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for energy consumers

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Date: 10 June 2022

Dear Steven & Belinda,

**Approval of the proposed Interconnection Agreement and Pressure Service Charging Agreement between Interconnector Limited and National Grid Gas**

On 24 May 2022, an Interconnection Agreement ("IA") and Pressure Service Charging Agreement ("PSCA") between Interconnector Limited ("INT") and National Grid Gas ("NGG") was submitted to the Authority for approval in accordance with Standard Licence Condition ("SLC") 3 of the Gas Interconnector Licence<sup>1</sup> ("the Licence") – 'Compliance with bilateral agreements'. This condition states that the licensee shall enter into such bilateral agreements as may be reasonably required by any relevant gas transporter.

This letter sets out our decision to approve the IA and the PSCA on the basis that its contents have been agreed by both parties.

**Background**

INT is a bi-directional interconnector that connects the Belgian gas market with Great Britain. INT is a certified Transmission System Operator and holder of a gas interconnector licence.

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<sup>1</sup> <https://www.ofgem.gov.uk/energy-policy-and-regulation/industry-licensing/licences-and-licence-conditions>

INT first entered into the IA with NGG on 25 August 1998. The IA relates to the connection between INT and NGG's National Transmission System at Bacton interconnection point. The PSCA is a new agreement stating the charging mechanism for the pressure service contained within the IA.

NGG proposed enabling modifications Uniform Network Code ("UNC") 0786S 'Amendment to the framework for the Bacton exit pressure service to interconnectors'<sup>2</sup> and UNC 0787S "Introducing amendments to the interconnection agreement with Interconnector Limited to reflect latest operational standards and practices".<sup>3</sup>

These were self-governance modifications that did not modify the UNC document. This is a standard process for reviewing changes to documents that may impact upon users,<sup>4</sup> such as Network Entry Agreements and IAs. UNC 0786S provides the governance to amend the IA to allow NGG to provide a revised and consistent pressure service to interconnectors off-taking gas at Bacton. UNC 0787S provides the governance to amend the IA to reflect latest standards and practices in gas quality and general operations.

A consultation was held on UNC 0786S between 17 December 2021 and 21 January 2022. Two responses were received, one of which was from NGG, and both were in support of the proposal. On 24 January 2022, the Final Modification Report ("FMR") for UNC 0786S was submitted to the Panel for review. The UNC modification panel voted unanimously to implement UNC 0786S on 17 February 2022.

A consultation was held on UNC 0787S between 17 December 2021 and 21 January 2022. One response was received, from NGG, in support of the proposal. On 24 January 2022, the FMR for UNC 0787S was submitted to the Panel for review. The UNC modification panel voted unanimously to implement UNC 787S on 17 February 2022.

Amendments have been made to the IA to add terms of the pressure service that were described within the FMR for UNC 0786S and latest standards and practices in gas quality and general operations as described within the FMR for UNC 0787S. The PSCA has been drafted to detail the charging mechanism for the pressure service described within the FMR for UNC 0786S.

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<sup>2</sup> <https://www.gasgovernance.co.uk/0786>

<sup>3</sup> <https://www.gasgovernance.co.uk/0787>

<sup>4</sup> User is defined under the UNC as a person engaged in shipping on the National Transmission System (NTS)

## **Authority Decision**

SLC 3.1 requires that bilateral agreements, and any amendments to these agreements, must be submitted to the Authority for approval. We have received a request to approve the amended IA and the PSCA, as well as confirmation from both parties that all components have been agreed.

After careful consideration of the IA and the PSCA submitted to Ofgem on 24 May 2022, having regard to the Authority's principal objective and statutory duties, the Authority has decided to approve the IA and the PSCA in accordance with the provisions of SLC 3 of the Licence on the basis that its contents have been agreed by both parties.

If you have any questions relating to this decision, please contact Helen Seaton at [energy.securityofsupply@ofgem.gov.uk](mailto:energy.securityofsupply@ofgem.gov.uk).

**Dr Adrian Richardson**

**Head of Energy Security of Supply, ESMS**

**Signed on behalf of the Authority and authorised for that purpose**