

UNC Workgroup Report	At what stage is this document in the process?
<h1>UNC 0859S:</h1> <h2>Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 01 Modification </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 02 Workgroup Report </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 03 Draft Modification Report </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 04 Final Modification Report </div> </div>
<p>Purpose of Modification:</p> <p>To enable an extension of the temporary arrangements introduced via UNC0814 (which ended on 30 September 2023) which permit BBLC to increase their export capabilities at the Bacton IP on a temporary basis by gaining access to the enhanced pressure service and increasing their Maximum Network Exit Point Offtake Rate (MNEPOR) until 31 December 2024.</p>	
<p>Next Steps:</p> <p>The Workgroup recommends that this Modification should be subject to Self-Governance</p> <p>The Workgroup asks Panel to agree that this Self-Governance Modification should proceed to consultation.</p> <p>The Panel will consider this Workgroup Report on 16 November 2023. The Panel will consider the recommendations and determine the appropriate next steps.</p>	
<p>Impacted Parties:</p> <p>High: BBLC, Interconnector Limited (INT), Shippers</p> <p>Low: National Gas Transmission (NGT)</p> <p>None:</p>	
<p>Impacted Codes:</p> <p>None</p>	

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Timetable			
Modification timetable:			
Pre-Modification Discussed	03 August 2023 & 05 October 2023		
Date Modification Raised	06 October 2023		
New Modification to be considered by Panel	19 October 2023		
First Workgroup Meeting	02 November 2023		
Workgroup Report to be presented to Panel	16 November 2023		
Draft Modification Report issued for consultation	17 November 2023		
Consultation Close-out for representations	07 December 2023		
Final Modification Report available for Panel (at short notice)	11 December 2023		
Modification Panel decision	14 December 2023		

1 Summary

What

Following the implementation of UNC0814¹ on 19th July 2023 BBLC gained access to the existing enhanced pressure service at Bacton that NGT has historically provided for INT, allowing them to request export pressures from 55-68 bar which is facilitated by running Kings Lynn Compressor Station. The MNEPOR stated in their Interconnector Agreement (IA) was also increased from 184,780,632 kWh/d (7,699,193kWh/h) to 252,000,000 kWh/d (10,500,000 kWh/h) to reflect their greater export capability if they are able to maintain higher export pressures. Both contractual changes were time limited until 30th September 2023.

Since 1st October 2023 BBLC's contractual arrangements have reverted to their original position prior to UNC0814 being implemented. Therefore, they are no longer be able to request enhanced export pressures and their MNEPOR has reverted back to 184,780,632 kWh/d (7,699,193kWh/h).

Why

Due to unforeseen delays in the implementation of UNC0814, the window of opportunity where BBLC would have been able to utilise the interim arrangements was significantly reduced. The Modification was implemented on 19th July 2023 but the solution was not utilised due to the prevailing market conditions and gas price differential between the NBP and TTF markets that has not encourage Shippers to increase export from GB to Europe during the UNC0814 trial period. Therefore, BBLC have not had the opportunity to utilise the time limited arrangements that were approved by the Authority to gather data and understand whether there would be any adverse consequences of their increased export rate.

By extending the timeframe of the 0814 arrangements it will provide BBLC and NGT a greater window of opportunity to gather data and for NGT an opportunity to understand whether the increased flows effect the National Transmission System (NTS).

How

This Modification proposal seeks to enable the proposed change to the IA between NGT and BBLC (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 allow BBLC to request access to the existing enhanced pressure service. It is proposed both proposed changes would be temporary in nature and would apply from the implementation date of this Modification up to and including the 31st December 2024.

This timeframe would provide sufficient time to gather data to contribute towards the longer term thinking and development on whether an enduring solution would be appropriate.

This is an enabling Modification and would simply permit the contractual changes outlined above and allow BBLC to request the pressures which are required for them to flow at the higher rate. NGT operate on a reasonable endeavours basis when reviewing any enhanced pressure service requests and review conditions on the network before making a decision.

¹ [0814 \(Urgent\) - Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](#)

2 Governance

Justification for Self-Governance

This Modification is recommended to be Self-Governance because a solution has already been approved by the Authority during UNC0814 but due to unforeseen delays in implementation and then a change in market conditions, BBLC have not been in a position to utilise the service before the time limited solution ended.

The proposed solution is identical to the one that was implemented for UNC0814 and this enabling Modification will simply extend the trial period to allow BBLC and NGT to gather data and understand the impacts on the NTS.

Due to this being an “enabling Modification” it will permit a change to the IA and does not explicitly give BBLC the right to flow at the higher rate or guarantee export pressures between 55 – 68 bar. BBCL’s ability to achieve higher export flows is intrinsically linked to them being able to maintain higher pressures above the assured pressures of 45 – 55 bar. When considering requests for enhanced pressures, NGT operate on a reasonable endeavours basis and consider the conditions on the NTS prior to approving any request.

If implemented, this Modification would promote competition at Bacton Exit IP and help to create a level-playing field between the interconnector operators at Bacton as stated by Ofgem in their decision letter for UNC0814.

Requested Next Steps

This Modification should:

- be considered a non-material change and subject to Self-Governance.
- proceed to Consultation.

The proposed solution was developed and discussed as part of the UNC0814 and was approved by Ofgem on 6th March 2023. However, due to the current market conditions and unforeseen implementation delays BBLC have not been able to utilise the temporary arrangements. Therefore, NGT consider it to be appropriate to proceed directly to consultation without a working group because the only part of UNC0814s solution that is being amended is the date in which the solution is valid until and therefore the Proposal is fully developed and ready for consultation.

Engagement with INT and BBLC has taken place prior to the Modification proposal being raised and discussed at Transmission Work Group to explain the benefits and risk management processes that are in place.

Workgroup’s Assessment

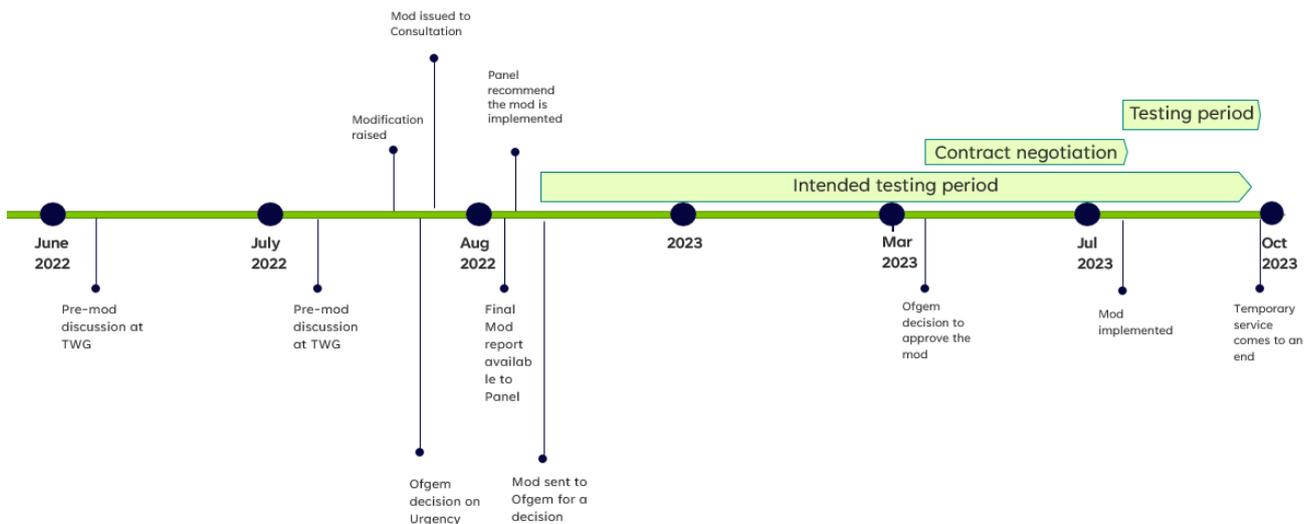
A Workgroup Participant did not support this being a Self-Governance Modification. Another Workgroup Participant supported this as a Self-Governance Modification so no consensus was reached and on that basis the Workgroup does not recommend a change to its status.

3 Why Change?

The IA between NGT and BBLC at Bacton IP takes effect as both a Network Entry Agreement and a Network Exit Agreement. The existing agreement has a time limited aspect specifically for an increased MNEPOR and gaining access to the enhanced pressure service which was introduced following the implementation of UNC0814. The time limited amendment which saw the MNEPOR increase from 184,780,632 kWh/d (7,699,193kWh/h) to 252,000,000 kWh/d (10,500,000 kWh/h) gave BBLC the ability to request export pressures from 55 – 68 bar expired on 30th September 2023.

Due to unforeseen delays in implementing UNC0814 the window of opportunity for BBLC to utilise the new contractual arrangements was limited. Following the implementation of UNC0814 on 19th July 2023, BBLC have had the ability to utilise the service, however, the prevailing market conditions have not supported increased exports from GB to continental Europe due to the price differential between NBP and TTF. Therefore, NGT consider that extending the arrangements which were approved by Ofgem until 31st December 2024 to be appropriate in order for BBLC and NGT to gather data associated to increased levels of exports and confirm that there is no additional risk of granting BBLC access to these time limited changes. The findings and data obtained from this period will then contribute towards the longer term thinking of how or if an enduring solution can be implemented.

The timeline below highlights the actual testing period which has been available to BBLC compared to the period which was originally intended within UNC0814 for testing.



Additionally, in Ofgem’s decision letter² they recognise that the contractual arrangements between BBLC and INT are not equal and by allowing BBLC to gain access to the enhanced pressure service it will “ensure fair and equal treatment of both interconnectors as well as facilitating a level-playing field between them and their users, which will promote competition”. NGT also recognise this and believe this solution will deliver wider benefits for the industry and potentially bring down costs for Consumers.

Enabling BBLC to access the enhanced pressure service and increasing the MNEPOR at the BBLC Interconnection Point is directly relevant to the arrangements between NGT 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.

If this Modification is not approved, it is likely to prevent BBLC from expanding their business operation and competing for the available capacity at the Bacton IP Exit Point. In Ofgem’s decision letter for UNC0814 they recognise that INT and BBLC had unequal access to the enhanced pressure service: “The proposed solution will ensure a level-playing field between BBLC and INT by granting BBLC access to an enhanced pressure service that INT already has access to. This will subsequently ensure fair and equal treatment of both

² [UNC814 Decision \(gasgovernance.co.uk\)](https://www.gasgovernance.co.uk/unc0814-decision)

interconnectors as well as facilitating a level-playing field between them and their users, which will promote competition". Therefore, NGT consider the approval and implementation of this Modification to be an important step in ensuring effective and fair competition for export capacity at Bacton and believe this will bring wider industry and societal benefits for Consumers via reduced energy bills.

4 Code Specific Matters

Reference Documents

UNC0814 - [0814 \(Urgent\) - Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](#)

Knowledge/Skills

None

5 Solution

No changes to the UNC are required or proposed. However, changes to BBLC's IA will be required, a tracked changes version of BBLC's IA has been submitted as part of the Modification and outlines the proposed changes. These have been agreed with BBLC in advance of submission of the Modification.

This Modification seeks to enable the proposed change to the IA between NGT and BBLC (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 allow BBLC to request the enhanced pressure service. Both proposed changes would be temporary in nature and would apply from the implementation date of this Modification up to and including the 31st December 2024.

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 impact on Consumers – If this Modification is implemented, it will result in increased levels of competition between Shippers and Operators which has potential to reduce costs for consumers.

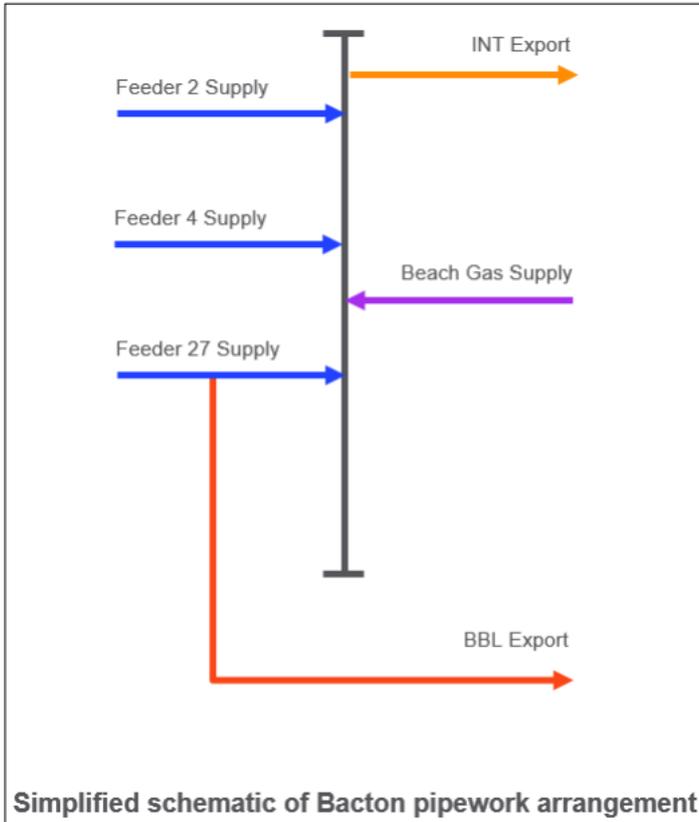
Integrity Considerations:

During the consultation for UNC0814, one party submitted representations suggesting that if BBLC were to increase their export capability it may have a detrimental impact on them due to the perceived increased risk of dust / solid material being present within the pipeline system and being delivered to their infrastructure. NGT recognise and acknowledge that there is dust within the NTS, as there is in all pipeline systems and dust management is part of the normal business-as-usual (BAU) operation of the Gas System Operator (GSO).

Within the IA, there is a Velocity Control Protocol which NGT and INT follow to mitigate and manage the risks associated to dust deliveries. Due to the physical footprint of the National Transmission System INT

predominately receives gas from feeders 2 and 4 as well as from the adjacent Bacton beach terminals. Whereas BBLC predominately receive gas from feeder 27.

During 2022 an in-line-inspection (ILI) was conducted on feeder 4 and it was subsequently cleaned. This cleaning process removed a quantity of dust prior to the feeder coming back into live operation. The schematic below highlights the configuration at Bacton.



Due to this configuration and the fact that BBLC's export flows are facilitated via Feeder 27, NGT do not consider that there is an additional integrity risk for INT of permitting BBLC to increase their export capability via gaining access to the enhanced pressure service. Additionally, BBLC have recently conducted a pipeline inspection in September 2023 which did not identify any material, dust or liquids in the BBLC pipeline.

To support the Modification, a supplementary piece of velocity analysis has been provided below to describe type of velocities which may be experienced in different configurations:

Velocity Analysis:

Several factors affect velocity within feeders 2, 4 and 27 which make up the entirety of the gas supplied for BBLC and INT from the NTS in the majority of cases. These included:

- Bacton configuration
- Prevailing pressure
- Bacton UKCS supplies
- Export flows

Pipeline velocities have been outlined below assuming low Bacton UKCS supplies (15mcm/d 5th percentile historic) to show worst case scenarios.

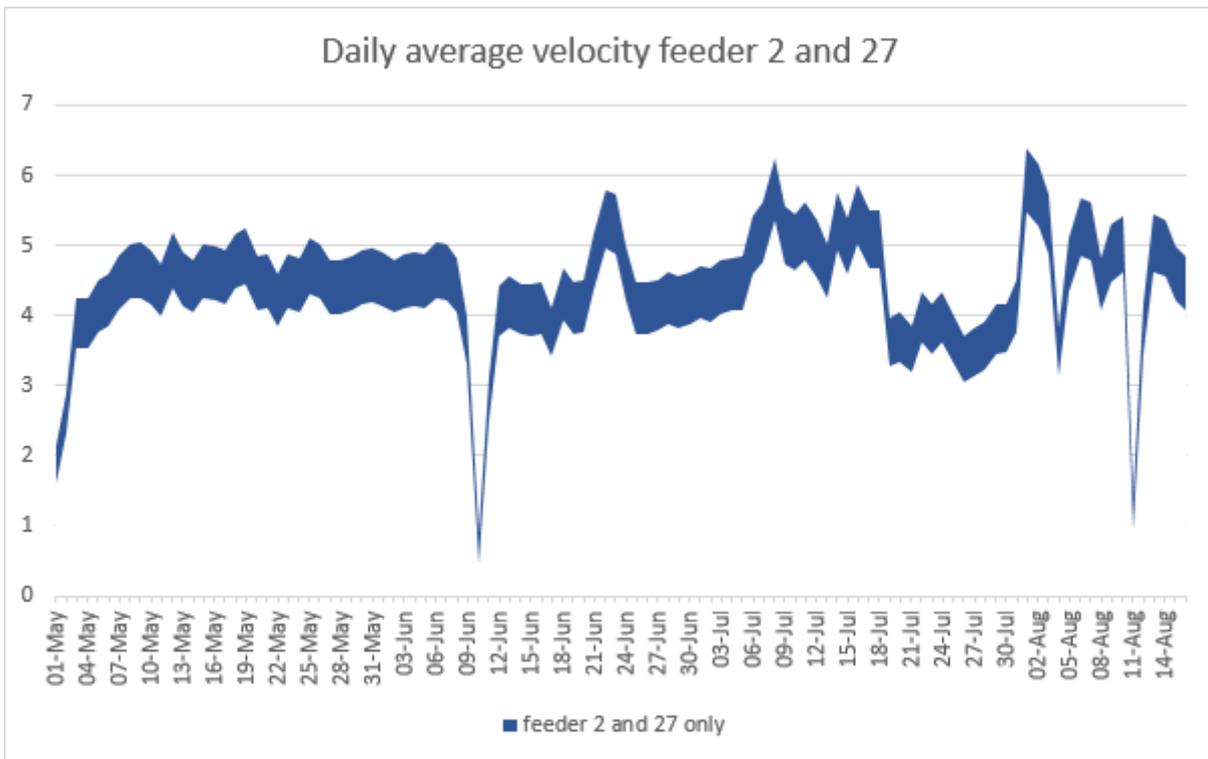
Feeders 2, 4 and 27 separated	Kings Lynn at typical discharge pressure 63bar	Interconnector and BBLC at MNEPOR (61mcm/d and 23mcm/d)	Feeder 2/4 velocity (m/s)	6.6
			Feeder 27 velocity (m/s)	3.5
		Interconnector at MNEPOR, BBLC lower (61mcm/d and 16 mcm/d)	Feeder 2/4 velocity (m/s)	6.6
			Feeder 27 velocity(m/s)	2.4
	Kings Lynn at max discharge pressure 69bar	Interconnector and BBLC at MNEPOR (61mcm/d and 23mcm/d)	Feeder 2/4 velocity (m/s)	6
			Feeder 27 velocity (m/s)	3.2
		Interconnector at MNEPOR, BBLC lower (61mcm/d and 16 mcm/d)	Feeder 2/4 velocity (m/s)	6
			Feeder 27 velocity (m/s)	2.2
Feeders 2 4 and 27 common	Kings Lynn at typical discharge pressure 63bar	Interconnector and BBLC at MNEPOR (61mcm/d and 23mcm/d)	Feeder 2/4 velocity (m/s)	4.6
			Feeder 27 velocity (m/s)	5.4
		Interconnector at MNEPOR, BBLC lower (61mcm/d and 16 mcm/d)	Feeder 2/4 velocity (m/s)	4.1
			Feeder 27 velocity (m/s)	4.8

	Kings Lynn at max discharge pressure 69bar	Interconnector and BBLC at MNEPOR (61mcm/d and 23mcm/d)	Feeder 2/4 velocity (m/s)	4.2
			Feeder 27 velocity (m/s)	5
		Interconnector at MNEPOR, BBLC lower (61mcm/d and 16 mcm/d)	Feeder 2/4 velocity (m/s)	3.8
			Feeder 27 velocity (m/s)	4.4

In summary:

- Velocities are increased between 10% - 13% with the increased MNEPOR at BBLC
- Increased pressure leads to lower velocities
- Network configurations are available which result in separate feeders supplying BBLC (F27) and INT (F2 and F4) which means the velocities are dependent upon either INT or BBLC’s flow rate as opposed to a Common configuration where the three feeders support exports for both INT and BBLC. However, operating in the separate configuration may result in higher velocities due to the feeders not being fully utilised.
- Expect velocities under these reasonable worst-case conditions are lower than the peaks seen in 2022 due to Feeder 4 outages.

Additionally, velocities experienced in 2022 whilst Feeder 4 was isolated for a significant period of time resulted in higher velocities on the remaining supply feeders 2 and 27. Velocities were consistently around 4m/s on Feeder 2 and 5m/s on Feeder 27 with peaks of 5.5m/s and 6.3m/s respectively. The below graph demonstrates the daily average velocities on feeder 2 and 27 from May 2022 – August 2022.



At this stage, it is important to remind the reader that this is an enabling Modification and its sole purpose is to allow a contractual change within BBLC’s IA and is completely separate from any potential physical or operational risks. Some of the additional information in this section has been provided following feedback from some stakeholders during the pre-Modification discussions and other engagements.

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

End consumers have no direct involvement with this Modification. However, this Modification seeks to promote competition at the Bacton Exit IP which could drive down prices for the industry and ultimately end consumers.

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
Improved safety and reliability None	None
Lower bills than would otherwise be the case Increased levels of competition for capacity at the Bacton Exit IP has the potential to drive down costs for the industry and consumers	Positive
Reduced environmental damage Slightly negative due to the potential for increased running hours of Kings Lynn Compressor Station which is used to facilitate the enhanced pressure service	Slightly negative
Improved quality of service None	None

Benefits for society as a whole Due to the increased levels of competition it has potential to drive down costs and lower bills for consumers.	Positive
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Cross-Code Impacts

None

EU Code Impacts

None

Central Systems Impacts

None

Performance Assurance Considerations

No issues identified.

Initial Representations

A verbal representation was submitted by Interconnector Ltd when this Proposal was at pre-modification stage in the Transmission workgroup and the content of that submission is appended to this report.

Panel Questions

Q1 Is an enduring solution required?

NGT does not believe an enduring solution is appropriate at this stage as NGT wishes to balance the concerns of Interconnector Ltd regarding the potential escalation in risk of operational difficulties and the desires of BBLC for the enhanced pressure service and to have equal access.

A Workgroup Participant observed that Ofgem had stated in its decision document on Modification 0814 that it would expect NGT to provide further network analysis prior to implementation of an enduring solution.

Q2 Please consider appropriate governance.

See above comments under Section 2. The Workgroup does not recommend a change to the status.

Workgroup Impact Assessment

Workgroup Participants noted that NGT has provided some additional analysis of the potential operational impact of permitting an increase in pressure to BBLC. Workgroup Participants also noted that NGT has described a velocity monitoring and mitigation protocol.

A Workgroup Participant observed that NGT as a reasonable and prudent operator would be required under gas safety legislation to undertake a risk assessment prior to agreeing to any request for enhanced pressure services that would be enabled under the terms of this Modification and such assessments would have to take into account the prevailing network conditions and configuration.

A Workgroup Participant observed that the justifications that supported urgency for Modification 0814 relied on arguments relating to the European gas security of supply situation that has been somewhat relieved since that time. The difference now is that the justification is more about competition and this difference alters the risk/reward balance.

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;

Implementation of this Modification would enable greater levels of competition between the active shippers at the Bacton Exit IP who are currently, or who plan to, export gas from GB to continental Europe. Due to Bacton Exit IP having a shared baseline between BBLC and INT, if BBLC were able to increase their export capability via increasing their MNEPOR and gaining renewed access to the existing enhanced pressure service, it is likely that there will also be greater levels of competition for the available capacity at the exit point. The greater levels of competition may drive down costs for consumers.

Increasing the level of competition between BBLC and INT was something specifically highlighted in Ofgem's decision letter for UNC0814 where they confirmed that permitting BBLC access to the enhanced pressure service will "*ensure fair and equal treatment of both interconnectors as well as facilitating a level-playing field between them and their users, which will promote competition*".

As a result of the increased levels of competition between Shippers and BBLC and INT it can be argued that this could result in an improved quality of service for those who export gas via the Bacton Interconnectors to the EU. They will have greater levels of flexibility on the route they export gas due to the increased export capabilities of BBLC via enhanced MNEPOR and being able to request enhanced pressures.

This may improve the overall service quality that is experienced by parties wishing to export gas from GB to EU. Therefore, further contributing towards an effective and efficient market / industry.

Workgroup Assessment of Relevant Objectives

A Workgroup Participant agreed that this may be positive in respect of d) Securing of effective competition:

(i) between relevant shippers but with a caveat that there might also be harm to competition if one of the interconnector operators receives gas that is outside specification and as a result its flows must be curtailed.

A Workgroup Participant observed that this Modification may be positive in respect of Relevant Objective a) Efficient and economic operation of the pipe-line system, because greater flow availability for the interconnectors may encourage greater use of the NTS.

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

Text Commentary

No changes to UNC text are required.

Text

This is an 'enabling' Modification, therefore no UNC text is required. However, changes will be required to BBLC's IA which requires Ofgem approval.

A tracked changes version of BBLC's IA will be provided as part of the Modification submission.

10 Recommendations

Workgroup's Recommendation to Panel

The Workgroup unanimously asks Panel to agree that this Self-Governance Modification should proceed to consultation.

11 Appended Representations

Initial Representations – the following commentary is taken from Transmission Workgroup minutes of 7 September when this Proposal was at a pre-modification state. The representative of Interconnector Ltd is Joseph Leggett. Workgroup Participants agreed that these comments may be included in the Workgroup report.

Joseph Leggett (JL) expressed concerns with the risks associated with the Modification, particularly with a risk of contaminated gas and the functioning of the market. With the potential risk of exposure and impacts on the current arrangements, JL believed this Modification would require an Ofgem decision as did the original Modification and it should not go straight out to consultation.

JL clarified that the Interconnector concerns are not directed at BBL Company requesting the enhanced pressure

service. They are however concerned that there is a significant risk of contaminated gas coming out of the NTS which continues to go unmitigated, and this needs to be addressed first, especially when this change has the potential to increase the risk exposure. To properly assess this extension, JL stressed that further technical information is needed. JL believed that an Ofgem decision was necessary, to be consistent with the original Modification, given the consequences of contaminated gas and the potential impacts for the functioning of the GB market, security of supply, and cross-border trade. He was concerned that the impact of the current arrangements, and extension, were not fully understood, noting that the new proposal does not include a technical assessment, nor is there mitigation introduced to mitigate contamination risk.

JL wished to also note that NTS Bacton filter investment is needed for high flows to be accommodated at Bacton exit, and to address the increased risk of solid debris. Temporary operational mitigation measures are in place now, but not fully effective nor sustainable and the industry are awaiting Ofgem's decision regarding this investment.

In the original Modification (0814) JL believed there was a commitment to carry out network analysis should a more enduring arrangement be requested. The Interconnector therefore believes that this should form part of this extension proposal.

It was noted that the technical assessment was not included in Modification 0814 due to the urgency and a lack of time. As the urgency of the European security of supply crisis has subsided now, especially in comparison with when the original Modification was raised, it was suggested as there is now less urgency for this temporary Modification that due process, analysis and risk management is properly considered in line with the standards of a reasonable and prudent operator.

JL urged the Workgroup to consider that the issue of contamination of Gas and the dust risk raised within the consultation on UNC 0814 had not been addressed by NGT. It was suggested that further analysis on the risk of increased contamination should be provided before any extension is granted and that a decision from Ofgem should be obtained rather than allowing this to progress as Self-Governance.