UNC Modification	At what stage is this document in the process?
# UNC 0675S: ## Enabling changes to the BBL Interconnection Agreement to facilitate physical reverse flow	01 Modification 02 Workgroup Report 03 Draft Modification Report 04 Final Modification Report

Purpose of Modification:

UNC Modification to enable changes to be made to the BBL Interconnection Agreement to facilitate physical reverse flow and amendment to reference temperature conditions.

	The Proposer recommends that this modification should be: • assessed by a Workgroup This modification will be presented by the Proposer to the Panel on 20 December 2018. The Panel will consider the Proposer's recommendation and determine the appropriate route.
	High Impact: BBL
	Medium Impact: National Grid NTS, BBL shippers
	Low Impact:

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Timetable

The Proposer recommends the following timetable:	
Initial consideration by Workgroup	08 January 2019
Workgroup Report presented to Panel	18 April 2019
Draft Modification Report issued for consultation	18 April 2019
Consultation Close-out for representations	9 May 2019
Final Modification Report available for Panel	13 May 2019
Modification Panel decision	16 May 2019

Any questions?

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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 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.

Whilst amending the Interconnection Agreement, 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

Requested Next Steps

This modification should:

- be considered a non-material change and subject to self-governance
- be assessed by a Workgroup

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 Units[1], National Grid NTS and BBL agreed in 2015 to measure gas flows and quality at the BBL Interconnection Point using normal reference conditions of 0ºC for volume and 25ºC 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.

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

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.

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.

Consumer Impacts

None.

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.

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

Demonstration of how the Relevant Objectives are furthered:

(d) The physical reverse flow of the BBL Interconnector to include the capability to flow from GB to the Netherlands 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.

(g) This Modification furthers compliance with the Revised EU Security of Supply Regulation[2] in that it enables physical reverse flow as required by that revised Regulation.

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.

[2] 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

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.

BBL-NGG Amended and Restated Interc

Text Commentary

None.

Text

None.

10 Recommendations

Proposer's Recommendation to Panel

- Panel is asked to agree that self-governance procedures should apply; and
- Refer this proposal to a Workgroup for assessment.