

UNC Draft Modification Report	At what stage is this document in the process?
<h1 data-bbox="134 322 655 414">UNC 0859:</h1> <h2 data-bbox="129 450 1114 734">Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)</h2>	<div data-bbox="1204 309 1473 638"> <div data-bbox="1204 309 1473 383">01 Modification</div> <div data-bbox="1204 394 1473 468">02 Workgroup Report</div> <div data-bbox="1204 479 1473 553">03 Draft Modification Report</div> <div data-bbox="1204 564 1473 638">04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>To enable an extension of the temporary arrangements introduced via UNC0814 (which ended on 30 September 2023) which permit BBLC to increase their export capabilities at the Bacton IP on a temporary basis by gaining access to the enhanced pressure service and increasing their Maximum Network Exit Point Offtake Rate (MNEPOR) until 31st December 2024.</p>	
<p>Next Steps:</p> <p>Panel consideration is due on 18 January 2024.</p>	
<p>Impacted Parties:</p> <p>High: BBLC, Interconnector Limited (INT), Shippers</p> <p>Low: National Gas Transmission (NGT)</p> <p>None:</p>	
<p>Impacted Codes:</p> <p>None</p>	

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Timetable		
Modification timetable:		
Pre-Modification Discussed	03 August 2023 & 05 October 2023	 matthew.newman2@nationalgas.com
Date Modification Raised	06 October 2023	
New Modification to be considered by Panel	19 October 2023	 +44 (0)7548 773619
Draft Modification Report issued for consultation	19 October 2023	
Consultation Close-out for representations	15 December 2023	Systems Provider: Xoserve
Final Modification Report available for Panel	18 December 2023	
Modification Panel decision	18 January 2024	 UKLink@xoserve.com

1 Summary

What

Following the implementation of UNC0814¹ on 19th July 2023 BBLC gained access to the existing enhanced pressure service at Bacton that NGT has historically provided for INT, allowing them to request export pressures from 55-68 bar which is facilitated by running Kings Lynn Compressor Station. The MNEPOR stated in their Interconnector Agreement (IA) was also increased from 184,780,632 kWh/d (7,699,193kWh/h) to 252,000,000 kWh/d (10,500,000 kWh/h) to reflect their greater export capability if they are able to maintain higher export pressures. Both contractual changes were time limited until 30th September 2023.

Since 1st October 2023 BBLC's contractual arrangements have reverted to their original position prior to UNC0814 being implemented. Therefore, they are no longer be able to request enhanced export pressures and their MNEPOR has reverted back to 184,780,632 kWh/d (7,699,193kWh/h).

Why

Due to unforeseen delays in the implementation of UNC0814, the window of opportunity where BBLC would have been able to utilise the interim arrangements was significantly reduced. The Modification was implemented on 19th July 2023 but the solution was not utilised due to the prevailing market conditions and gas price differential between the NBP and TTF markets that has not encourage Shippers to increase export from GB to Europe during the UNC0814 trial period. Therefore, BBLC have not had the opportunity to utilise the time limited arrangements that were approved by the Authority to gather data and understand whether there would be any adverse consequences of their increased export rate.

By extending the timeframe of the 0814 arrangements it will provide BBLC and NGT a greater window of opportunity to gather data and for NGT an opportunity to understand whether the increased flows effect the National Transmission System (NTS).

How

This Modification proposal seeks to enable the proposed change to the IA between NGT and BBLC (an "enabling Modification") to increase the MNEPOR from 184,780,632 kWh/d (7,699,193kWh/h) to 252,000,000 kWh/d (10,500,000 kWh/h) and allow BBLC to request access to the existing enhanced pressure service. It is proposed both proposed changes would be temporary in nature and would apply from the implementation date of this Modification up to and including the 31st December 2024.

This timeframe would provide sufficient time to gather data to contribute towards the longer term thinking and development on whether an enduring solution would be appropriate.

This is an enabling Modification and would simply permit the contractual changes outlined above and allow BBLC to request the pressures which are required for them to flow at the higher rate. NGT operate on a reasonable endeavours basis when reviewing any enhanced pressure service requests and review conditions on the network before making a decision.

¹ [0814 \(Urgent\) - Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](#)

2 Governance

Authority Direction

Ofgem rejected the Self-Governance statement on 14 December 2023. Please refer to the published letter at: <https://www.gasgovernance.co.uk/0859>

Next Steps

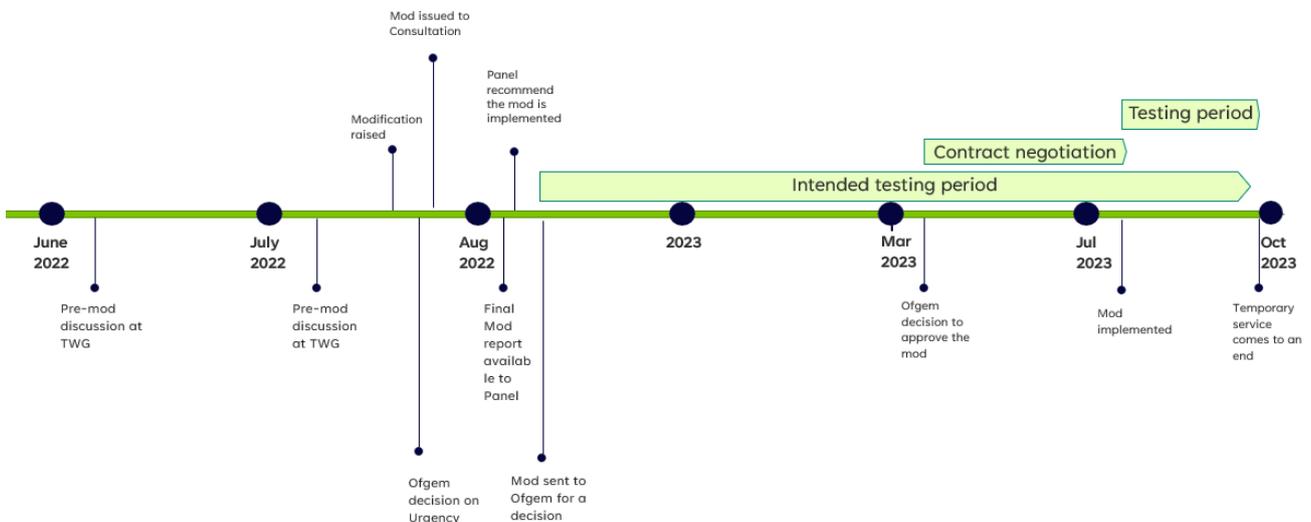
This Modification should be considered a material change and not subject to Self-Governance.

3 Why Change?

The IA between NGT and BBLC at Bacton IP takes effect as both a Network Entry Agreement and a Network Exit Agreement. The existing agreement has a time limited aspect specifically for an increased MNEPOR and gaining access to the enhanced pressure service which was introduced following the implementation of UNC0814. The time limited amendment which saw the MNEPOR increase from 184,780,632 kWh/d (7,699,193kWh/h) to 252,000,000 kWh/d (10,500,000 kWh/h) gave BBLC the ability to request export pressures from 55 – 68 bar expired on 30th September 2023.

Due to unforeseen delays in implementing UNC0814 the window of opportunity for BBLC to utilise the new contractual arrangements was limited. Following the implementation of UNC0814 on 19th July 2023, BBLC have had the ability to utilise the service, however, the prevailing market conditions have not supported increased exports from GB to continental Europe due to the price differential between NBP and TTF. Therefore, NGT consider that extending the arrangements which were approved by Ofgem until 31st December 2024 to be appropriate in order for BBLC and NGT to gather data associated to increased levels of exports and confirm that there is no additional risk of granting BBLC access to these time limited changes. The findings and data obtained from this period will then contribute towards the longer term thinking of how or if an enduring solution can be implemented.

The timeline below highlights the actual testing period which has been available to BBLC compared to the period which was originally intended within UNC0814 for testing.



Additionally, in Ofgem's decision letter² they recognise that the contractual arrangements between BBLC and INT are not equal and by allowing BBLC to gain access to the enhanced pressure service it will “ensure fair and equal treatment of both interconnectors as well as facilitating a level-playing field between them and their users, which will promote competition”. NGT also recognise this and believe this solution will deliver wider benefits for the industry and potentially bring down costs for Consumers.

Enabling BBLC to access the enhanced pressure service and increasing the MNEPOR at the BBLC Interconnection Point is directly relevant to the arrangements between NGT and Users and is therefore a ‘Relevant Interconnection Provision’ as per EID Section A4.1.1(b)(ii). The UNC (EID Section 4.1.3) prescribes that changes to Relevant Interconnection Provisions cannot be made unless (a) approval is obtained from each User holding capacity (‘for the time being’) at the relevant IP, or (b) pursuant to a Code Modification. Given the practical challenges associated with the former option (including the transient nature of Users holding capacity ‘for the time being’) our preferred approach is to seek a Code Modification to obtain this approval.

If this Modification is not approved, it is likely to prevent BBLC from expanding their business operation and competing for the available capacity at the Bacton IP Exit Point. In Ofgem's decision letter for UNC0814 they recognise that INT and BBLC had unequal access to the enhanced pressure service: “The proposed solution will ensure a level-playing field between BBLC and INT by granting BBLC access to an enhanced pressure service that INT already has access to. This will subsequently ensure fair and equal treatment of both interconnectors as well as facilitating a level-playing field between them and their users, which will promote competition”. Therefore, NGT consider the approval and implementation of this Modification to be an important step in ensuring effective and fair competition for export capacity at Bacton and believe this will bring wider industry and societal benefits for Consumers via reduced energy bills.

4 Code Specific Matters

Reference Documents

UNC0814 - [0814 \(Urgent\) - Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](#)

Knowledge/Skills

None

5 Solution

No changes to the UNC are required or proposed. However, changes to BBLC's IA will be required, a tracked changes version of BBLC's IA has been submitted as part of the Modification and outlines the proposed changes. These have been agreed with BBLC in advance of submission of the Modification.

This Modification seeks to enable the proposed change to the IA between NGT and BBLC (an “enabling Modification”) to increase the MNEPOR from 184,780,632 kWh/d (7,699,193kWh/h) to 252,000,000 kWh/d (10,500,000 kWh/h) and allow BBLC to request the enhanced pressure service. Both proposed changes would

² [UNC814 Decision \(gasgovernance.co.uk\)](#)

be temporary in nature and would apply from the implementation date of this Modification up to and including the 31 December 2024.

6 Impacts & Other Considerations

Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

None

Consumer Impacts

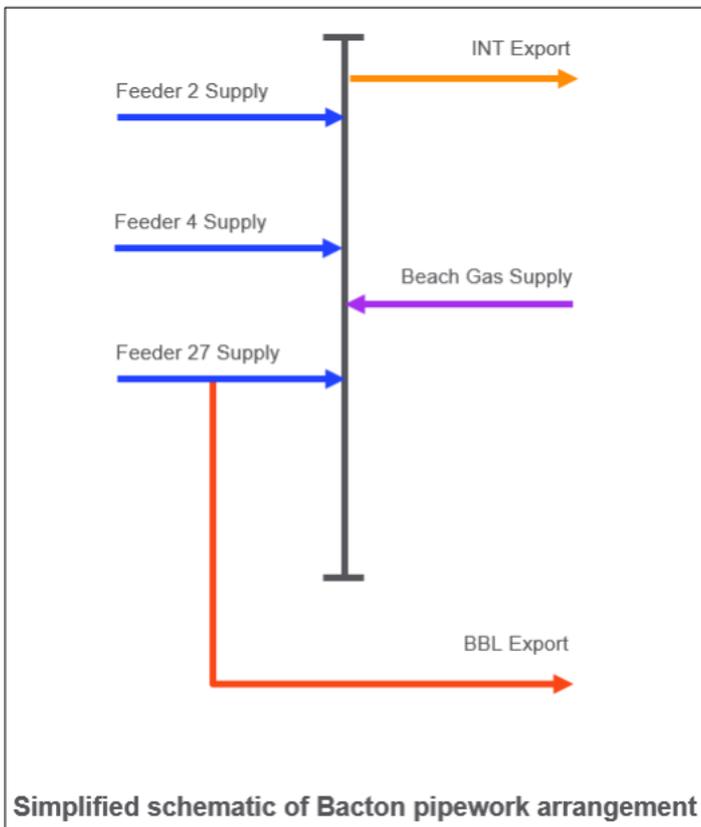
Positive impact on Consumers – If this Modification is implemented, it will result in creased levels of competition between Shippers and Operators which has potential to reduce costs for consumers.

Integrity Considerations:

During the consultation for UNC0814, one party submitted representations suggesting that if BBLC were to increase their export capability it may have a detrimental impact on them due to the perceived increased risk of dust / solid material being present within the pipeline system and being delivered to their infrastructure. NGT recognise and acknowledge that there is dust within the NTS, as there is in all pipeline systems and dust management is part of the normal business-as-usual (BAU) operation of the Gas System Operator (GSO).

Within the IA, there is a Velocity Control Protocol which NGT and INT follow to mitigate and manage the risks associated to dust deliveries. Due to the physical footprint of the National Transmission System INT predominately receives gas from feeders 2 and 4 as well as from the adjacent Bacton beach terminals. Whereas BBLC predominately receive gas from feeder 27.

During 2022 an in-line-inspection (ILI) was conducted on feeder 4 and it was subsequently cleaned. This cleaning process removed a quantity of dust prior to the feeder coming back into live operation. The schematic below highlights the configuration at Bacton.



Due to this configuration and the fact that BBLC’s export flows are facilitated via Feeder 27, NGT do not consider that there is an additional integrity risk for INT of permitting BBLC to increase their export capability via gaining access to the enhanced pressure service. Additionally, BBLC have recently conducted a pipeline inspection in September 2023 which did not identify any material, dust or liquids in the BBLC pipeline.

To support the Modification, a supplementary piece of velocity analysis has been provided below to describe type of velocities which may be experienced in different configurations:

Velocity Analysis:

Several factors affect velocity within feeders 2, 4 and 27 which make up the entirety of the gas supplied for BBLC and INT from the NTS in the majority of cases. These included:

- Bacton configuration
- Prevailing pressure
- Bacton UKCS supplies
- Export flows

Pipeline velocities have been outlined below assuming low Bacton UKCS supplies (15mcm/d 5th percentile historic) to show worst case scenarios.

Feeders 2, 4 and	Kings Lynn at typical	Interconnector and BBLC at MNEPOR	Feeder 2/4 velocity (m/s)	6.6
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27 separated	discharge pressure 63bar	(61mcm/d and 23mcm/d)	Feeder 27 velocity (m/s)	3.5
		Interconnector at MNEPOR, BBLC lower (61mcm/d and 16 mcm/d)	Feeder 2/4 velocity (m/s)	6.6
			Feeder 27 velocity(m/s)	2.4
	Kings Lynn at max discharge pressure 69bar	Interconnector and BBLC at MNEPOR (61mcm/d and 23mcm/d)	Feeder 2/4 velocity (m/s)	6
			Feeder 27 velocity (m/s)	3.2
		Interconnector at MNEPOR, BBLC lower (61mcm/d and 16 mcm/d)	Feeder 2/4 velocity (m/s)	6
Feeder 27 velocity (m/s)			2.2	

Feeder 2 4 and	Kings Lynn at	Interconnector and BBLC at	Feeder 2/4	4.6
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27 common	typical discharge pressure 63bar	MNEPOR (61mcm/d and 23mcm/d)	velocity (m/s)		
			Feeder 27 velocity (m/s)	5.4	
		Interconnector at MNEPOR, BBLC lower (61mcm/d and 16 mcm/d)	Feeder 2/4 velocity (m/s)	4.1	
	Feeder 27 velocity (m/s)		4.8		
	Kings Lynn at max discharge pressure 69bar	Interconnector and BBLC at MNEPOR (61mcm/d and 23mcm/d)	Feeder 2/4 velocity (m/s)	4.2	
Feeder 27 velocity (m/s)			5		
Interconnector at MNEPOR, BBLC lower (61mcm/d and 16 mcm/d)		Feeder 2/4 velocity (m/s)	3.8		
		Feeder 27 velocity (m/s)	4.4		

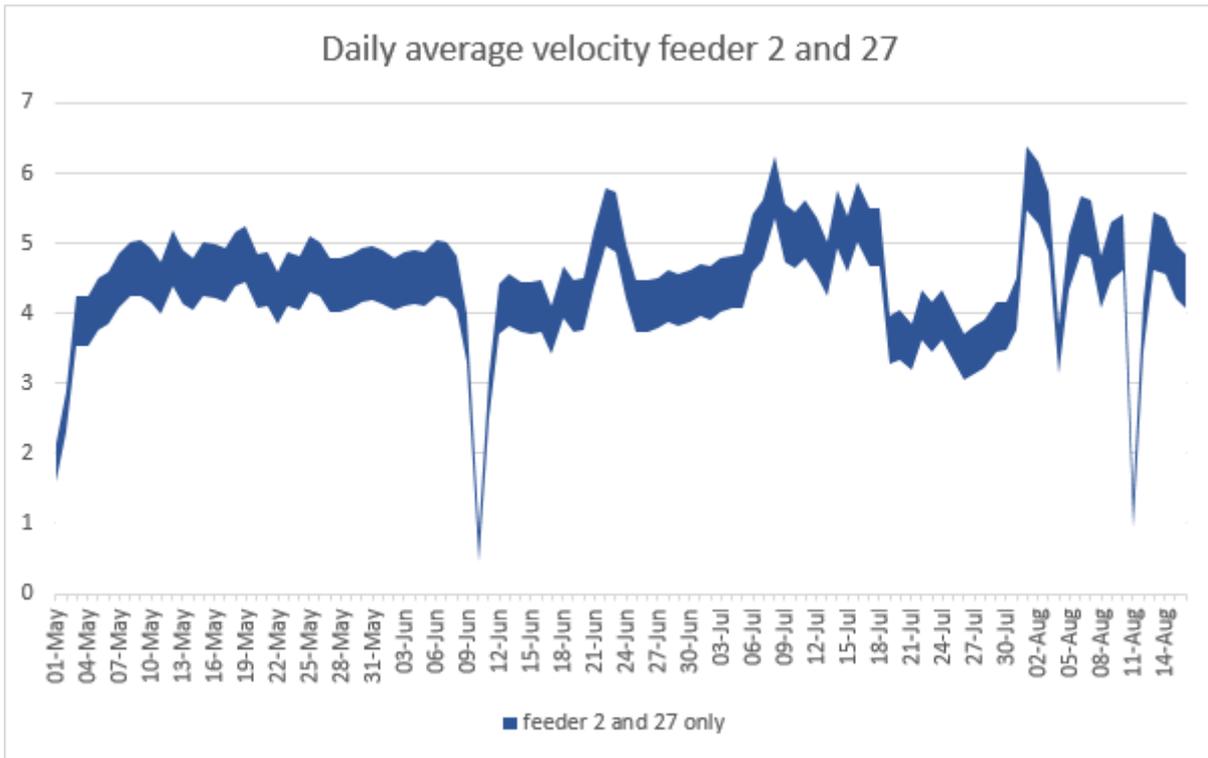
In summary:

- Velocities are increased between 10% - 13% with the increased MNEPOR at BBLC
- Increased pressure leads to lower velocities
- Network configurations are available which result in separate feeders supplying BBLC (F27) and INT (F2 and F4) which means the velocities are dependant upon either INT or BBLC's flow rate as opposed to a Common configuration where the three feeders support exports for both INT and BBLC. However,

operating in the separate configuration may result in higher velocities due to the feeders not being fully utilised.

- Expect velocities under these reasonable worst-case conditions are lower than the peaks seen in 2022 due to Feeder 4 outages

Additionally, velocities experienced in 2022 whilst Feeder 4 was isolated for a significant period of time resulted in higher velocities on the remaining supply feeders 2 and 27. Velocities were consistently around 4m/s on feeder 2 and 5m/s on Feeder 27 with peaks of 5.5m/s and 6.3m/s respectively. The below graph demonstrates the daily average velocities on feeder 2 and 27 from May 2022 – August 2022.



At this stage, it is important to remind the reader that this is an enabling Modification and its sole purpose is to allow a contractual change within BBLC’s IA and is completely separate from any potential physical or operational risks. Some of the additional information in this section has been provided following feedback from some stakeholders during the pre-Modification discussions and other engagements.

What is the current consumer experience and what would the new consumer experience be?

End consumers have no direct involvement with this Modification. However, this Modification seeks to promote competition at the Bacton Exit IP which could drive down prices for the industry and ultimately end consumers.

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
Improved safety and reliability	None
None	

<p>Lower bills than would otherwise be the case</p> <p>Increased levels of competition for capacity at the Bacton Exit IP has potential to drive down costs for the industry and consumers</p>	Positive
<p>Reduced environmental damage</p> <p>Slightly negative due to the potential for increased running hours of Kings Lynn Compressor Station which is used to facilitate the enhanced pressure service</p>	Slightly negative
<p>Improved quality of service</p> <p>None</p>	None
<p>Benefits for society as a whole</p> <p>Due to the increased levels of competition it has potential to drive down costs and lower bills for consumers.</p>	Positive

Cross-Code Impacts

None

EU Code Impacts

None

Central Systems Impacts

None

7 Relevant Objectives

Impact of the Modification on the Transporters' 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.	None

(d) Securing of effective competition:

(i) between relevant shippers;

Implementation of this Modification would enable greater levels of competition between the active shippers at the Bacton Exit IP who are currently, or who plan to, export gas from GB to continental Europe. Due to Bacton Exit IP having a shared baseline between BBLC and INT, if BBLC were able to increase their export capability via increasing their MNEPOR and gaining renewed access to the existing enhanced pressure service, it is likely that there will also be greater levels of competition for the available capacity at the exit point. The greater levels of competition may drive down costs for consumers.

Increasing the level of competition between BBLC and INT was something specifically highlighted in Ofgem’s decision letter for UNC0814 where they confirmed that permitting BBLC access to the enhanced pressure service will “ensure fair and equal treatment of both interconnectors as well as facilitating a level-playing field between them and their users, which will promote competition”.

As a result of the increased levels of competition between Shippers and BBLC and INT it can be argued that this could result in an improved quality of service for those who export gas via the Bacton Interconnectors to the EU. They will have greater levels of flexibility on the route they export gas due to the increased export capabilities of BBLC via enhanced MNEPOR and being able to request enhanced pressures.

This may improve the overall service quality that is experienced by parties wishing to export gas from GB to EU. Therefore, further contributing towards an effective and efficient market / industry.

8 Implementation

To be confirmed following Ofgem’s Direction.

9 Legal Text

Text Commentary

No changes to UNC text are required.

Text

This is an ‘enabling’ Modification, therefore no UNC text is required. However, changes will be required to BBLC’s IA which requires Ofgem approval.

A tracked changes version of BBLC’s IA will be provided as part of the Modification submission.

10 Consultation

Representations were invited from interested parties on 19 October 2023. All representations are encompassed within the Appended Representations section, including any initial representations.

The following table provides a high-level summary of the representations. Of the 7 representations received 4 supported implementation, 1 offered support along with comments, 1 offered qualified support, and 1 was not in support.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives
BBL Company V.O.F.	Support	a) positive d) positive e) positive
British Gas Trading Ltd	Qualified Support	d) positive
Cadent Gas Ltd	Support	d) positive
ENGIE SA	Support and Comments	d) negative
Interconnector Ltd	Oppose	a) negative c) negative d) negative g) negative
National Gas Transmission	Support	d) positive
RWE Supply & Trading GmbH	Support	d) positive

Please note that late submitted representations may not be included or referred to in this Final Modification Report. However, all representations received in response to this consultation (including late submissions) are published in full alongside this Report and will be taken into account when the UNC Modification Panel makes its assessment and recommendation.

11 Panel Discussions

Discussion

Ofgem had requested that the following questions are addressed during the Consultation:

Q1: Provide views/ details on the data/ information collection required from the proposed solution in order to be in a position for a decision on any future enduring solution. UNC0859S is proposed as a temporary Modification. The proposer states “This timeframe would provide sufficient time to gather data towards the longer term thinking and development of whether an enduring solution would be appropriate” [Page 3 of Modification document]. What information would you need to form a view as to whether an enduring solution is appropriate.

Q2: Provide views on the appropriateness of the time period for the enhanced pressure service proposed by the modification, with regards to system safety and GB security of supply. Do you consider Winter 2023/24 to be an

appropriate time to implement this Modification? Please explain your reasons. If not, please state when you consider would be an appropriate time and your reasons for this.

Consideration of the Relevant Objectives

Determinations

12 Recommendations

Panel Recommendation

Panel Members recommended that Modification 0859 **[should [not]** be implemented.

13 Ofgem's Self-Governance Rejection Letter

Appended Letter

14 Appended Representations

Initial Representations – none

Representation - BBL Company V.O.F.

Representation - British Gas Trading Ltd

Representation - Cadent Gas Ltd

Representation - ENGIE SA

Representation - Interconnector Ltd

Representation - National Gas Transmission

Representation - RWE Supply & Trading GmbH

Penny Garner
Joint Office of Gas Transporters

By email

Email: jonathan.balls@ofgem.gov.uk

Date: 14 December 2023

Dear Penny,

UNC Modification 0859S¹: Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)

We² have received notification from the Joint Office on 24 October 2023 that Uniform Network Code (UNC) modification proposal 0859S: Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)³ (hereafter "UNC859S") was considered a non-material change and therefore subject to Self-Governance. This letter confirms that we reject the Self-Governance Statement⁴ received and direct that UNC859S should come to the Authority for a decision.⁵

Background

Gas interconnectors connect gas transmission systems from other countries to the National Transmission System ("NTS") in Great Britain ("GB"). The Balgzand to Bacton Line ("BBL") is a bi-directional gas pipeline connecting GB and the Netherlands. BBL Company ("BBLC") is the certified Transmission System Operator of the pipeline. BBL is connected to the NTS at the Bacton Exit interconnection point. BBL is one of two gas interconnectors between GB and continental Europe.

On 22 July 2022, National Gas Transmission ("NGT") raised UNC0814: Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector (hereafter "UNC814"). UNC814 proposed to enable changes to the Interconnector Agreement ("IA") between NGT and BBLC to increase the Maximum Network Exit Point Offtake Rate ("MNEPOR") at the Bacton Exit interconnection point. It would allow BBLC to request access to an enhanced pressure service for BBL over a time limited period, from implementation of the modification up to and including 30 September 2023. We approved this modification on 6 March 2023.⁶ However, market conditions were such that

¹ UNC Modification 0859S <https://www.gasgovernance.co.uk/0859>

² Ofgem is the Office of the Gas and Electricity Markets Authority. The terms 'Ofgem', 'the Authority', 'we', 'our' and 'us' are used interchangeably in this letter.

³ Code modification documents available from: <https://www.gasgovernance.co.uk/0859>

⁴ Self-Governance Statement as defined in the UNC Modification Rules

<https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2021-03/19%20Modification%20Rules.pdf>

⁵ This is the procedure set out in the UNC Modification Rules at 6.6.3 and we understand that although a Self-Governance Statement was issued to the Authority by the Code Administrator, it did not include a Proposed Self-Governance Modification Proposal Determination Date. In the absence of this we are still rejecting the Self-Governance Statement and bringing the decision before the Authority for decision.

<https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2021-03/19%20Modification%20Rules.pdf>

⁶ <https://www.ofgem.gov.uk/publications/unc814-temporary-access-enhanced-pressure-service-and-increase-maximum-nts-exit-point-offtake-rate-bbl-interconnector-decision>

BBLC did not request an enhanced pressure service in the period up until 30 September 2023, and so the service was not used.

UNC859S is also a proposal raised by NGT and seeks to enable the same changes to the IA between NGT and BBLC for a different time period, from the point of implementation until 31 December 2024. NGT states that allowing BBLC to request an enhanced pressure service will provide BBLC and NGT a window of opportunity to gather data and provide NGT an opportunity to understand whether the increased flows effect the NTS. NGT states that this will contribute towards the longer term thinking of how or if an enduring increased MNEPOR can be proposed.

UNC Modification Panel View

At a Panel Meeting on 19 October 2023, the UNC Modification Panel ("the Panel") considered whether this modification should go to the Authority for a decision.

During this meeting the Ofgem representative expressed Ofgem's view that this modification should be subject to Authority direction.⁷ A Panel member sought clarification as to whether we had decided on Authority direction, and Ofgem responded that should the Panel vote for Self-Governance we would then consider rejecting the statement of Self-Governance.

The Panel determined that the Proposal satisfies the Self-Governance Criteria⁸ and eight panel members voted in favour of Self-Governance with six not in favour. The Panel endorsed NGT's view that the modification can be processed under Self-Governance procedures, concluding that the modification is unlikely to have a material effect on competition in the shipping, transportation or supply of gas through pipes or any associated commercial activities.

Reasons for our decision

In reaching our decision, we have considered NGT's (as the Proposer) and the Panel's views on this modification progressing down the Self-Governance route.

The Authority is of the view that UNC859S may have a material effect on security of supply because the proposed solution involves changes to arrangements at Bacton Interconnection Point during winter months when GB may rely on gas imports through the interconnectors to balance supply and demand on the NTS. For this reason we reject the Self-Governance Statement received and we consider it appropriate that UNC859S should come to the Authority for a decision.

For avoidance of doubt, in bringing the decision before the Authority, we have made no assessment of the merits of the Proposal and nothing in this letter in any way fetters our discretion in respect of the Proposal.

If you have any further questions, please contact jonathan.balls@ofgem.gov.uk.

Yours sincerely,

Helen Seaton

Interim Head of Energy Security of Supply

⁷ <https://www.gasgovernance.co.uk/sites/default/files/ggf/2023-10/Panel%20Minutes%20312%2019%20October%202023.pdf>

⁸ The Self-Governance criteria are set out in NGT's Standard Special conditions - Part A document <https://www.ofgem.gov.uk/sites/default/files/2023-03/Standard%20Special%20Condition%20-%20PART%20A%20Consolidated%20-%20Current.pdf>

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Our reference BBL VOF 23.054 Your reference

Subject
BBL Company's response to consultation on UNC Modification Proposal - 0859 – "Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)"

Dear Joint Office,

BBL Company (BBLC) **supports** the Proposal.

BBLC supports the Proposal because it enables BBLC to request access to the existing discretionary Enhanced Pressure Service (EPS) that is already available to Interconnector Limited (INT) at the Bacton Interconnector Exit Point. As such, BBLC considers that the Proposal will facilitate a 'Level Playing Field' to enable BBLC and INT to compete with each other. This benefit was particularly highlighted in Ofgem's decision letter on UNC Modification Proposal 0814¹.

This 'Level Playing Field' benefit also extends to the relevant shippers wishing to export gas at Bacton. The proposed enhancement to BBLC's MNEPOR rate will expand the availability of Bacton export (Exit) capability which therefore expands the market for Bacton IP NTS Exit Capacity. This in turn, facilitates further competition between shippers both within the GB market and across borders with the EU.

BBLC also considers that such increased exit flow rates will contribute towards greater security of supply for both mainland Europe and GB consumers. The increased MNEPOR exit flow rate will enable GB shippers to more rapidly replenish EU gas storage stocks, for redelivery back to GB consumers when required, and also enable them to respond more effectively to gas market demands within Europe.

In April 2021 BBLC contacted National Gas Transmission (NGT) and requested access to the existing discretionary EPS at the Bacton IP Exit Point. NGT subsequently raised UNC Modification Proposal 0814 which was approved by Ofgem on March 6th 2023.

It was envisaged that UNC Modification 0814 would allow BBLC equal access to the EPS for an initial time-limited period to enable NGT to gather operational data on the use of the service which would then inform the longer-term thinking on the enduring provision of the

¹ Ofgem decision letter 0814 - [UNC814 Decision \(gasgovernance.co.uk\)](https://www.ofgem.gov.uk/consult/condocs/unc/unc0814/unc0814_decision.pdf)

BBL Company V.O.F.

Date: 14 December 2023

Our reference: BBL VOF 23.054

BBL Company's response to consultation on UNC Modification Proposal - 0859 – "Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)"

service at Bacton. Unfortunately, as stated in Proposal 0859, delays in implementing 0814, and changing market conditions, meant that BBL shippers were not in a position to utilise the EPS during this trial period.

BBLC considers that it is appropriate to reintroduce the BBLC access to the existing EPS through Mod 0859 so that there is a further opportunity for NGT to gather the relevant operational data it requires. Modification Proposal 0859 is, in practical operational terms, and with regards to the proposed solution, identical to Modification 0814 which was approved by Ofgem on 6th March 2023.

BBLC supports NGT offering equal treatment in the provision and access to the existing EPS provisions at the Bacton IP Exit Point. BBLC believes that such equal access is in line with NGT's statutory and licence obligations to provide a 'level playing field' for those seeking to access NGT's network.

Access to the EPS will also enable an increase in BBLC's maximum exit flow rate (MNEPOR) from the NTS. BBLC agrees with the Proposer that facilitating increased exit flow rates at the BBL physical offtake point will increase the market size for NTS Exit Capacity at the Bacton IP and, therefore, will promote further competition between shippers wishing to export gas to Europe and also between the Interconnector Operators at the Bacton IP Exit Point.

BBLC's views on the Relevant Objectives:

a) Efficient and economic operation of the pipe-line system: Positive.

Having access to the existing EPS at the Bacton Interconnection Exit Point will enable an increase in the MNEPOR at the BBL physical Offtake. This increase in offtake rate will enable BBLC to offer its shippers increased BBL pipeline transportation capacity for reverse flow (GB to NL). This, in turn, will increase the provision of export capability available to the GB market. To the extent that BBL shippers take up this increased export capability, and this is matched to NGT Exit and Entry Capacity, this will increase the utilisation of the NTS and therefore increase the efficient and economic operation of the pipeline system.

If the increase in the BBL MNEPOR rate is fully utilised on a Gas Day, then BBLC estimates that enabling this service on behalf of its shippers would create, in the order of, £100,000 of additional daily NGT transportation revenue. In turn, this additional transportation revenue, recovered by NGT, would be offset against its Allowed Revenue and therefore reduce NGT's Allowed Revenue recovery requirement from other sources and therefore reduce costs to other GB consumers.

d) Securing of effective competition: Positive.

Having access to the existing EPS at the Bacton Interconnection Exit Point will be accompanied by an increased in the MNEPOR offtake rate at the BBL physical Offtake. This increase will enable BBLC to offer its shippers increased BBL pipeline transportation capacity for reverse flow (GB to NL). This will increase the provision of export capability for the GB market thus further facilitating competition between shippers and also between the Interconnector Operators at Bacton.

BBL Company V.O.F.

Date: 14 December 2023

Our reference: BBL VOF 23.054

BBL Company's response to consultation on UNC Modification Proposal - 0859 – "Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)"

To the extent that such additional BBL pipeline capacity is matched with NGT's NTS Exit Capacity this will also increase competition for NGT's Capacity products, again facilitating this relevant objective.

Increasing export capability also facilitates cross-border competition between markets which in turn drives down commodity prices and benefits end consumers. Enabling BBLC to request access to the existing EPS will also place BBLC on an equal footing with Interconnector Limited (INT) which is already able to request access to this service. As such, the Proposal would also facilitate a 'level playing field' between the two Interconnector Operators at Bacton and promote competition between these parties. Increasing the level of competition between Interconnector Operators was also specifically highlighted in Ofgem's decision letter for UNC Modification Proposal 0814 in which it confirmed that enabling BBLC access to the EPS would "*ensure fair and equal treatment of both interconnectors as well as facilitating a level-playing field between them and their users, which will promote competition*".

- 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: **Positive.**

Enabling BBLC to access the existing EPS at the Bacton IP increases BBLC's capability to export gas to Mainland Europe. This, in turn, increases the ability of GB based gas suppliers to access European gas storage facilities and increases their commercial options for maintaining security of supplies to GB domestic consumers.

Response to Ofgem questions:

Question One - *Provide views / details on the data / information collection required from the proposed solution in order to be in a position for a decision on any future enduring solution. UNC0859S is proposed as a temporary modification. The proposer states "This timeframe would provide sufficient time to gather data towards the longer term thinking and development of whether an enduring solution would be appropriate" [Page 3 of Modification document]. What information would you need to form a view as to whether an enduring solution is appropriate?*

BBLC Response - BBLC does not consider that it is necessary for additional data to be gathered, or for 0859 to be time-limited in order to make a regulatory / commercial decision on the enduring provision of the existing discretionary EPS to all parties connected at the Bacton Exit IP. However, BBLC understands that NGT wishes to adopt this approach.

The provision of regulated services by NGT should be based on the requirements set out in the Competition Act 1998, the Gas Act 1996 and its related Standard Licence Conditions to offer the same level, and type, of service to all connected parties, on the same basis and without undue preference. BBLC considers that to do otherwise would prevent, restrict and / or distort competition between the Interconnector Operators at Bacton and between the shippers wishing to export gas at this IP Exit Point.

BBL Company V.O.F.

Date: 14 December 2023

Our reference: BBL VOF 23.054

BBL Company's response to consultation on UNC Modification Proposal - 0859 – "Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)"

The existing EPS at Bacton has been made available by NGT to Interconnector Limited (INT) for a significant period of time and over such period significant data / information must have been gathered by both parties. Therefore, BBLC sees no reason why the discretionary EPS should not be made available to all parties at Bacton on the same terms and conditions.

As stated earlier in this response, BBLC approached NGT to request access to the EPS in April 2021. Since then, other than during the short trial period covered by the previous Modification Proposal 0814, the restricted provision of the EPS solely to INT has placed INT and its shippers at a competitive advantage to BBLC and its shippers. This is because without access to the EPS BBLC is unable to make available, to its shippers, the additional export capability associated with the increased MNEPOR that accompanies access to the EPS. As detailed above, this restricts the market size for NGT's Exit Capacity at the Bacton IP Exit Point and therefore restricts / distorts competition. Given this situation BBLC wonders whether it is appropriate for NGT to continue to provide such restricted access to the EPS at Bacton whilst waiting for a formal decision, on the nature of its future provision to all relevant parties, to be made.

Question Two - *Provide views on the appropriateness of the time period for the enhanced pressure service proposed by the modification, with regards to system safety and GB security of supply. Do you consider Winter 23/24 to be an appropriate time to implement this modification. Please explain your reasons. If not, please state when you consider would be an appropriate time and your reasons for this."*

BBLC Response - BBLC notes that the existing discretionary EPS is already available to INT. INT also has a significantly larger MPNEPOR than BBLC. Indeed, BBLC notes that, subject to shipper demand to export gas, INT could today ask for access to the EPS, be granted it by NGT, and then subsequently flow gas up to the maximum NGT GT Licence Baseline Exit Capacity rate at the Bacton IP Exit Point.

BBLC would again stress that the Proposal merely enables NGT to extend the offer of access to this existing discretionary service provision to others at the same Exit Point. The Modification Proposal does not 'require' or 'oblige' NGT to provide BBLC with access to the existing EPS. The existing EPS currently provided to INT is also discretionary. Therefore, NGT is able to refuse to offer the service on any, and for any, Gas Day it wishes. Also, the Proposal does not increase NGT's GT Licence Baseline Exit Capacity at the Bacton IP, neither does it force / require NGT to increase gas volumes, pressures or velocities at the Bacton IP Exit Point.

Perceived increased risk of dust / solid material being present within the pipeline system – BBLC notes previous industry discussions in UNC workgroup meetings relating to INT's concerns regarding dust contamination within the NTS Feeder pipeline to which its physical offtake is connected. BBLC also notes the Proposer's statements, during the workgroup discussions on this, and the previous 0814, Proposal, that it has responded to INT's concerns by completing both a cleaning exercise on pipeline Feeder 4 in 2022, and put in place other local dust mitigation steps and velocity protocols.

BBLC can also confirm that it completed an Online Inspection of the BBL pipeline in September 2023. This inspection found no dust or liquid contamination of the pipeline.

BBL Company V.O.F.

Date: 14 December 2023

Our reference: BBL VOF 23.054

BBL Company's response to consultation on UNC Modification Proposal - 0859 – "Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)"

BBLC considers that operational (Business as Usual (BAU)) risk assessments covering parameters such as gas quality, temperature, velocity, pressure, contaminants, etc are fundamentally the role of NGT as the System Operator and this role is governed by its GT licence, safety case and various statutory obligations.

It is important to recognise that the Proposal, and associated changes to BBLC's Interconnector Agreement, merely enable BBLC, as is currently the case in regards to INT, to request NGT to provide an enhanced pressure for a given Gas Day. NGT are not obliged to provide the service.

BBLC agrees with the Proposer that enabling BBLC to request access to the existing discretionary EPS would not pose "an additional integrity risk" since such 'requests' would always be subject to the normal BAU operational assessments by NGT. NGT has confirmed that such operational BAU assessments include an assessment of integrity risk for supplies to other network users prior to any such EPS requests being granted.

Timing - Given that the Proposal does not require a change to the physical operation of the network or any IT systems, BBLC believes the Proposal should be implemented as soon as a decision is reached. It should be noted that even in winter periods 'reverse flow' (export) of gas through the BBL pipeline is possible and, in such circumstances, having access to the existing EPS would enable BBLC to offer greater value to shippers and more effective competition with INT. Early implementation of the Proposal would permit the maximum opportunity for BBLC and its shippers to make use of the discretionary EPS in order to maximise the size of the market for gas export capacity at the Bacton IP Exit Point and also maximise NGT's revenue from both the provision of the service and any associated additional NTS Exit Capacity and Entry Capacity sales.

BBLC considers that Winter 2023/24 is an appropriate time to implement the Proposal.

Yours sincerely,



Rudi Streuper
Commercial Manager

Representation - Draft Modification Report UNC 0859

Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)

Responses invited by: **5pm on 15 December 2023**

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Mariachiara Zennaro
Organisation:	British Gas Trading Ltd
Date of Representation:	15/12/2023
Support or oppose implementation?	Qualified Support
Relevant Objective:	d) Positive
Relevant Charging Methodology Objective:	Not Applicable

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

In principle, Centrica supports the proposal to permit BBLC to increase their export capabilities at the Bacton IP initially on a temporary basis by gaining access to the enhanced pressure service and increasing MNEPOR until 31st December 2024. The modification supports/enables BBL to offer additional capacity and provides for a level playing field between Interconnector Limited (INT) & BBL.

However, our comments remain aligned to those highlighted in our [response](#) to UNC modification 0814. In particular, the modification should not increase the risk profile of the dust/particle/filter issue.

We remain supportive of National Gas Transmission implementing improved physical arrangements as soon as possible at Bacton to remedy the disparity in the risk profile to flows exporting via the INT and BBL interconnectors as a result of the dust/particle/filter issues.

Implementation: What lead-time do you wish to see prior to implementation and why?

No further comments

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

No further comments

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

No further comments

Ofgem have requested that the following questions are addressed:

Q1: Provide views/ details on the data/ information collection required from the proposed solution in order to be in a position for a decision on any future enduring solution. UNC0859S is proposed as a temporary Modification. The proposer states “This timeframe would provide sufficient time to gather data towards the longer term thinking and development of whether an enduring solution would be appropriate” [Page 3 of Modification document]. What information would you need to form a view as to whether an enduring solution is appropriate.

No further comments

Q2: Provide views on the appropriateness of the time period for the enhanced pressure service proposed by the Modification, with regards to system safety and GB security of supply. Do you consider Winter 2023/24 to be an appropriate time to implement this Modification? Please explain your reasons. If not, please state when you consider would be an appropriate time and your reasons for this.

No further comments

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

No further comments

Please provide below any additional analysis or information to support your representation

No further comments

Representation - Draft Modification Report UNC 0859

Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)

Responses invited by: **5pm on 15 December 2023**

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Edward Allard
Organisation:	Cadent Gas Limited
Date of Representation:	15 th December 2023
Support or oppose implementation?	Support
Relevant Objective:	d) Positive
Relevant Charging Methodology Objective:	Not Applicable

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

Cadent's rationale for supporting of this modification is:

1. The modification acts as an enabler and importantly, doesn't unreservedly give BBL the right to operate at an increased pressure rate. Instead, National gas will use reasonable endeavours and analyse the wider conditions of the NTS when increasing pressures, ensuring the interests of other consumers are considered.
2. The proposed increase in Maximum Network Exit Point Offtake Rate (MNEPOR) that BBL may be able to achieve (enabled by this modification) is at a rate consistent with other Bacton interconnector operators.
3. The modification is time-bound and will afford parties the opportunity to understand the impacts of BBL's access to enhanced pressures at this particular interconnector point prior to any potential enduring change.

Relevant Objective d) “*Securing Effective Competition: between relevant shippers...*” =

We believe that this modification furthers relevant objective D. We agree with the proposer’s justification for the modification furthering this relevant objective, as it would create a level playing field between BBL and INT at the Bacton Interconnector Point, promoting greater levels of competition for the available exit point capacity.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

The modification should be implemented as soon as reasonably practical following authority decision. It is considered an enabling modification, and National Gas will use existing operating procedures (e.g., analysing wider NTS conditions) when considering any enhancement in pressure.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

No impacts or costs identified.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

We are satisfied that the Legal Text will deliver the intent of the solution.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

None

Please provide below any additional analysis or information to support your representation

Nothing further to add.

We trust that this information will assist in the completion of the Final Modification Report.

Please contact me on 07891670444 (Edward.allard@cadentgas.com) should you require any further information.

Representation - Draft Modification Report UNC 0859

Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)

Responses invited by: **5pm on 15 December 2023**

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Anna Gyory
Organisation:	ENGIE SA
Date of Representation:	12/12/2023
Support or oppose implementation?	Support and Comments * <i>delete as appropriate</i>
Relevant Objective:	d) Negative * <i>delete as appropriate</i>
Relevant Charging Methodology Objective:	Not Applicable * <i>delete as appropriate</i>

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

In recent months the operation of the Interconnector Ltd. and consequently the commercial activities of relevant shippers have suffered several times from the delivery of solids and liquid in gas delivered from the NTS to the Bacton Exit Interconnection Point.

Related to this modification, Interconnector Ltd launched a consultation on its access rules and charging methodology. As part of this consultation we note that it is proposing to introduce a financial compensation that Interconnector Ltd would invoice to shippers in case of damages caused by off specification gas.

ENGIE understands Interconnector Ltd's reaction to this modification and that it is taking steps to mitigate against the potential operational impact, however, these changes should be reflected in the modification report to ensure that any forthcoming decision to implement is fully informed of the consequences.

It is also important to consider that GB shippers and customers will not be able to profit from an enhanced pressure service if the enhancement of the pressure will jeopardise the operation of the pipelines.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

Before taking forward any modification proposal to further enhance NTS IP flows at Bacton, it is in the interest of GB consumers for NGG to urgently address the delivery of off specification gas from the NTS at the Bacton IP by investment in mitigating assets (e.g. filters).

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

The increased risk and probability of delivery of non-specification gas could result in significant costs to shippers.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

N/A

Ofgem have requested that the following questions are addressed:

Q1: Provide views/ details on the data/ information collection required from the proposed solution in order to be in a position for a decision on any future enduring solution. UNC0859S is proposed as a temporary Modification. The proposer states "This timeframe would provide sufficient time to gather data towards the longer term thinking and development of whether an enduring solution would be appropriate" [Page 3 of Modification document]. What information would you need to form a view as to whether an enduring solution is appropriate.

As stated above, the broader contractual issues should be considered as to whether the full impact of the modification is in the best interests of GB shippers and GB customers.

Q2: Provide views on the appropriateness of the time period for the enhanced pressure service proposed by the Modification, with regards to system safety and GB security of supply. Do you consider Winter 2023/24 to be an appropriate time to implement this Modification? Please explain your reasons. If not, please state when you consider would be an appropriate time and your reasons for this.

As stated above, we would urge NGT to undertake further investment to eradicate the potential for solids/liquids to be present in gas delivered to the interconnectors.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

The report should at the very least identify the steps being taken by Interconnector Ltd., BBL and National Transmission to mitigate against the risks/costs involved with implementing this modification.

Please provide below any additional analysis or information to support your representation

Representation - Draft Modification Report UNC 0859

Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)

Responses invited by: **5pm on 15 December 2023**

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Pavanjit Dhesi
Organisation:	Interconnector Limited
Date of Representation:	15 th December 2023
Support or oppose implementation?	Oppose
Relevant Objective:	d) Negative In addition, we would argue this modification is: a) Negative c) Negative g) Negative
Relevant Charging Methodology Objective:	Not Applicable

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

Interconnector (INT) does not support this modification due to:

- a) The continued risk of contaminated gas being delivered from the National Transmission System (NTS) at Bacton into the Interconnector system. This has the potential to cause further market disruption and damage to GB's largest transmission connection to and from Europe. This can impact both GB exports and GB imports and therefore is a risk to GB security of supply and GB consumers' interest;

- b) The lack of technical assessment accompanying the modification despite commitments from National Gas Transmission (NGT) to do this if arrangements were more enduring beyond UNC814¹;
- c) Unfair and discriminatory exposure of the NTS Bacton (exit) IP users seeking to flow GB gas with INT. Only these NTS users, Interconnector and INT shippers are directly exposed to the negative consequences of NGT's "trial" to "gather data" and "understand impacts"²; and
- d) Unfair and discriminatory treatment of the NTS Bacton (exit) IP users seeking to flow GB gas with INT (the NTS Bacton (exit) IP being a single exit point in NGT's licence and commercial arrangements, connecting to 2 interconnectors). This is by choosing to continue an operational configuration which extends the provision of "clean" gas flows to only one downstream party via feeder 27 whilst exposure remains to contaminated gas via gas delivery from other NTS Bacton feeders into Interconnector, and despite alternative configurations being available. NGT's velocity analysis indicates the splitting the flows (feeder 27 to BBL and feeder 2 + 4 to INT) increases the velocity of flows into INT. It shows this velocity is increased by this modification proposal. It also shows the velocity feeding BBL from feeder 27 is almost always half of what is it feeding INT via feeders 2 and 4. This is a concern and is not, in our view, a level playing for NTS Bacton (exit) IP shippers wishing to use their Bacton capacity to flow to Belgium. NGT's analysis of the velocities, if flows are split over the three Feeders, shows a significant drop in the velocities to INT, and more parity on the velocity levels of the 3 feeders. This illustrates a common configuration must be utilised.

To be clear, INT's concern is not directed at BBL requesting an enhanced pressure service and increased MNEPOR. Our representations here are driven by our concern about contaminated gas being delivered into the INT system. The risk of contaminated gas from the NTS Bacton (exit) IP continues and needs addressing first. This modification increases exit flows at Bacton increasing this risk exposure. NGT has itself explained that high flows to both interconnectors were a key factor in the delivery of significant volumes on contaminated gas from the NTS at Bacton in 2022. It is therefore negative against objective (d) and also objective (g) by exacerbating disruption risk rather than further facilitating cross border flows.

¹ The UNC 814 Final Modification Report said "A time limited measure has been proposed due to the limited opportunity to carry out analysis on the proposal in time for the modification to be implemented. If access to the enhanced pressure service and an increase to the maximum exit flow rate was to be considered on an enduring basis, network analysis would be required":

https://www.gasgovernance.co.uk/sites/default/files/ggf/book/2022-08/Final%20Modification%20Report%200814%20%28Urgent%29%20v2.0%20with%20%20appendices_0.pdf

² The UNC859 modification now refers to UNC814 as a "trial period" and "testing period" (this was not mentioned in the UNC 814 modification) and says this UNC859 modification "will provide BBLC and NGT a greater window of opportunity to gather data and for NGT an opportunity to understand whether the increased flows effect the National Transmission System":

<https://www.gasgovernance.co.uk/sites/default/files/ggf/book/2023-10/Modification%200859%20v1.0.pdf>

NG's presentation to the September UNC transmission working group about this proposal also said this was "a time limited solution until data has been obtained which can contribute towards our longer term thinking and understand the impacts": <https://www.gasgovernance.co.uk/sites/default/files/ggf/2023-08/1.5.2.%20Extension%20of%20the%20arrangements%20introduced%20via%20UNC%20Modification%200814%20%20-%20Sep%20TWG.pdf>

It is important to also note that the current operational mitigation measures and cleaning on the NTS are only partial, not fully effective and not sustainable (only a fraction of NTS flows to INT are partially filtered). NGT has said this itself and this has formed its justification for NTS filter investment at Bacton under its RIIO-2 re-opener application to Ofgem in January 2023. We continue to support NGT's proposal to mitigate this problem with this investment and look forward to Ofgem's minded to decision.

Despite the partial measures taken by NGT, and assurances in the UNC814 process, there have been further instances of contaminated gas being delivered from the NTS to Interconnector. Further high levels of contaminated gas (solid particulate matter) from the NTS again caused market disruption to gas flows via INT in May 2023 forcing it to undertake unplanned maintenance. Flows to the European continent had to be reduced by 15% of INT's technical capacity (97.76 GWh/day) for the affected period with consequences for the market and the connected system users. Furthermore, in INT's most recent annual maintenance period in November 2023, significant quantities of dust/solids (182 kg) were again found and cleaned from our filters. This is significantly more than what would be expected and indicates that the problem persists, also in an environment of medium flows towards NTS Bacton (exit) IP. The risk therefore remains if NTS Bacton (exit) IP flows via both interconnectors again reach high levels.

The proposal also does not include the required network analysis to assess it adequately. UNC859 now speaks of a trial period to understand impacts - this was not mentioned in the UNC814 process. We also consider it discriminatory to carry out extended trial periods where the risk and impacts will affect one downstream party only. Proceeding with this modification would be contrary to NGT's obligation to maintain an efficient and economical pipeline system and therefore negative against relevant objective (a). It is also contrary to relevant objective (d), discriminating against NTS Bacton (exit) IP users seeking to use capacity with Interconnector and flow gas to Belgium.

In the UNC814 process, NGT stated it did not do network analysis assessments because the modification was urgent and insufficient time was available in that context. Noting UNC814 was raised in July 2022, it is unclear why 16 months has now been insufficient time to include this assessment in this extension modification. Furthermore, the urgency of the supply crisis to Europe has subsided to a certain extent with European storage at maximum filling levels, and an accelerated build out of LNG import terminals. We therefore do not view criticality for this temporary modification extension. The proposer should be providing the information it is required to provide, and which it previously committed to providing if the amendments were to be extended further.

The velocity analysis seems brief and does not provide an explanation or comfort on which predictive, preventive or mitigating actions and operating protocols are in place. Moreover, whilst the velocity analysis seemingly indicates there should not have been any issues, large quantities of contaminated gas (solid particulate matter) have been delivered in May 2023 and subsequently. What the velocity analysis does indicate, is that a configuration where flows are split (feeder 27 to BBL and feeder 2 + 4 to INT) increases the velocity of flows into INT. It shows this velocity is increased by this modification proposal. It also shows the velocity feeding BBL from feeder 27 is almost always half of what is it feeding INT via feeders 2 and 4. If flows are split over the three Feeders, the NGT analysis shows a significant drop in the velocities to INT, and more parity on the velocity levels of the 3 feeders. This illustrates a common configuration must be utilised, to support a level playing field and to mitigate the risk of delivery of contaminated gas.

It is a requirement of the Gas Safety (Management) Regulations³ (“GSMR”) that gas transported in the NTS should not contain solid or liquid material which may interfere with the integrity or operation of pipes. We note that NGT as the NTS operator has a statutory duty to conduct its business in a manner that secures compliance with GSMR⁴. The proposed arrangement, explained as an ‘extended trial period’, ‘to understand impacts’, and with no network analysis is not, in our view, in line with this statutory duty. That there is a material risk of delivering non-GSMR compliant gas to an NTS connected party is by now well clear. This is, in our view negatively impacting objective (c), (Efficient discharge of the licensee's obligations). The modification is being proposed without adequately addressing the current issues with contaminated gas and without carrying out a proper assessment of the proposal taking account of these known issues.

We ask that consideration is also given to the legal obligations included in the EU-UK Trade and Cooperation Agreement on cooperation in the domain of security of supply, as well as the intergovernmental agreement between the United Kingdom and Belgium regarding Interconnector⁵: “*to make every effort to ensure the uninterrupted flow of natural gas*”. We therefore ask that it is ensured that the operator of the NTS takes a reasonable and prudent approach and puts in place the necessary mitigation and risk reducing measures.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

Before considering taking forward any modification extension, to further enhance flows at Bacton, it is in the interest of GB consumers for NGT to address the contaminated gas issue from the NTS at the Bacton (exit) IP. This is by investment in mitigating assets (filters). Any modification proposals, whether temporary or not, also need to be fully assessed by technical analysis which should be shared and consulted on with stakeholders.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

Without technical information to support the proposal, and without risk mitigation, there is the risk of significant impacts to the functioning of the GB market, cross border trade and security of supply. This must be considered and adequately assessed.

The risk of the delivery of contaminated gas causing disruption increases in likelihood if this modification were extended and flows reach high level again via both interconnectors. This could result in significant costs for INT (clearing the system, repairing damage to equipment and curtailing flows due to the receipt of contaminated gas) and GB shippers through their inability to use all their contracted capacity at NTS Bacton (exit) IP and on Interconnector.

The proposal could also increase costs to consumers if flows are disrupted and there are sudden reductions in GB export or import capabilities leading to a disorderly and inefficient market with Shippers needing to rebalance their portfolios, at cost, in both the GB and Continental markets.

³ See Schedule 3 Part 1 “Requirement under normal conditions”.

⁴ Section 16 (10) of the Gas Act 1986.

⁵ Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Belgium relating to the Transmission of Natural Gas through a Pipeline between the United Kingdom of Great Britain and Northern Ireland and the Kingdom of Belgium, 10 December 1997.

In the modification, NGT describes the proposal as a ‘testing period’ and a ‘trial period’. However, it is unclear what is being tested or trialled within this modification, other than whether contaminated gas is indeed delivered from the NTS or not, which could result in serious implications.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

Insert Text Here

Ofgem have requested that the following questions are addressed:

Q1: Provide views/ details on the data/ information collection required from the proposed solution in order to be in a position for a decision on any future enduring solution. UNC0859S is proposed as a temporary Modification. The proposer states “This timeframe would provide sufficient time to gather data towards the longer term thinking and development of whether an enduring solution would be appropriate” [Page 3 of Modification document]. What information would you need to form a view as to whether an enduring solution is appropriate.

The proposer of the modification has, in this proposal and UNC transmission working groups discussions, spoken about trial periods to gather data and understand impacts. This implies that the proposer does not have a sufficient understanding of the relationship between the operation of the system and the proposed changes, were this Modification implemented. It has also not provided sufficient upfront reassurances that the proposal would be impact-free or that it has the ability to contain an incident. We are very concerned by such an approach in general, and by the potential consequences specifically.

Noting the problem with contaminated gas from the NTS, the risk of further disruption, damage to GB’s largest export and import transmission connection to/from Europe and potential consequences to security of supply – this assessment must be done and included in this proposal. It is questionable that a trial can be extended well over a year when there are known problems which can have significant consequences. It is not a level playing field if only one set of NTS Bacton users and INT faces the consequences of any negative impact. In UNC814, the proposer spoke of a “*time limited measure has been proposed due to the limited opportunity to carry out analysis on the proposal. If access to the enhanced pressure service and an increase to the maximum exit flow rate must be considered on an enduring basis, network analysis would be required.*”⁶ It has had over a year now to carry out this analysis.

Furthermore, the proposer should explain how it has assessed the risk of this extension in terms of delivering more contaminated gas. NGT has explained that high flows towards NTS Bacton (exit) IP are a key factor reasons for the delivery of contaminated gas and Bacton filter investment on the NTS is necessary. Pending the filter investment, it should explain and provide analysis that this modification will not increase this risk. It should furthermore explain why gas from Feeder 27 which can also flow to INT is not being shared in a common configuration despite the known problems with the gas from the other feeders

⁶ https://www.gasgovernance.co.uk/sites/default/files/ggf/book/2022-08/Final%20Modification%20Report%200814%20%28Urgent%29%20v2.0%20with%20%20appendices_0.pdf

connected into the Bacton ring main, and the positive impact this would have on reducing the velocities and the risks.

Furthermore, the proposer has also not clearly explained what data it is gathering and how it will be used for assessment. It is therefore difficult for us to review what insights these would deliver, and how such an approach would be sufficiently meaningful and conclusive.

Without technical analysis or until the required risk mitigations are put in place, we consider that the modification should not be progressed.

Q2: Provide views on the appropriateness of the time period for the enhanced pressure service proposed by the Modification, with regards to system safety and GB security of supply. Do you consider Winter 2023/24 to be an appropriate time to implement this Modification? Please explain your reasons. If not, please state when you consider would be an appropriate time and your reasons for this.

The urgency of the supply crisis to Europe has subsided with European storage now at maximum filling levels in line with this winter's EU filling obligations. There has also been accelerated build out of LNG import terminals which are now importing gas into Europe. We therefore do not view criticality for this temporary modification extension – the proposer should be providing the information it is required to provide and committed to providing if the amendments were to be extended further.

We also remind stakeholders that the risks caused by contaminated gas can impact GB security of supply if there is further damage to GB's largest import transmission from Europe and this forces a shut down for resultant maintenance and repair.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

Yes. The required technical analysis is omitted. NGT committed in the UNC0814 process to carry out network analysis if BBL requested something more enduring. NGT said in the UNC0814 modification raised in July 2022 that the technical analysis was not included in the temporary UNC0814 modification due to a lack of time:

“A time limited measure has been proposed due to the limited opportunity to carry out analysis on the proposal in time for the modification to be implemented. If access to the enhanced pressure service and an increase to the maximum exit flow rate was to be considered on an enduring basis, network analysis would be required.”

UNC0859S refers to the proposal being a trial period: *“The proposed solution is identical to the one that was implemented for UNC0814 and this enabling Modification will simply extend the trial period to allow BBL and NGT to gather data and understand the impacts on the NTS.”* However, at no time in the UNC0814 process, did NGT say that it needed a trial and data gathering exercise to “understand impacts”. On the contrary, NGT expressed firm views that there is no increased risk from the modification and that operational risks surrounding gas containing contaminants will be managed separately: *“The NTS configuration means that National Grid does not believe there is an increased risk should the Modification be implemented.”*

NGT has also not explained how it would gather data, what impact assessment would be undertaken with the data, which decisions this would inform and why this was not explained in the UNC814 process. To undertake a 'trial period' which risks a failed test, which could disrupt GB security of supply for Belgium and GB, and have costs/safety implications for Bacton shippers, Interconnector and its stakeholders is, in our view, an approach which should not be taken forward until the risks are mitigated.

Please provide below any additional analysis or information to support your representation

It should be noted the Velocity Protocol within the NGT-INT Interconnection Agreement pre-dates the use of Feeder 27 to feed gas to BBL export. The protocol was supposed to be used to split the total flow to INT down all 3 Feeders – 2, 4 and 27 – when INT was flowing at higher rates (but still below the baseline capacity) to reduce the velocity in the pipes and hence reduce the risk of solids pick up in the turbulent flow.

NGT's analysis indicates the splitting the flows (feeder 27 to BBL and feeder 2 + 4 to INT) increases the velocity of flows into INT. It shows this velocity is increased by this modification. It also shows the velocity feeding BBL from feeder 27 is almost always half of what is it feeding INT via feeders 2 and 4. This is a concern and is not, in our view a level playing field for NTS Bacton (exit) IP shippers wishing to use their capacity to flow to Belgium. NGT's analysis of the velocities shows that, if flows are split over the three feeders, there is a significant drop in the velocities to gas flows delivered to INT. This configuration provides more parity on the velocity levels of each of the feeders. This therefore suggests a common configuration must be utilised.

Representation - Draft Modification Report UNC 0859

Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)

Responses invited by: 5pm on 15 December 2023

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Matt Newman
Organisation:	National Gas Transmission (NGT)
Date of Representation:	15 th December 2023
Support or oppose implementation?	Support
Relevant Objective:	d) Positive
Relevant Charging Methodology Objective:	Not Applicable

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

As proposer, NGT support implementation of this ‘enabling’ Modification which would facilitate changes to the NGT-BBLC Interconnector Agreement (IA) and permit them to request the existing enhanced pressure service (export pressures from 55-68 bar) and increase their contractual Maximum Network Exit Point Offtake Rate (MNEPOR) until the end of 2024.

NGT believe that Relevant Objective d) “Securing of effective competition: (i) between relevant shippers” would be furthered by the Modification. Implementation would enable greater levels of competition between active Shippers at Bacton Exit IP who are currently or plan to export gas from GB to continental Europe and would also increase the competition for the available capacity. Bacton Exit IP has a shared baseline capacity between BBLC and Interconnector Limited (INT). Therefore, if BBLC were to increase their contractual export capability by gaining access to the existing enhanced pressure service and increasing their MNEPOR, it is likely that there will be greater levels of competition for the available capacity between the active shippers at this location.

In addition to the increasing the levels of competition between Shippers, implementation of this Modification and the subsequent contractual changes it will also further the level of competition between the terminal operators BBLC and INT. INT have enduring access to the enhanced pressure service whereas BBLC had the ability to request it for a limited period of time following the implementation of UNC0814. By allowing BBLC to have the same level of access to the enhanced pressure service at INT, albeit on a temporary basis, it has potential to improve the level of service offered by these parties and

increase the flexibility or optionality for Shippers who wish to export gas to the EU at Bacton. Therefore, increasing the levels of competition.

NGT notes that in its decision letter for Urgent Modification 0814, the Authority stated that implementation of that Modification (which enabled BBLC access to the existing enhanced pressure service and increased their MNEPOR on a temporary basis) would “ensure fair and equal treatment of both interconnectors as well as facilitating a level-playing field between them and their users, which will promote competition”.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

As stated in the Modification Proposal, implementation is sought as soon as possible to maximise its benefits. The proposed solution is time limited and will lapse at 05:00 on 01/01/2025 and we would like to provide sufficient opportunity for BBLC to utilise the service which in turn provides NGT an opportunity to gather data associated BBLC’s export profile and flow rate.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

Following the implementation of the Modification and associated contractual changes, NGT intend to gather data on the occasions that the BBLC’s enhanced pressure requests are accepted and their flow rate increases. We expect that analysis from this data will substantiate our current view that allowing BBLC access to the enhanced pressure service does not materially change the risk profile associated with dust deliveries at Bacton.

NGT are cost neutral to the enhanced pressure service via the terms outlined in the Pressure Service Charging Agreement (PSCA).

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

No change to the Uniform Network Code (UNC) is required. This is an enabling modification to permit changes to the NGT-BBLC IA.

There is a secondary contract, the PSCA that supports the Enhanced Pressure Service between NGT and the relevant interconnector operators which sets out the terms of its use and how NGT are cost neutral to the running of Kings Lynn compressor station when enhanced pressure requests are accepted.

Ofgem have requested that the following questions are addressed:

Q1: Provide views/ details on the data/ information collection required from the proposed solution in order to be in a position for a decision on any future enduring solution. UNC0859S is proposed as a temporary Modification. The proposer states “This timeframe would provide sufficient time to gather data towards the longer term thinking and development of whether an enduring solution would be appropriate” [Page 3 of Modification document]. What information would you need to form a view as to whether an enduring solution is appropriate.

As part of the UNC Modification, NGT have provided a velocity study which was produced via our simulation tool. This has confirmed the expected velocities down Feeders 2, 4 and 27 in different NTS configurations and flow rates where Feeders are treated as common or separate.

In order to substantiate the effect of the proposed Modification, we intend to gather data on the actual velocities experienced along the supply Feeders to Bacton Exit IP as a direct result of BBLC utilising the enhanced pressure service and flowing at a rate higher than their existing MNEPOR. The actual velocities would be cross referenced against the differential pressures from within NGT's filters at Bacton to discover whether BBLC flowing at a higher rate has any bearing on the risk of dust at Bacton. The data can then be compared to historical periods to review the impact and help NGT to have an informed view of the effects of BBLCs increased export flows on Bacton and other connected parties.

It is important to highlight that filters are present at Bacton is to capture dust and other material prior to it leaving the NTS. Therefore, the capture of dust is part of 'business as usual' operation.

Q2: Provide views on the appropriateness of the time period for the enhanced pressure service proposed by the Modification, with regards to system safety and GB security of supply. Do you consider Winter 2023/24 to be an appropriate time to implement this Modification? Please explain your reasons. If not, please state when you consider would be an appropriate time and your reasons for this.

NGT consider that implementing the Modification and contractual changes permitting BBLC to request the existing enhanced export pressures and increase their MNEPOR to be low risk to GB security of supply and appropriate for a number of reasons:

1. The enhanced pressure service is made available on a 'reasonable endeavours' basis and in the event of NGT forecasting a supply shortage / tightness, it is unlikely that enhanced pressure requests will be approved, therefore, limiting the export pressures available to a maximum of 55 bar and therefore, limiting the export rate of the interconnector facilities.
2. Leading into Winter 2023/24 EU storage was 99% full (and is currently around ~90% full) which improves the resilience of the continental European countries and reduces reliance upon GB exports to meet their gas demand. Continental Europe has also taken steps to further diversify their gas supplies following the reduction / removal of Russian gas and are increasing their LNG import capabilities which will further reduce the reliance upon GB exports.
3. One of the key principles of the GB gas market is that NGT fulfil the role of the residual balancer when the market does not respond to price differentials and balance itself via Shippers taking action to manage their portfolios. Therefore, if GB was forecasting a supply shortage, we would expect the price differentials between the GB and the EU to financially incentivise Shippers to deliver gas to GB rather than other locations or countries. In the event that this does not happen, NGT will take residual balancing actions to purchase gas and balance the network. Therefore, the timing of this Modification and the utilisation of the service has little impact on GB security of Supply.
4. The Modification will not result in any additional obligated firm NTS exit capacity being made available at Bacton. NGT may wish to release Non-Obligated firm capacity to the

market based on the capability of the NTS but this is at NGT's discretion based on perceived risk/reward.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

No errors or omissions have been identified.

Please provide below any additional analysis or information to support your representation

N/A.

Representation - Draft Modification Report UNC 0859

Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)

Responses invited by: **5pm on 15 December 2023**

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Lauren Jauss
Organisation:	RWE Supply & Trading GmbH
Date of Representation:	15 December 2023
Support or oppose implementation?	Support
Relevant Objective:	d) Positive
Relevant Charging Methodology Objective:	Not Applicable

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

We recognise that other Users have raised technical concerns regarding this proposal, but at this stage that there is insufficient convincing evidence for us to oppose this modification. In general, we strongly support the principle of promoting competition and facilitating a level-playing field for Users. Therefore, on balance, we support this modification proposal in order to allow for further data gathering and analysis.

Implementation: What lead-time do you wish to see prior to implementation and why?

No comment

Impacts and Costs: What analysis, development and ongoing costs would you face?

None

Legal Text: Are you satisfied that the legal text will deliver the intent of the Solution?

Not reviewed

Ofgem have requested that the following questions are addressed:

Q1: Provide views/ details on the data/ information collection required from the proposed solution in order to be in a position for a decision on any future enduring solution. UNC0859S is proposed as a temporary Modification. The proposer states “This timeframe would provide sufficient time to gather data towards the longer term thinking and development of whether an enduring solution would be appropriate” [Page 3 of Modification document]. What information would you need to form a view as to whether an enduring solution is appropriate.

We think the objective of the analysis should be to make an assessment of whether there is any change in the risk to Users and their customers of offtaking off-spec gas and/or having unplanned outages as a result. Whilst there are compensation arrangements in place, they do not usually cover the costs to Users. We think it will be important to establish where the dust particles that have been trapped by filters are originating from, and in what scenarios and at what flow velocities this becomes a problem. It may be helpful to understand the relationship between the pressure services and flow directions and velocities in the different feeder pipelines and across the Bacton Terminal to make an informed assessment. For example, we do not fully understand why the increased pressure at Kings Lynn has sometimes resulted in lower velocity flows in Feeder 27.

Q2: Provide views on the appropriateness of the time period for the enhanced pressure service proposed by the Modification, with regards to system safety and GB security of supply. Do you consider Winter 2023/24 to be an appropriate time to implement this Modification? Please explain your reasons. If not, please state when you consider would be an appropriate time and your reasons for this.

No comment

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

No

Please provide below any additional analysis or information to support your representation