



Making a positive difference
for energy consumers

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Dear Kirsten & Belinda,

Approval of the proposed Interconnection Agreement and Pressure Service Charges Agreement between BBL Company V.O.F. and National Gas Transmission

On 14 March 2024, an Interconnection Agreement ("IA") and Pressure Service Charges Agreement ("PSCA") between BBL Company V.O.F. ("BBL") and National Gas Transmission ("NGT") was submitted to the Authority¹ for approval in accordance with Standard Licence Condition ("SLC") 3 of the Gas Interconnector Licence² ("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 and any such agreements must be provided by the licensee to the Authority for its approval. NGT also confirmed agreement to the proposed amendments to the IA and PSCA.

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

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² <https://www.ofgem.gov.uk/energy-policy-and-regulation/industry-licensing/licences-and-licence-conditions>

Background

BBLC is the operator of the bi-directional Balgzand to Bacton Line (“BBL”) that connects the Netherlands gas market with Great Britain at the Bacton interconnection point (hereafter, “Bacton”). BBLC is a certified Transmission System Operator³ and holder of a gas interconnector licence.

BBLC first entered into the IA with NGT on 21 April 2009. The IA relates to the connection between BBL and the National Transmission System (“NTS”) at Bacton. On 17 June 2022, BBLC entered into a PSCA with NGT, which includes details of the charging mechanism for the pressure service contained within the IA.

On 06 October 2023, NGT proposed Uniform Network Code (“UNC”) 0859 ‘Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)’.⁴ UNC0859 is an enabling modification which provides the governance to amend the IA and PSCA between NGT and BBLC to temporarily provide an enhanced pressure service for BBLC at Bacton. This would permit BBLC to temporarily request enhanced pressures between 55 bar and 68 bar when exporting gas at Bacton and to increase its Maximum Network Exit Point Offtake Rate (“MNEPOR”) to 252,000,000 kWh/d. The increased pressure service is temporary, applying up to and including Gas Day 31 December 2024. UNC0859 does not modify the UNC document.

On 18 January 2024, the Final Modification Report (“FMR”) for UNC0859 was submitted to the Panel for review. The Panel voted unanimously to implement UNC0859. On 05 March 2024, Ofgem approved UNC0859.⁵

The Interconnector Limited (“INT”) interconnector also connects to the NTS at Bacton and INT has an IA and PSCA with NGT for the connection between the INT pipeline and the NTS at Bacton. The PSCA that BBLC and INT have with NGT, each include charging methodologies that divide the cost of NGT providing a pressure service at Bacton between BBLC and INT for each Gas Day, depending on the pressure services provided to each party.

On 14 March 2024, BBLC submitted a revised IA and PSCA to Ofgem for approval. Amendments have been made to the IA to add terms of the pressure service that were described within the FMR for UNC0859. The PSCA has been drafted to allow for the enhanced pressure service described within the FMR for UNC0859. The amendments made

³ <https://www.ofgem.gov.uk/publications/certification-decision-bbl-company-vof-2023>

⁴ <https://www.gasgovernance.co.uk/0859>

⁵ <https://www.ofgem.gov.uk/publications/unc0859-reintroduction-enhanced-pressure-service-and-increased-mnepor-bblc-introduced-unc0814>

limit access to the increased pressure service up to and including Gas Day 31 December 2024.

The revised PSCA submitted by BBLC mirrors a revised PSCA between INT and NGT which was submitted to the Authority on 20 March 2024 and approved alongside this decision on 02 April 2024.⁶

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 14 March 2024, 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. These are commercial terms between two market participants, and we have not identified any change in terms that would be detrimental to the market or to consumers.

If you have any questions relating to this decision, please contact Alice Johnston at energy.securityofsupply@ofgem.gov.uk.

Helen Seaton

Head of Gas Security and Flexibility, ESMS

Signed on behalf of the Authority and authorised for that purpose

⁶ Decision letter published alongside this decision on the Ofgem website.