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Our Ref: AW/DL/190919/NGGT
St Fergus

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19 September 2019

Dear Mr Turner

National Grid Gas Transmission St Fergus Gas Terminal Needs Case Consultation

Thank you for providing the opportunity for SEPA to give its view on Ofgem's initial decision on the proposals for the upgrade of the compressor plant at National Grid Gas Transmission's ("NGGT") St Fergus Gas Terminal. The following outlines our view on your proposed decision, how we have reached such a conclusion and considerations for NGGT's future business plans.

NGGT have a duty to demonstrate that its St Fergus Gas Terminal operates using Best Available Techniques (BAT) as required by its permit to operate under the Pollution Prevention and Control (Scotland) Regulations 2012. As part of this demonstration, it has to establish what the environmental impact of the site's operation will be post 2023 when the unabated RB211s cease to operate when their Limited Life Derogation from the Industrial Emissions Directive's (IED) Large Combustion Plant emissions limits ends. NGGT has prepared a business needs case to OFGEM for installation of two new plant operating from that date. Subsequent discussions with NGGT have found that the site could continue to operate using the existing fleet of older unabated Avons until at least 2030 when the Medium Combustion Plant Directive (MCPD) emission limits apply. SEPA requested that if this scenario was to be utilised that it assesses what the environmental impact of combustion emissions would be so that it has assurance that BAT would continue to be applied. The modelling provided by NGGT showed that using two Avons (operating in an anticipated mid load range) instead of one RB211, over the seven year period up to 2030, would result in a reduction in NO_x and CO emissions with a slight increase in fuel usage (and associated elevation in CO₂ release). This showed that the additional cost (environmental and financial) of installing two new compressors compared to running with the existing Avons for the 2023-2030 period would have been disproportionate.

Consequently, SEPA has reached the view that it cannot reasonably challenge Ofgem's current position that the investment should not progress at this stage. This is due to the uncertainty regarding the reliability of electric variable speed drive (VSD) operation at St Fergus and the high cost of implementing the proposed upgrade of two compressors compared to the environmental cost for the above period. This does not mean that we believe that the decision is appropriate in the long term as NGGT will have to meet the requirements of the IED and associated MCPD.

The information presented in the NGGT IED needs case suggests that upgrade for the gas compression plant will be required in some form as the existing Avons will not be able to fulfil operational requirements under the 500 hour derogation post 2030. We would therefore expect NGGT to revise its proposals in its RIIO-2 business plan and associated Compressor Emissions Compliance Strategy to account for any decision relating to the RIIO-T1 reopener. SEPA would also expect (based on the assessment put forward in support of the IED needs case) that this upgrade would happen early in the NGGT MCP compliance investment programme (i.e. RIIO-2) due to the high emissions from the site. It could become the highest NO_x emitting site on the grid once the Peterborough station upgrade is completed and to improve other sites, with lower emissions, works against the approach agreed to date through the Network Review. This view is open to review should the VSDs prove to exceed current reliability forecasts with the use of non-abated turbines significantly decreasing from indicated trends or NGGT provide a reasoned justification for implementing upgrades elsewhere in the network.

Please feel free to contact me if you have any questions or comments regarding this correspondence.

Yours sincerely



Al Whyte
Specialist I

ecopy: R Chase - Environment Agency