

Mr Julian Majdanski
Modification Panel Secretary
Joint Office of Gas Governance

October 2005

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Response to UNC Modification Proposal 0049

Optional limits for inert gases at System Entry Points

Total E&P UK PLC welcomes the opportunity of submitting the following comments on Modification Proposal 0049, for which we offer qualified support. We would like to highlight that we are also writing on behalf of Total Gas and Power Limited.

As the UK becomes a net importer of gas, attention falls on gas quality specifications and the risk that these may create a potential barrier for gas flows into the UK and for the creation of an efficient European gas market.

As a result of the adoption of the Gas Safety (Management) Regulations (GS(M)R) in 1996, the UK has for certain gas quality parameters a narrower range of limits than the rest of continental Europe. Due to these developments the Department of Trade and Industry (DTI), Ofgem, the Health and Safety Executive (HSE), and the Department of Environment Food and Rural Affairs (DEFRA) are carrying out a three-phase joint Gas Quality Exercise.

On September 20th 2004 Ofgem published a letter in which the possibility of Transco allowing gas with a higher CO₂ content at entry points was discussed, but it was made clear that *“consideration of this issue should be undertaken in light of the DTI/Ofgem/HSE/DEFRA study in relation to the gas quality arrangements”*.

We are therefore surprised that although no report has yet been issued establishing technical conclusions and policy decisions by the Gas Quality Exercise Phase II, a Modification Proposal has been raised to change some gas quality parameters (even if these parameters are not needed within GSMR). We believe that the reasoning behind this proposal has not yet been adequately explained.

We would like to understand better the variations expected in the gas that would be entering the NTS if this Modification Proposal is implemented, and the possible effect an increase in inert gases could have on transportation charges. Also the possible increase in CO₂ and its effect on CO₂ emissions needs further review. In line with this we believe it would be beneficial for Ofgem to conduct an impact assessment regarding the possible operational consequences of implementing this modification,

We welcome the fact that this modification proposal will not impose changes at System Entry Points where current entry provisions permit CO₂ in excess of 2.5%. The current arrangements relating to gas quality at both entry to and exit from Transco's system have evolved over time. Many pre-date the introduction of competition to the gas market and of Transco's network code. Different gas quality entry specifications apply at different terminals, but at each entry point, the gas

quality specifications for the entry of gas into the NTS are linked to the gas quality specifications established in producer's Transportation and Processing Agreements, so that any changes which restrict the range of gas quality at the Entry Point could have a serious commercial impact on producers and shippers, and consequently on security of supply.

We appreciate this and any proposal that would enhance security of supply by facilitating additional gas supplies entering the UK and the NTS and allowing Delivery Facility Operators increased scope to process greater quantities of offshore reserves, but we believe that great care has to be taken, to understand the full impact of any proposed changes, both commercially and environmentally.

Please do not hesitate to contact me if you would like to discuss these issues further.

Bruno Seilhan
Commercial Operations Manager
TOTAL E&P UK PLC

(This letter is not signed as it is sent electronically)