

**Gassco's response to Modification Proposal and Draft Modification Report
0049 Optional Limits for inert gases at System Entry Points.**

The following comments relate to the above modification and as requested are numbered to coincide with the convention used your the draft report.

1. Gassco support the modification as proposed by National Grid and agree that the Delivery Facility Operators should be permitted to voluntarily adopt the revised levels. Convergence of gas quality specifications consistent with those advocated by EASEEGAS throughout Europe, will enable supplies from the Norwegian Continental Shelf to be delivered to UK Entry Points on equal standing with other Entry Points supplied from the NCS.

The voluntary nature of the change is fully supported since mandatory acceptance could restrict deliveries from existing producing fields, which would be an unwelcome consequence of this modification.

2. The proposal would clearly satisfy Standard Special Condition A11, paragraphs 1(a) and (1b) in that Norwegian supplies would at all times be given access to the UK by removing the conflict in CO₂ limits between the NCS and the UK. If the differential is allowed to remain then gas with CO₂ content in excess of 2.0% but within the NCS specified 2.5% will be denied access to the UK market but will find unhindered access to markets at all other exit points on mainland Europe.

In addition the NCS has a regulated specification of 2.5% CO₂. All future field developments, whether enhancements to existing fields or new fields, will take into consideration the downstream market and the potential to be restricted as a result of gas quality challenges. To disregard the EASEEGAS recommendation could have the consequence of failing to meet Standard Special Condition A11, paragraph 1(d).

3. Provision of additional security of supply is a major benefit arising from the implementation of the modification. Gas delivered from the NCS will of necessity be within the Gassled standard specification. If the CO₂ content of gas were to be limited to 2% then there will be occasions where the Langeled pipeline for example, would be fully compliant in terms of the Gassled specification of 2.5% but not compliant with the UK specification if held at 2%. With a step change between the two connected systems there will be the risk that the gas becomes trapped between the two and interruptions in supply could be the potential outcome. In terms of timing, this situation could arise as early as late Summer 2006. Although anticipated to be an infrequent event this would be avoided by accepting a common standard.

Similar problems might be experienced by the Bacton – Zeebrugge Interconnector since increasingly larger volumes of NCS gas are delivered into the Zeebrugge area, which through displacement may be transported through the Interconnector to the UK. A mismatch between the quality specifications could result in curtailments or interruptions. However, this is of course wholly dependent on how downstream transporters choose to route their gas flows.

4. Gassco agree with the Proposers view that the raising of both the CO₂ and inert gases limit would have no significant impact on other parties. From an NCS perspective the actual level

of CO₂ observed is normally significantly lower than 2.0% and is expected to remain so. However, circumstances can arise, particularly during periods of maintenance and outage where full flexibility is not available and blending becomes restricted. Nevertheless, the CO₂ content will not exceed the statutory level of 2.5%.

Thank you for the opportunity to respond to the consultation process. We trust that this response will be taken into account whilst considering the proposal. Please contact me if there is anything requiring further clarification.

Regards

David Turner