

UNC 00826:

Amendment to Network Entry Provision at Shell St Fergus Terminal



***Guidance:** These slides are meant to provide a brief overview for the UNC Panel, to introduce what is trying to be achieved, to help them understand and decide the best process to be followed for new modifications. Please aim to be as brief as possible and not justify nor make the case for the Modification.*

Notes are provided in italics and if this template is being used should be removed.

The Joint Office is available to help and support the drafting of any modifications, including guidance on completion of the Modification template and the wider modification process. Contact: enquiries@gasgovernance.co.uk or 0121 288 2107.

Proposer: Christiane Sykes

Panel Date: 20 October 2022

Why change?



- This is an enabling Modification to facilitate temporary 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 WI limit from 51.2 MJ/m³ to 51.4 MJ/m³.
- This is in line with the GS(M)R legislation ≤ 51.41 MJ/m³ and consistent with standard Network Entry Agreements, thereby creating a level playing field and securing effective competition between relevant shippers.
- The estimated gain in gas flows to the NTS is 10-15 TJ/d per 0.1 MJ/Sm³, which equates to 20-30 TJ/d for the 0.2 MJ/m³ Wobbe Index increase proposed.
- According to Ofgem figures, 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.
- This proposal further facilitates the UK Strategy to maximise economic recovery from existing North Sea production.

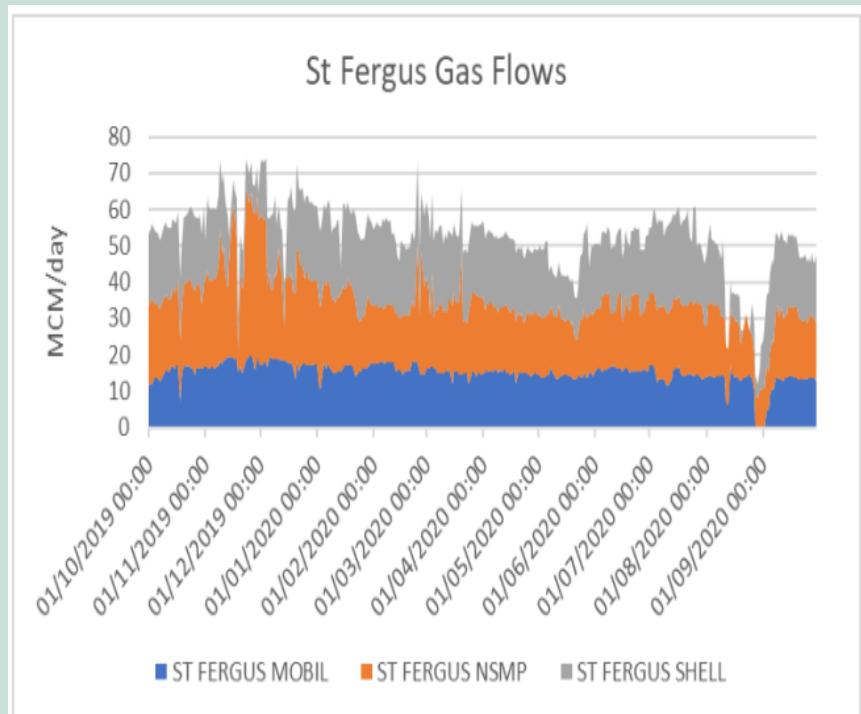
Options



- In accordance with Section I 2.2.3 of the UNC, where the Transporter and the relevant Delivery Facility Operator have agreed upon an amendment to Network Entry Provisions, the identified route to amend such Network Entry Provisions is by way of a Code Modification.
- An initial 12 month amendment period is proposed to enable St Fergus to prove continued operation within the proposed limit.
- If successful, a subsequent permanent change may be requested within the 12 month window.

St Fergus Gas Flows

- The St Fergus gas terminal accepts gas from three sub-terminals and is currently one of the highest utilised sites on the NTS.
- The opposite graph shows an assessment of the flow rates of gas entering the NTS at St Fergus, which was undertaken by North Sea Limited (SNSL)* over an 18 month period (UNC 0780).
- Flows from the sub-terminals are comingled before reaching the NTS, thereby minimising the net effect of a negligible change to gas quality in one of the sub-terminals and the risk of impacting network penetration further downstream.



Entry Point Flowrates	SAGE (mcm/day)	NSMP (mcm/day)	Shell (mcm/day)
Max Flowrates	19.70	47.46	26.44
Average Flowrates	15.35	19.86	18.14

Solution



- Amend the Network Entry Provision between Shell and National Grid at St Fergus by increasing the Wobbe Index upper limit from 51.2 MJ/m³ to 51.4 MJ/m³ consistent with other Network Entry Agreements and in line with the GS(M)R legislation ≤ 51.41 MJ/m³
- Wobbe Index increase for a period of 12 months.
- Modification to start as soon as possible after acceptance of this proposal.

Recommended Steps



- As an enabling Modification to facilitate changes to the Network Entry Agreement, the Proposer recommends that this modification should be subject to Self-Governance and proceed direct to Consultation on the basis that the proposal, if implemented, is unlikely to have a material effect on the Self-Governance criteria.
- Amending the Shell St Fergus NEA to align with the WI in other NEAs creates a level playing field for delivering gas to the NTS and securing effective competition between relevant shippers.
- The proposal benefits security of supply by enabling a greater volume of gas to be delivered to the NTS (instead of being processed further downstream) by fine-tuning our St Fergus operations and therefore, providing more energy to the NTS.
- We believe a three week consultation period provides sufficient opportunity for network parties to comment on this proposal, in light of the low material impact on other network users.