

Representation

Draft Modification Report

0352 – The Introduction of an Interruptible Reverse Flow service at Moffat Interconnector

Consultation close out date: 12 August 2011

Respond to: enquiries@gasgovernance.co.uk

Organisation: National Grid NTS

Representative: Mike Wassell

Date of Representation: 12 August 2011

Do you support or oppose implementation?

Support

Please summarise (in one paragraph) the key reason(s) for your support/opposition.

As proposer, National Grid NTS fully support Modification Proposal 0352. The introduction of a reverse flow service at Moffat interconnector provides real choice to Users both of the NTS and the BGE pipeline system and allows for additional supplies into the GB market which offers potential both for greater market liquidity and market participation. In addition, implementation of Modification Proposal 0352 would ensure that Moffat interconnector is consistent with both BBL and Bacton IUK in its ability to provide a service both into and out from the NTS.

Are there any new or additional issues that you believe should be recorded in the Modification Report?

National Grid NTS are not aware of any additional issues that should be recorded in the Modification Report.

Self Governance Statement:

Do you agree with the Modification Panel's decision that this should be a self-governance modification?

Not applicable

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

As stated within the proposal, National Grid NTS believe implementation of Modification Proposal 0352 would better facilitate the achievement of relevant objectives b and d:

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.

By facilitating energy nominations and allocations into the NTS, access to the NTS is provided that would otherwise be absent. This allows for greater co-ordination between the NTS and the Northern Ireland and Eire pipe-line system(s) and the respective Users of these pipe-line system(s). The potential for commercial flows (in addition to physical flows) from the NTS to the BGE pipe-line system is introduced through Modification Proposal 0352, enabling diversity and choice to users of both pipe-line systems. Implementation would therefore be expected to support User choice and so promote efficient and economic operation.

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.

Implementation would provide for greater competition between relevant Shippers and increased market liquidity through facilitating greater access to the GB market and potentially allowing additional supplies into the GB market. Providing for energy nominations and allocations into the NTS from Moffat interconnector also allows greater scope for energy nominations and allocations from the NTS into Northern Ireland and Eire in excess of the physical exit flow, which may increase and secure effective competition between relevant Shippers and therefore applying downward pressure on prices due to increased market activity.

Impacts and Costs:

What analysis, development and ongoing costs would you face if this modification were implemented?

No functional system changes have been identified by National Grid NTS to enable implementation of modification proposal 0352. There are additional costs that may be incurred due to changes in National Grid NTS processes but these are expected to be minimal.

Implementation:

What lead-time would you wish to see prior to this modification being implemented, and why?

National Grid NTS require minimal lead time for implementation of this modification proposal and as such one business days notice would be sufficient to implement. In the event that Modification Proposal 0352 is implemented by the Authority, National Grid NTS recommends that the implementation is effective from the first business day in October 2011 (3rd of October 2011).

The amended CSA (as provided) is subject to signature. The CSA has been agreed in principle by both National Grid NTS (as National Grid Gas) and BGE (UK). As such National Grid NTS fully expect that formal agreement (via signature) of the amended CSA will be forthcoming prior to October 2011 but recognise that implementation of the proposal is not possible until this formal agreement is received.

Legal Text:

Are you satisfied that the legal text will deliver the intent of the modification?

National Grid NTS are satisfied that the legal text delivers the intent of the modification.

Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that you believe should be taken into account or you wish to emphasise.

National Grid NTS wish to emphasise that although the proposed amendments to the aforementioned agreements provide for default arrangements to be applied for Entry allocations and Offtake Profile Notice(s) (OPNs) submission, in each case these arrangements are only applied in the absence of a Moffat User appointed agent or where such agent does not provide the necessary information.