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for energy consumers

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Date: 02 April 2024

Dear Pavanjit & Belinda,

**Approval of the proposed revised Pressure Service Charges Agreement between Interconnector Limited and National Gas Transmission**

On 20 March 2024, a revised Pressure Service Charges Agreement ("PSCA") between Interconnector Limited ("INT") and National Gas Transmission ("NGT") was submitted to the Authority<sup>1</sup> for approval in accordance with Standard Licence Condition ("SLC") 3 of the Gas Interconnector Licence<sup>2</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 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 PSCA.

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

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<sup>1</sup> 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.

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

## Background

INT is the operator of a bi-directional interconnector that connects the Belgian gas market with Great Britain at the Bacton interconnection point (hereafter, "Bacton"). INT is a certified Transmission System Operator<sup>3</sup> and holder of a gas interconnector licence.

INT first entered into an Interconnector Agreement ("IA") with NGT on 25 August 1998. The IA relates to the connection between INT and the National Transmission System ("NTS") at Bacton. On 17 June 2022, INT entered into a PSCA with NGT, which includes details of the charging mechanism for the pressure service contained within the IA.

BBL Company V.O.F. ("BBLC") also has an interconnector that connects to the NTS at Bacton and BBLC has an IA and PSCA with NGT for the connection between the Balgzand to Bacton Line and the NTS at Bacton. The respective PSCAs that INT and BBLC have with NGT, each include charging methodologies that divide the cost of NGT providing a pressure service at Bacton between INT and BBLC for each Gas Day, depending on the pressure services provided to each party.

On 20 March 2024, INT submitted a revised PSCA to Ofgem for approval. The revised PSCA includes changes consistent with the implementation of Uniform Network Code 0859 'Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)'<sup>4</sup> as well as other minor changes. These are consistent with changes being proposed by BBLC to its PSCA with NGT, submitted to the Authority on 14 March 2024 for approval, and approved alongside this decision on 02 April 2024.<sup>5</sup> No changes have been made to INTs' IA that was last approved by Ofgem on 10 June 2022.<sup>6</sup>

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<sup>3</sup> <https://www.ofgem.gov.uk/publications/certification-decision-interconnector-uk-limited-iuk>

<sup>4</sup> <https://www.ofgem.gov.uk/publications/unc0859-reintroduction-enhanced-pressure-service-and-increased-mnepor-bbhc-introduced-unc0814>

<sup>5</sup> Decision letter published alongside this decision on the Ofgem website.

<sup>6</sup> <https://www.ofgem.gov.uk/publications/decision-proposed-interconnection-agreement-and-pressure-services-charging-agreement-between-interconnector-limited-and-national-grid-gas>

## **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 proposed revised PSCA, as well as confirmation from both parties that all components have been agreed.

After careful consideration of the PSCA submitted to Ofgem on 20 March 2024, having regard to the Authority's principal objectives and statutory duties, the Authority has decided to approve the revised 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](mailto: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