would better facilitate relevant objectives (a) “efficient and economic operation of the system” and (d) “securing of effective competition between relevant shippers”. Shell should be able to access an upper limit for Wobbe Index that is permitted by UK law and which other parties that deliver gas to the NTS already have in place. The Panel’s decision to send this Modification direct to consultation demonstrates its non-contentious nature.

#### Self-Governance Statement: *Please provide your views on the self-governance statement.*

We agree that this Modification should be self-governance.

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

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. Implementation of the Modification would then enable NGT and Shell to execute the necessary contractual change to continue operation of the temporary limit on an enduring basis.

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

None.

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

This is an 'enabling' Modification, therefore no UNC text is required.

**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 0858S

### Amendment to Network Entry Provision at Shell St Fergus Terminal

**Responses invited by: 5pm on 19 October 2023**

**To:** [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

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

<b>Representative:</b>	Christiane Sykes
<b>Organisation:</b>	Shell Energy Europe Limited
<b>Date of Representation:</b>	
<b>Support or oppose implementation?</b>	Support
<b>Relevant Objective:</b>	a) Positive  d) Positive
<b>Relevant Charging Methodology Objective:</b>	Not Applicable

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

Shell Energy Europe Limited (SEEL) supports this proposed modification for the reasons set out in our proposal.

According to Ofgem figures<sup>i</sup>, the average British household uses 14900 kWh/year (0.05364 TJ/year) of energy (gas and electricity combined). This proposal could, therefore, increase deliveries to the NTS to meet the demand of 136,000-204,000 households per year, which would benefit UK energy supply security.

As National Gas Transmission states in their Gas Winter Outlook September 2023<sup>ii</sup>, 'whilst we have more confidence that the market will perform as expected, we shouldn't discount the risk of events occurring, either in isolation or in combination, to put the EU and therefore by extension GB, under stress'. Fine-tuning our St Fergus operations will enable Shell to provide more energy to the NTS, which will help to mitigate at least some of the risk related to unforeseen events occurring this winter.

This proposal better facilitates the Transporters' Relevant Objectives:

Securing of effective competition between relevant shippers: by levelling the playing field and preventing discrimination through aligning the Shell St Fergus Upper WI limit with the

GS(M)R legislation and with other terminals delivering gas onto the NTS, consistent with the standard Network Entry Agreement limit and within the existing GS(M)R range.

Efficient and economic operation of the pipe-line system: by facilitating increased energy to be processed through the existing network infrastructure than would otherwise be the case.

Should the change not be made on a permanent basis then Shell St Fergus will be required to revert to its legacy entry agreement limit of 51.2MJ/m<sup>3</sup>, which is below the GS(M)R limit of 51.4 MJ/m<sup>3</sup> and below the operating limit permitted by UK law and which other parties delivering gas to the NTS already have in place. Moreover, it will limit the ability to optimise energy delivered to the National Grid at the St Fergus Shell Terminal.

We note National Grid's assessment<sup>iii</sup> of our proposal UNC 0826: Amendment to Network Entry Provision at Shell St Fergus Terminal<sup>iv</sup>, which sought a temporary increase of the upper WI that applies between National Gas and Shell at St Fergus and which National Gas presented in the November Transmission Working Group that in their view, this is a low impact change to equalise the Wobbe spec for Shell with other terminals and, therefore, they do not believe there would be value in lengthening the timeframe for this Modification's passage through the governance process by completing network penetration analysis.

**Self-Governance Statement:** *Please provide your views on the self-governance statement.*

The Modification would have no detrimental impact on competition and is not deemed material due to other network entry parties already operating to the requested increased Wobbe Index limit.

No other pipeline incomers entering the NTS at St Fergus have gas sources above the existing GS(M)R Wobbe Index upper limit, therefore this amendment will not unduly discriminate.

The modification: is unlikely to have a material effect on:

- (a) existing or future gas consumers; and
- (b) competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes; and
- (c) the operation of one or more pipe-line system(s); and
- (d) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
- (e) the uniform network code governance procedures or the network code modification procedures; and is unlikely to discriminate between different classes of parties to the uniform network code/relevant gas transporters, gas shippers or DN operators.

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

Should the Modification Panel make a determination to implement this Proposal, no further development is required so the proposer is seeking implementation as soon as possible in order to maintain the increase in energy deliveries enabled through our temporary modification proposal, 0826S.

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

No detrimental impact or increase in costs for other network users is foreseen by implementation of this proposal on the basis of the minor increase in the Upper WI limit; the relatively small percentage increase in energy and volumes, compared to overall St Fergus volumes / energy content and comingling with other gases before entering the NTS, all of which are within the GS(M)R limit.

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

No change to the text of the UNC is required since this is an enabling Modification in accordance with UNC Transportation Principal Document Section I 2.2.3 (a).

**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**

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<sup>i</sup> [https://www.ofgem.gov.uk/sites/default/files/docs/2020/01/tdcvs\\_2020\\_decision\\_letter\\_0.pdf](https://www.ofgem.gov.uk/sites/default/files/docs/2020/01/tdcvs_2020_decision_letter_0.pdf)

<sup>ii</sup> <https://www.nationalgas.com/electricity-transmission/document/144421/download>

<sup>iii</sup> <https://www.gasgovernance.co.uk/sites/default/files/ggf/2022-10/6.2%20UNC0826%20-%20NG%20view.pdf>

<sup>iv</sup> <https://www.gasgovernance.co.uk/sites/default/files/ggf/book/2022-10/Modification%200826%20V2.0.pdf>