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: Julie Cox

Company: Energy UK

Contact Details: Julie.cox@energy-uk.org.uk

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?	The approach seems sensible in principle, there is merit in exploring this service further with respect to the level of interest there may be and to then tailor the service offering to that. A system of cost reflective charges will need to be developed.
2. Do you foresee any positive or negative impacts of NGG offering such a service on your business? If so, please explain.	In principle there should be no direct impact on our members as, shippers, suppliers and users of gas, as the gas delivered will remain within the gas quality specification. There may be some second order impacts: i) By enabling additional gas to be landed, which may not otherwise have been delivered to the market this could support the GB gas market in terms of competition and security of supply

	ii) Some members report slugs of 'gas' at the edge of the quality specification, for stations close to entry points. Improved monitoring and control which would be needed for this service could help to address. We would be concerned if there were to be an increased incidence of such 'slugs'. The service may help to smooth gas quality fluctuations in the gas delivered to gas generation sites which could mitigate the risks of sudden rate of change of gas quality on operations of these assets. iii) The service could help to ensure that gas delivered to gas generation sites stays within the range that the assets have been tuned to operate on. Deviations outside these ranges risk trips and de-loads which may impact the security of the electricity system. However this may be beyond the intent of the service. iv) If GS(M)R is amended to allow a wider Wobbe range, but this full range cannot be accommodated at certain entry points due to the impact on sensitive customers, this service could allow gas to be landed that otherwise could not be. v)
3. Do you consider there to be any risks that may arise from such a service?	Incomplete mixing within the terminal could lead to an increase in slugs of gas with gas quality different to the main gas stream, even whilst staying within gas quality limits. There could also be risks to sensitive users that they could see greater fluctuations in gas quality (even if there is no change to the GS(M)R range) with the operational risks this creates - see response to Qn2 There could be risks to service users if the service is not available or interrupted and off-spec gas is in the pipe to the terminal, the back stop would be flaring the off-spec gas. There may be a risk that off spec gas is delivered to the system, but in practice it should never happen. If it were to happen customers should be compensated.
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?	NG may wish to give consideration to carbon dioxide and total inerts, albeit these are not GS(M)R parameters but do feature in the GTYS gas quality limits
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?	The potential for this service should continue to be explored to understand the potential with and without a change to GS(M)R, for the following reasons:

	- Any proposed change to GS(M)R is not inevitable, the timescales remain unclear and may not be applicable at all entry points - Some of the principles may be relevant in the longer term for hydrogen from offshore production or import
Applicable terminals	
6. Do you agree with our initial views on the categorisation of NTS entry points contained in section 4?	Yes
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?	Not at this time, unless there is a clear cost benefit. Look at Bacton and St Fergus first and learn from those, especially procedures developed for implementing UNC mod 0714
8. Would you potentially be interested in a NGG gas quality blending service? If so, please advise the location where your gas is delivered, indicative volumes per day for blending and the parameter(s) you may wish NGG to consider. **(NOTE: Unless you specify otherwise, responses to this question 8 will be anonymised in our subsequent consultation report, i.e. we would say that 'x' number of respondents indicated a potential demand for 'y' volumes of gas to be blended at 'z' number of locations).**	N/A
9. Do you think that the service is more suited to UKCS terminals rather than interconnectors?	Yes, due to there being multiple sources of supply at UKCS terminals
Regulatory Treatment	
10. In your view, which regulatory mechanism should NGG pursue to obtain regulatory approval for this service?	Energy UK would support this being a licenced activity as this seems to provide the greatest transparency
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?	We consider there should be a separate contract for this service. A standard contract which should be published The framework needs to be rigorous for the industry to have confidence, this should include reporting of use and greatly improved transparency on gas data quality, such as real time Wobbe index information.

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?	The Special Delivery Arrangements do cover quality issues that do not meet the gas entry conditions so this may be appropriate. The application / offer framework could be included in the UNC as it is for the PARCA application process.
Charging	
13. Who should NGG's customers be – UNC shippers or DFOs, or potentially both?	Shippers are remote from the day to day operation at the terminal. DFOs are the party involved with the gas flows, so should be the customer for this service
14. If the DFO, this would create a commercial relationship that is currently purely operational. Do you envisage any problems with this?	The producers are likely to be the parties wishing develop the service and arrangements will need to be made between DFOs and producers.
15. Do you agree that NGG should charge for this service?	Yes, a cost reflective charge needs to be established. The service will be using assets that are included in the asset base. We would expect the charges to be passed along the supply chain. Interactions with existing offshore blending / loan arrangements are not known, others are better placed to provide some insight into these. Service only available at certain locations….
16. What minimum and maximum service durations would be appropriate?	It may be premature to consider this until there is some indication of likely uptake of the service. There could be a mix of long and short duration depending on the driver, whether that is field development or an issue that arises due to maintenance, like UNC Mod 0714.
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	Possibly but this would add a lot of complexity
18. What is the maximum lead-time that would be acceptable to you between signing up for the service and it becoming available?	See response to Qn 16
19. How should we make the service available?	Invite expressions of interest, perhaps through an annual process

20. How do you anticipate the structure of the charging to work?	Cost reflective availability and utilisation charges would be appropriate
21. Do you consider that the service would be useful to terminal operators if it is only offered with NGG reserving the right to interrupt at short notice?	Yes potentially in a scenario like mod 714, but this may limit the attractiveness of the service. Upstream are better placed to comment
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.	This depends whether the service is used to deliver additional gas to GB that would not otherwise have been developed or if used to manage known outages like mod 0714. There could be a detriment to security of supply if the service is interrupted and flows curtailed
23. If you wish to provide any other feedback on the issues raised in this consultation, please do so here.	This could create a framework for managing H2 blend in future, so it is worth effort now to establish an appropriate framework.