

UNC Workgroup Report	At what stage is this document in the process?
<h1>UNC 0675S:</h1> <h2>Enabling changes to the BBL Interconnection Agreement to facilitate physical reverse flow</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid green; border-radius: 5px; padding: 5px; display: flex; align-items: center;"> 01 Modification </div> <div style="border: 1px solid blue; border-radius: 5px; padding: 5px; display: flex; align-items: center;"> 02 Workgroup Report </div> <div style="border: 1px solid purple; border-radius: 5px; padding: 5px; display: flex; align-items: center;"> 03 Draft Modification Report </div> <div style="border: 1px solid orange; border-radius: 5px; padding: 5px; display: flex; align-items: center;"> 04 Final Modification Report </div> </div>
<p>Purpose of Modification:</p> <p>UNC Modification to enable changes to be made to the BBL Interconnection Agreement to facilitate physical reverse flow and amendment to reference temperature conditions.</p>	
	<p>The Workgroup recommends that this modification should be:</p> <ul style="list-style-type: none"> subject to self-governance <p>The Panel will consider this Workgroup Report on 18 April 2019. The Panel will consider the recommendations and determine the appropriate next steps.</p>
	<p>High Impact:</p> <p>BBL</p>
	<p>Medium Impact:</p> <p>National Grid NTS, BBL shippers</p>
	<p>Low Impact:</p> <p>None</p>

Contents		 Any questions?
1	Summary	3
2	Governance	3
3	Why Change?	4
4	Code Specific Matters	4
5	Solution	4
6	Impacts & Other Considerations	5
7	Relevant Objectives	7
8	Implementation	8
9	Legal Text	8
10	Recommendations	8
Timetable		
Modification timetable:		
Initial consideration by Workgroup	08 January 2019	
Workgroup Report presented to Panel	18 April 2019	
Draft Modification Report issued for consultation	18 April 2019	
Consultation Close-out for representations	14 May 2019	
Final Modification Report available for Panel	15 May 2019	
Modification Panel decision	16 May 2019	

Contact:
Joint Office of Gas Transporters

 enquiries@gasgovernance.co.uk

 0121 288 2107

Proposer:
Jennifer Randall

 Jennifer.randall@nationalgrid.com

 07768 251404

Transporter:
National Grid NTS

 Jennifer.randall@nationalgrid.com

 07768 251404

Systems Provider:
Xoserve

 UKLink@xoserve.com

1 Summary

What

The purpose of this modification is to enable amendments to be made to the Interconnection Agreement between National Grid Gas Plc and BBL Company VOF, which provide for gas to be physically oftaken from the NTS at the BBL Interconnection Point at Bacton. These amendments will facilitate physical reverse flow (GB to the Netherlands) and be mainly made to the Network Exit Provisions in respect of Maintenance, Pressure, Flow Profiles, Notice Periods for Rate Changes and Gas Quality. There will also be updates required to other areas of the agreement to make clauses bi-directional where applicable, including updates to the Local Operating Procedures.

Whilst amending the Interconnection Agreement (IA), National Grid NTS and BBL also propose to update certain provisions associated with reference conditions to reflect operational reality.

Why

BBL have made an application to National Grid NTS for physical reverse flow (GB to the Netherlands) at the BBL Interconnection Point at the Bacton terminal with a start date of 01/10/2019. The current Interconnection Agreement between National Grid Gas Plc and BBL Company VOF includes provision for physical NTS entry flows and commercial reverse flow. Therefore, amendments to the Interconnection Agreement are required to specify provisions for physical reverse flow.

How

As specified in the UNC EID Section A - General, paragraph 4.1.3 "National Grid NTS will not agree with the Adjacent TSO to amend the Relevant Interconnection Provisions in relation to an Interconnection Point except:

- (a) with the approval of each User which for the time being holds Available Interconnection Point Capacity at the Interconnection Point, or
- (b) pursuant to a Code Modification which authorises such agreement; or
- (c) as may (in the reasonable opinion of National Grid NTS) be required to enable National Grid NTS or the Adjacent TSO to comply with any Legal Requirement."

National Grid NTS proposes to use the route specified in (b) above in this case.

2 Governance

Justification for Self-Governance

Panel determined the modification is unlikely to have a material effect on competition as it is a facilitating Modification and requires no amendments to the Uniform Network Code (UNC).

Modification 0675S will therefore follow self-governance procedures.

Requested Next Steps

This modification should:

- proceed to Consultation

3 Why Change?

Physical Reverse Flow

The BBL interconnector is a 235-kilometer pipeline which connects Europe's largest trading hubs, TTF and the NBP. The BBL interconnector currently transports gas from Julianadorp in the Netherlands to Bacton in Great Britain. BBL Company VOF has made a connection application to National Grid NTS to enable physical reverse flow on the BBL interconnector (Bacton to Julianadorp). A full connection offer was accepted by BBL in November 2018.

The BBL Interconnection Agreement needs to be amended to facilitate physical reverse flow. The amendments will mainly be to the Network Exit Provisions in respect of Maintenance, Pressure, Flow Profiles, Notice Periods for Rate Changes and Gas Quality. There will also be updates required to other areas of the agreement to make clauses bi-directional where applicable, including updates to the Local Operating Procedures.

Common Units

In recognition of the requirements set out in the EU Interoperability Network Code in relation to Common Units¹, National Grid NTS and BBL agreed in 2015 to measure gas flows and quality at the BBL Interconnection Point using normal reference conditions of 0°C for volume and 25°C for calorific value (hereafter referred to in this modification as "0/25"). Neither party was ready to make this operational change when originally envisaged in the agreement. The parties have since agreed that BBL will provide measurements using both standard and normal conditions and therefore the Interconnection Agreement requires updating to reflect this.

4 Code Specific Matters

Reference Documents

None.

Knowledge/Skills

None.

5 Solution

Amend the National Grid NTS and BBL Interconnection Agreement to remove the commercial reverse flow rules in the Network Exit Provisions and introduce new rules to facilitate physical reverse flow in the areas of Maintenance, Pressure, Flow Profiles, Notice Periods for Rate Changes, and Gas Quality.

Amend additional areas of the Interconnection Agreement to make clauses suitable for the physical bidirectional nature of the BBL Interconnector, including Local Operating Procedures.

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R0703&from=EN>, chapter III, Units

Insert the relevant provisions to reflect that BBL now send gas flow and quality measurements to National Grid NTS in normal units as well as standard units.

This is an enabling Modification; therefore, no changes to UNC text are required.

6 Impacts & Other Considerations

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

No.

Workgroup Impact Assessment

Workgroup noted this is an enabling Modification which is the standard process for reviewing changes to such documents as Network Entry Agreements and Interconnection Agreements that may impact upon Users.

Workgroup noted the delay in viewing the draft changes to the Interconnection Agreement; the document was published on the Joint Office website on 09 April 2019.

Workgroup noted that there already exists provision for commercial reverse flow, this has now been deleted from the Interconnections Agreement and has been replaced with more substantial network exit provisions.

Workgroup noted Interconnector UK's request for consideration of a review of the Interconnector UK's Interconnection Agreement. This has been triggered by publication of the draft changes to the BBL Interconnection Agreement. Interconnector UK is of the view that there are changes to its Interconnection Agreement which will necessitate discussion. These include, but are not limited to:

- Pressure services
- Flow rates
- Velocity protocols.

National Grid is of the view that the evaluation of the Interconnector UK is independent of this Modification and as such the Workgroup report for 0675S should be treated separately to the review of the Interconnection Agreement. Workgroup noted that a UNC Modification to enable the review of the Interconnection Agreement for Interconnector UK cannot be initiated by Interconnector UK itself, but must be initiated by National Grid. Bilateral discussions can of course continue offline.

A Workgroup Participant noted that Interconnector UK had sight of the changes to the BBL Interconnection Agreement from 09 April 2019 published on the Joint Office website (it may have been available elsewhere before this).

A Workgroup Participant noted that there does not appear to be any impact on other UNC Users, given the relatively little amount of detail Workgroup has heard about the changes which may be discussed as part of the review of the Interconnector UK Interconnection Agreement.

Consumer Impacts

None.

Consumer Impact Assessment	
Criteria	Extent of Impact
Which Consumer groups are affected?	GB consumers are not likely to see an impact from this modification proposal.
What costs or benefits will pass through to them?	n/a
When will these costs/benefits impact upon consumers?	n/a
Are there any other Consumer Impacts?	n/a
General Market Assumptions as at December 2016 (to underpin the Costs analysis)	
<i>Number of Domestic consumers</i>	<i>21 million</i>
<i>Number of non-domestic consumers <73,200 kWh/annum</i>	<i>500,000</i>
<i>Number of consumers between 73,200 and 732,000 kWh/annum</i>	<i>250,000</i>
<i>Number of very large consumers >732,000 kWh/annum</i>	<i>26,000</i>

Cross Code Impacts

None.

EU Code Impacts

Article 5 of the revised Gas Security of Supply Regulation (EU 2017/1938) states that “The transmission system operators shall enable permanent physical capacity to transport gas in both directions (‘bi-directional capacity’) on all interconnections between Member States except:...(b) where an exemption from that obligation has been granted, after detailed assessment and after consulting other Member States and with the Commission in accordance with Annex III”. Annex III goes onto specify that submission for exemption shall take place no later than 1 December 2018. These derogations are for a maximum period of four years.

Therefore, once physical reverse flow of the BBL interconnector is achieved, the current derogation can be terminated.

Central Systems Impacts

None.

Rough Order of Magnitude (ROM) Assessment

There are no system impacts from this Modification.

7 Relevant Objectives

Impact of the modification on the 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.	Positive

The Workgroup agrees with the Proposer that the Relevant Objectives are furthered, as follows:

- d) Workgroup participants agreed the modification proposal gives more options available to shippers in terms of export, providing more flexibility in terms of destination and quantity. This furthers competition for shippers.
- g) Workgroup agreed with the Proposer that this Modification furthers compliance with the Revised EU Security of Supply Regulation² in that it enables physical reverse flow as required by that revised Regulation.

² Revised EU Security of Supply Regulation

https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2017.280.01.0001.01.ENG&toc=OJ.L:2017:280:TOC

Workgroup noted Interconnector UK's view that Relevant Objective b) is negatively impacted by this Modification because it has an impact on Interconnector UK's Interconnection Agreement. For example, Interconnector UK believes that Pressure Services currently agreed within its own Interconnection Agreement could be affected by the BBL Interconnection Agreement and should be thoroughly explored. It is Interconnector UK's view that this should be done in advance of agreement of the BBL Interconnection Agreement to avoid discrimination.

8 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

9 Legal Text

This is an enabling Modification; therefore, no changes to UNC text are required. However, to enact these changes, amendments are made to the BBL Interconnection Agreement.

A tracked changed version of that Interconnection Agreement is embedded below and included as a stand-alone document on the Joint Office website as part of this Modification here:

<http://www.gasgovernance.co.uk/0675> .



BBL-NGG Amended
and Restated Interco

10 Recommendations

Workgroup's Recommendation to Panel

The Workgroup asks Panel to agree that:

- This self-governance modification should proceed to consultation.