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cc. Marie-Pierre Fauconnier,
Présidente of the Commission de Régulation de
l'Electricité et du Gaz (CREG), Belgium
cc. Mike Thorne, EU Policy Manager, National
Grid Gas plc

Email: andrew.burgess@ofgem.gov.uk

Date: 20 April 2016

Dear Sean,

Approval of the amended Interconnection Agreement between Interconnector(UK) and National Grid Gas plc

On 7 March 2016 Interconnector (UK) (IUK)¹ submitted to us² some proposed changes to its interconnection agreement with National Grid Gas plc (NGG). These changes were submitted for approval pursuant to Standard Licence Condition (SLC) 3 of the gas interconnector licence.³

The changes are proposed in order to comply with Commission Regulation (EU) 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange rules (INT).⁴

We are approving IUK's proposals on the basis that the changes to the interconnection agreement are necessary to ensure compliance with relevant legally binding decisions of the European Commission and/or Agency for the Cooperation of Energy Regulators (ACER).

We are also approving a number of minor housekeeping changes to the interconnection agreement proposed by IUK.

Background

IUK entered into an interconnection agreement with NGG on 25 August 1998. The agreement relates to the connection between IUK's and NGG's transmission systems at Bacton.

SLC3 of IUK's gas interconnector licence requires that IUK enters into bilateral agreements as may be reasonably required by any relevant gas transporter. Such agreements, and any amendments to these agreements, must be provided to us for approval. It further requires IUK to take all steps within its power to make changes to such agreements as may be

¹ IUK is a certified Transmission System Operator (TSO) and holder of a gas interconnector licence. It operates a bi-directional gas interconnector that links the UK and continental European energy markets.

² The terms "we", "us", "Ofgem" and "the Authority" are used interchangeably in this document and refer to the Gas and Electricity Markets Authority. Ofgem is the office of the Authority.

³ The current version of the gas interconnector licence and SLCs can be found at <https://epr.ofgem.gov.uk>.

⁴ http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1430734293842&uri=OJ:JOL_2015_113_R_0003

necessary from time to time to comply with the Gas Regulation and to give full and timely effect to any relevant legally binding decision of ACER or the European Commission.

IUK and NGG have indicated that they wish to amend the interconnection agreement to reflect the requirement in INT Article 13 for common reference conditions to be used in volume and energy measurement. Previously IUK and NGG have used a reference temperature of 15°C for volume and energy calculations. INT states that the reference temperature for volume shall be 0°C. For Gross Calorific Value, energy and Wobbe Index, the reference temperature shall be 25°C.

IUK proposes that the amended and restated interconnection agreement will take effect on and from 1 May 2016.

Proposed Modifications

IUK proposes to make amendments to the interconnection agreement to ensure compliance with INT.

The proposed changes are summarised as follows -

- Recalculation of the Wobbe Index ranges at the new reference conditions
- Updates to confirm where the new reference conditions shall be used
- Updates to reflect a recent office move by IUK
- Several minor changes throughout the document for clarity and to correct minor typographical points.

These amendments are being made pursuant to the requirement in SLC3 paragraph 3 which requires IUK to "take all steps within its power to make such changes to agreements which fall within the scope of paragraph 1 [*of SLC 3 of the gas interconnector licence*] as may be necessary from time to time to comply with the [*Gas*] Regulation and to give full and timely effect to any relevant legally binding decision of the Agency [*ACER*] or the European Commission."

INT has been established pursuant to the Gas Regulation and is a legally binding decision of ACER and/or of the European Commission.⁵ IUK must therefore take all steps within its power to make such amendments to the IA as may be necessary to ensure compliance with that decision.

Decision on the proposed modified IA

Having reviewed the documents submitted on 7 April 2016 to us for approval, we consider the proposed modified IA to be compliant with relevant legally binding decisions of the European Commission and/or ACER.

We have therefore decided to approve the proposed modified interconnection agreement on this basis.

Yours sincerely,

Andy Burgess
Associate Partner, Energy Systems Integration
Duly authorised on behalf of the Authority

⁵ Regulation 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005.