

All Stakeholders

2nd July 2015

Public consultation on proposed revisions to the BBLC-NGG Interconnection Agreement

Dear Stakeholder,

BBL Company (BBLC) and National Grid Gas (NGG) are proposing amendments to their Interconnection Agreement (IA) to ensure compliance with EU Network Codes. We are seeking your views on the proposed changes, prior to implementation.

The purpose of this letter is to aid your understanding of the reasoning for the proposed amendments and the process for consultation.

The Interconnection Agreement (IA) describes the arrangements between BBLC and NGG for the flow of gas from the Netherlands to the UK. The changes to IA arrangements have been driven by the introduction of EU Network Codes, primarily by:

- Capacity Allocation Mechanism in Gas Transmission Systems (CAM);
- Gas Balancing of Transmission Networks (BAL); and
- Interoperability and Data Exchange Rules (INT).

This consultation letter includes information on the following:

- Background
 - Company Information
 - Interconnection Agreement (IA)
 - Reasons for Change
 - Capacity Allocation Mechanism (CAM)
 - Balancing (BAL)
 - Interoperability (INT)
- Stakeholder Engagement
- Description of IA Changes

- Nominations and Matching
- Allocation Rules and Operational Balancing Agreement (OBA)
- Communications in Exceptional Events
- Reference Conditions
- Network Entry & Exit Provisions
- Consultation Process

Section 1 - Background

Company Information

BBLC's main activities are the ownership and operation of a pipeline connecting the Netherlands (Balgzand) and the United Kingdom (Bacton). As of the 1st of December 2006 the BBL pipeline has been operational and transporting gas to the UK. BBLC is a certified TSO under the ownership and unbundling requirements of the Third Package and is partly (for its non-exempt capacity) subject to the regulations that follow from it including the Network Code on CAM, BAL and INT.

NGG is the owner and operator of the gas National Transmission System (NTS) in Great Britain that connects with the BBL Pipeline at Bacton. The NTS plays an important role in facilitating the competitive gas market and provides the UK with a secure gas supply. It has a network of pipelines, which transports gas safely and efficiently from coastal terminals and storage facilities to exit points from the system. The Network Exit points are connections to Distribution Networks (DNs), storage sites, direct connections to power stations, large industrial consumers and other systems, such as interconnectors.

Interconnection Agreement (IA)

The IA describes the arrangements and operational working provisions between BBLC and NGG, the Transmission System Operators (TSOs) whose systems are connected at the BBL Interconnection Point (IP) at Bacton.

Reasons for Change

The EU Network Codes have driven changes which affect the arrangements at the IPs. The Codes define a common set of processes across all IPs which facilitate standardisation across Europe, some of which affect shippers. This has resulted in the need for a set of proposed amendments to the IA.

The EU Network Codes are:

Capacity Access Mechanism (CAM)

The Network Code aims to implement a more transparent, efficient and non-discriminatory system for the allocation of transmission capacities. It aims to allow cross-border competition to develop further along with greater market integration.

Balancing (BAL)

The purpose of the BAL Code is to facilitate cross-border gas trading and further development of competitive and efficient gas wholesale markets within Europe. This includes a harmonised daily balancing regime, the co-ordination of nominations procedures, communication procedures and operational balancing between transmission systems.

Interoperability (INT)

The objective of the INT is to facilitate cross-border gas transportation and effective market integration by amending IAs e.g. flow control, measurement principles, matching processes and allocation of gas quantities, exceptional events and amendment procedures for the Interconnection Agreements (IA). This includes a common set of units to be applied, the managing of gas quality differences and the monitoring of gas quality and common data exchange solutions.

Section 2 – Stakeholder Engagement

BBLC and NGG have continually involved stakeholders on the changes to the EU Network Codes by way of the following:

- NGG has consulted with its shippers at UNC Modification workshops for EU Network Code related Mods throughout 2014 and 2015 (0493, 0500, 0501, 0510, 0519 and 0525)
- NGG EU Gas Codes workshop where stakeholders were able to talk to BBLC, IUK, NGG Operations, PRISMA and Xoserve- 23rd January 2015
- BBLC and NGG joint consultation and workshop on the implementation proposals of CAM and CMP – 29th April 2015
- BBLC and NGG joint consultation on changes to Interconnection Agreements meeting – 2nd July 2015

This document discharges NGG's proposed obligation to consult its shippers as detailed in its UNC Modification 0525 in respect of the changes to the BBL IA. Should you require any further information, please click on this link [Mod 525 legal text for retrospective approval for consultation](#) (Part VB – Interconnection Agreements condition 1).

Section 3 - Description of IA Changes on which Consultation Responses are Invited

Nominations and Matching – Annex D

This section outlines how the proposed nominations matching process will work including single sided and double sided nominations, lead times and deadlines for entries. It will enable the IA to meet the requirements of the CAM, BAL and INT Network Codes.

Allocation and Operational Balancing Agreement (OBA) – Annex E

The changes to the allocation rules mandated by the INT Code are described within this section. It also introduces an OBA between BBL and NGG under which steering differences in respect of the BBL IP (within an agreed tolerance) are accounted for.

Communications in Exceptional Events – Annex D

The IA includes proposed changes as required by INT for communication between TSOs in an Exceptional Event (defined for NGG, as a UNC 'Transportation Constraint').

Network Entry & Exit Provisions – Annexes A & B

This section provides updated proposed reference conditions as required to comply with INT. It also proposes updates to the Gas Entry Conditions and Measurement Provisions outlined in UNC Mod 0533.

There are some details within the IA on which the TSOs have not yet finally agreed. Where this is the case, such details appear in square brackets. The TSOs are aiming to resolve these points and communicate them to stakeholders during the consultation period.

Section 4 - Consultation Process

BBLC and NGG are inviting responses to the following questions on the proposed amendments to the IA: (BBL to provide draft questions)

1. Do you agree with the proposed nominations arrangements between BBLC and NGG?
2. Do you agree with the proposed Operational Balancing Agreement between BBLC and NGG?
3. BBLC and NGG have agreed how to communicate in the case of exceptional events. Do you have any comments on this section?
4. Do you understand the changes in the network entry and exit provisions and do you have any remarks?

Please send your response to consultations@bblcompany.com, and to NGG at box.gas.market.development@nationalgrid.com by close of business on Thursday 30th July 2015. Any response not marked confidential will be published on the BBLC and NGG websites.

If you have any questions in relation to this consultation, please contact us using the following list.

	NGG Contact & Phone No.	BBLC Contact & Phone no
Network Entry & Exit Provisions	Carol Spinks 01926 656377	Rudi Streuper +31505212065/Daniel Pol +31505213194
Measurement	Carol Spinks 01926 656377	
Nominations & Matching	Phil Lucas 01926 653546	
OBA & Allocation	Phil Hobbins 01926 653432	
Communications in Exceptional Events	Carol Spinks 01926 656377	

All of the comments received will be considered jointly by BBLC and NGG and a consultation report will be made available by 25th August 2015.

The final proposals will be submitted by BBLC to Ofgem for approval following consideration of your feedback in September 2015.

We look forward to hearing from you.

Yours faithfully,

Gerard van Pijkeren

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BBL Company

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European Policy
Manager

National Grid Gas

Interconnection Agreement



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