

Gas Quality Blending Service Consultation Response Form



To provide written feedback, please complete this form and email it to box.gsoconsultations@nationalgrid.com, philip.hobbins@nationalgrid.com and rachel.hinsley1@nationalgrid.com no later than 13th November 2020. Alternatively, if you wish to provide feedback verbally, please use the contact details above to make arrangements for a meeting / conference call / video conference.

Name: Bill Reed

Company: RWE Supply & trading GmbH

Contact Details: bill.reed@rwe.com

Do you wish National Grid to keep any of the details of your response confidential? No

Consultation Questions

Service Concept and Link to GS(M)R Review	Response
1. What are your thoughts on the service concept outlined in section 3?	<p>The proposed approach to gas blending at the NGG terminal appears simple and straightforward and we support the introduction of such a service where it is economically viable. The introduction of such a service must be subject to:</p> <ul style="list-style-type: none">• cost reflective charging for users that wish to utilise the service; and• an undertaking that users of the NTS would not be significantly or materially impacted as result of the provision of a gas blending service by the gas transporter; and• the deployment of appropriate gas quality monitoring to ensure that the gas delivered onto the NTS remains in specification; and• the introduction of appropriate alerts or notices with respect to the quality of gas delivered onto the NTS that enable users to take appropriate actions (e.g. to shut down

	<p>processes) if there was a risk of the delivery of out of specification gas onto the NTS; and</p> <ul style="list-style-type: none"> • appropriate compensation arrangements that reflect the impact on users such as outages or interruptions caused by the delivery of gas from the NTS that is outside the prevailing specification.
2. Do you foresee any positive or negative impacts of NGG offering such a service on your business? If so, please explain.	<p>As a significant user of the NTS we are concerned about the potential risk of outages or interruptions caused by the delivery of out of specification gas onto the NTS.</p> <p>In this context certain users may be disproportionately impacted if gas that is outside the prevailing specification is delivered onto the NTS. For example, as indicated in the consultation document, Great Yarmouth power station owned by RWE Generation plc is connected to the NTS at Bacton. This power station may be at more at risk of interruptions or outages if a blending service is introduced at Bacton. Appropriate compensation arrangements are required for such users that reflect the impact of outages or interruptions caused by the delivery of gas from the NTS outside the prevailing specification</p>
3. Do you consider there to be any risks that may arise from such a service?	<p>Yes – we are concerned that there may be an increased risk of outage or interruptions for certain users of the NTS , particularly those users that are connected close to the blending terminals (e.g. Great Yarmouth power station).</p> <p>Compensation arrangements should be introduced with respect to user outages or interruptions caused by the delivery of gas from the NTS that is outside the prevailing specification.</p>
4. Wobbe Index and Incomplete Combustion Factor are the parameters that stakeholders have so far indicated to us could be useful to have a relaxation on as a blending service. Do you see a need for this service to cover any other parameters and if so, which parameter(s) would you like to be considered and why?	<p>The gas transporter must ensure that the gas delivered onto the NTS at the entry point remains within the GSMR specification at all times, subject to the current arrangements with respect to the delivery of out of spec gas.</p> <p>There should be no relaxation of the gas specification parameters with regard to the delivery of gas onto the NTS.</p>
5. Do you consider that the GS(M)R Review negates the need for a gas quality blending service or should the topic continue to be explored?	<p>The GS(M)R review is subject to its own governance and consultation process. The review may change the current gas specification.</p> <p>Even if the GS(m)R review changes the gas specification there may still be a need for blending of gas delivered at terminals to ensure delivery of in specification gas onto the NTS..</p>
Applicable terminals	
6. Do you agree with our initial views on the categorisation of NTS entry points contained in section 4?	We agree with the initial view in the Consultation document on the categorisation of entry points contained in section 4.

7. Teesside and Easington would require additional infrastructure and components to be able to offer a gas quality blending service, which would mean additional time and costs to implement. Would you support NGG further exploring this?	We do not have a view on whether Teesside or Easington should be able to offer a gas blending service.
8.	
9. Do you think that the service is more suited to UKCS terminals rather than interconnectors?	We do not have a view on whether the service is more suited to UKCS terminals rather than interconnectors.
Regulatory Treatment	
10. In your view, which regulatory mechanism should NGG pursue to obtain regulatory approval for this service?	<p>The service, as envisaged involves the operation of a regulated part of the national transmission system at an entry point. Consequently the gas blending service should be a regulated activity under the gas transporter licence.</p> <p>A licenced activity would help to ensure that gas delivered onto the national transmission system remains in specification as required under the current licence.</p>
11. The DFO contract with NGG may need to be amended to offer the service, do you believe this should be changed via the NEA or a different contract put in place?	<p>The NEA is the key interface document between the gas transporter and the delivery facility operator with respect to operational activities. We do not think it is an appropriate vehicle for the provision of blending services.,</p> <p>A ancillary contract that specifically relates to the blending service should form the basis of the new arrangements. This would allow for cost reflective charging arrangements between the licenced gas transporter and the potential user of the service..</p>
12. What are your views on the suitability of UNC TPD Section I3.5 'Special Delivery Arrangements' to serve as UNC basis for NGG to offer the service? Are there additional changes you believe will be required within UNC?	<p>Any new arrangements between the licenced gas transporter and delivery facility operators should be subject to appropriate governance arrangements under the Uniform Network Code (UNC). This will enable the specification of the service to be set out in an open and transparent manner and allow for the recovery of costs by the licenced gas transporter.</p> <p>It may be appropriate to use UNC TPD I3.5 as a basis for the contractual arrangements between the licenced gas transporter and the delivery facility operator(s) under an ancillary agreement (which should be in a standard format). This ancillary agreement should set out the gas quality that is permitted to be delivered by the delivery facility operator to the gas transport terminal (the parameters that apply to the out of specification gas defined to the gas transporter terminal).</p> <p>The UNC will need modification to enable the blending service to be properly specified. This should include the following:</p>

	<ul style="list-style-type: none"> • the process that the gas transporter will undertake in relation to undertaking the blending of the gas that is delivered; • the arrangements that enable the gas blending service to be available (availability windows); • the circumstances that could give rise to the rejection of a gas delivery from the distribution facility operator; • the circumstances that enable the gas blending service to become available such as the minimum flow requirements from other delivery facility operators or interconnectors at the gas transporter terminal (the comingling criteria); • the arrangements that would occur if the gas transporter is unable to ensure that gas delivered onto the NTS would meet the required gas quality specification; • the process for issuing notice and alerts with regard to the operation of the gas blending service; and • the arrangements for monitoring gas quality both in relation to entry and exit from the gas transporter blending facility and gas sent out into the NTS; and • compensation arrangements in the event of user interruptions or outages that occur as a result of the delivery of out of specification gas onto the NTS <p>The arrangements at the NGG gas terminal should be open and transparent and the terms and conditions associated with the provision of the blending service should be published.</p> <p>The UNC should include an undertaking by the gas transporter to ensure that gas sent out onto the NTS at the entry point shall meet the required gas quality specification.</p>
Charging	
<p>13. Who should NGG's customers be – UNC shippers or DFOs, or potentially both?</p>	<p>The delivery facility operator is responsible for the delivery of the gas to the gas transporter terminal.</p> <p>The contractual arrangements should be between the delivery facility operator responsible for the delivery of out of specification gas and the gas transporter under an ancillary agreement governed by the UNC.</p> <p>.</p>
<p>14. If the DFO, this would create a commercial relationship that is currently purely operational. Do you envisage any problems with this?</p>	<p>The provision of a blending service will create a new commercial relationship between the gas transporter and delivery facility operators.</p> <p>The provision of a blending service must facilitate the efficient operation of the gas network at the terminal. The arrangements must recognise the mutual benefit in improving the operation of the GB gas system through the provision of blending services.</p>
<p>15. Do you agree that NGG should charge for this service?</p>	<p>We agree that the gas transporter should charge for the service. The provision of a gas blending service should be subject to cost</p>

	reflective charges levied by the gas transporter on the users of the blending service. These charges should recover the costs associated with the operation of the service.
16. What minimum and maximum service durations would be appropriate?	<p>The service duration is a matter for the commercial arrangements between the delivery facility operator and the gas transporter.</p> <p>We note that the availability of the service may be determined by the flow of gas from other sources at the terminal.</p>
17. Please share your thoughts on whether DFOs / shippers delivering on-specification gas at a terminal where a blending service is in place should receive a share of the revenue that NGG receives from the DFO delivering off-spec gas for providing the service	<p>The provision of a blending service could be subject to incentive arrangements that ensure delivery of in specification gas from other delivery facilities and interconnectors at the same terminal. The incentive arrangements could provide payments for the delivery of on specification gas from other delivery facilities and interconnectors where it can be demonstrated that it economic and efficient to provide such payments. These arrangement could include, for example, a competitive bidding arrangements for the delivery of on specification gas where it is need for the purpose of blending.</p> <p>Any incentive arrangements for the blending service should be open and transparent with publication of standard terms and conditions</p> <p>Cost reflective charging arrangements should ensure that the gas transporter can recover the costs associated with operating the blending service (including any incentive arrangements) from users of the service.</p>
18. What is the maximum lead-time that would be acceptable to you between signing up for the service and it becoming available?	We do not have view on the maximum lead-time that would be acceptable between signing up for the service and it becoming available.
19. How should we make the service available?	The blending service should be provided where it is technically feasible and commercially attractive for users. A set of standard terms and conditions associated with the provision the service should be published.
20. How do you anticipate the structure of the charging to work?	<p>The provision of a blending service by the gas transporter should be subject to cost reflective charging arrangements. These charging arrangements should include:</p> <ul style="list-style-type: none"> • The recovery of the direct costs of operating the gas blending service by the gas transporter; and • Any incremental costs associated with operating the service including any incentives on other delivery facility operators to deliver in specification gas to enable blending to take place where this is economic and efficient; and • The recovery of any costs associated with compensation for outage or interruptions that occur as a result of operation of the blending service (if any).
21. Do you consider that the service would be useful to terminal operators if it is only offered with	The provision of the blending service should be subject to open and transparent terms and conditions. The availability of the service will depend on the ability of the gas transporter to ensure that gas

NGG reserving the right to interrupt at short notice?	delivered to the NTS can meet the required gas quality specification. Where this is not the case, then the gas transporter should have the right to interrupt the service.
22. Do you believe that an NGG gas quality blending service would be likely to result in a benefit or detriment to security of GB gas supply? Please explain your answer.	The provision of a blending service is likely to benefit GB security of supply. It will facilitate the delivery of gas to the GB market.
23. If you wish to provide any other feedback on the issues raised in this consultation, please do so here.	The provision of a gas blending service is a first step in the development of similar services by the gas transporter that may facilitate the delivery of hydrogen on the NTS. Therefore it is important that the principles of the approach and the delivery mechanisms (incentives, contracts etc) are well understood as part of a wider learning process.