

# Interconnector Limited



## Storage Services Agreement Summary

[ ] 2022

For use with Issue 1 of the SSA

# Disclaimer

This Interconnector Storage Services Agreement Summary ("SSAS") has been prepared by Interconnector Limited ("Interconnector"). It describes the Storage Services offered by Interconnector under the Interconnector Storage Services Agreement ("SSA").

The SSAS is provided to assist potential Storage Users in deciding whether or not they wish to partake in the services offered by Interconnector under the SSA. As such, the SSAS should not be construed as an offer or inducement to enter into or as giving rise to any contractual relationship between Interconnector (or any of its affiliated entities) and any other party for the provision of services by Interconnector. This summary is only a description of the services offered by Interconnector under the SSA.

The SSAS may be amended from time to time to reflect changing regulatory requirements and other modifications to the services on offer. Interconnector aims to ensure the SSAS is up to date and provides a comprehensive description of the services provided, but on occasion the SSAS may not reflect the most recent changes to the services provided under the SSA, therefore Storage Users should always refer to the SSA in the first instance.

# Contents

1. Introduction	4
2. Contractual Framework	4
3. Registration	5
4. Storage Offering	6
5. Using your Storage Services	7
6. Storage Service Delivery	8
7. Costs and Invoicing	8
8. Data Transparency	9

## 1. Introduction

Interconnector offers Storage Services under the Storage Services Agreement (“SSA”).

Interconnector, in its role as a Storage Operator, offers Storage Services to the GB market as per the commercial access regime of Section 19B of the Gas Act, Section 17D of the Petroleum Act 1998, Regulation EC 715/2009 as amended by UK SI 2018/1286 and 2019/530 and the guidance provided by Ofgem to GB Storage Operators<sup>1</sup>. These all contain provisions to ensure that the Storage Service offered is objective, transparent and non-discriminatory.

The SSA enables Storage Users to buy short term storage within the Interconnector system dependent on availability. Interconnector will offer up to 100GWh/d of Storage Capacity to its Storage Users where the utilisation of the Interconnector Transportation Capacity (offered under the Interconnector Access Agreement) is low.

This document provides the reader with an overview of the services offered under the SSA. Any references to Storage Users are to those who have signed an SSA.

## 2. Contractual Framework

### Storage Services Agreement

The SSA is the document which a Storage User signs setting out the specific and general contractual terms.

The SSA is reviewed by Ofgem and is offered on the same terms to all Storage Users. Once signed, it is concluded for an indefinite period, with termination rights defined.

### Variations Protocol

The Variations Protocol outlines the principles governing amendments to the SSA.

Appendix A (General Terms and Conditions) of the SSA may only be varied by an agreement in writing from Interconnector and the Storage Users. These changes will be deliberated with Storage Users through a 30 day consultation period. If a Storage User is not in agreement with the proposed changes they can continue to use any pre-contracted capacity however any new services would only be available under the revised agreement.

Appendix B and the Schedules will be reviewed by Interconnector from time to time with amendments made at Interconnector’s sole discretion. Interconnector shall provide Storage Users with a Variation Notice 30 days in advance of the proposed amendment taking effect to which they can respond and propose further changes. Unlike Appendix A, all Storage Users are required to adhere to the latest version of Appendix B and the Schedules of the SSA to ensure operational continuity amongst all Storage Users.

### Storage Charging Statement

---

<sup>1</sup> <https://www.ofgem.gov.uk/publications/guidance-regulatory-regime-gas-storage-facilities-great-britain-version-2>

The Storage Charging Statement sets out the values of all the charges which are applicable under the SSA.

### 3. Registration

#### Becoming a Storage User

To become a Storage User, a party has to:

- a) Successfully complete the Interconnector 'Know Your Customer' processes;
- b) Become a signatory to the SSA;
- c) Demonstrate creditworthiness to Interconnector; and
- d) Provide Interconnector with User information for systems setup.

To register as a Storage User, a sign up form which is available on the Interconnector website needs to be submitted. Following receipt of this Interconnector will send the interested party a KYC pack and a signature copy of the SSA. The Storage User should then return the completed KYC pack and signed SSA for Interconnector to review. On successful completion of the KYC process, Interconnector will issue the Storage User with a fully executed SSA.

#### Credit Provisions

Once a Storage User has become a signatory to the SSA, Interconnector will carry out an initial credit check. There are two ways that a Storage User can meet the credit requirements under the SSA:

1. Have a formal long term debt rating from one of the following agencies of at least;
    - a. Standard & Poor's      BBB+
    - b. Moody's                      Baa1
    - c. Fitch                              BBB+
- or,
2. Provide acceptable credit support in the form of;
    - a. A guarantee backed by a company acceptable to Interconnector that meets the above Ratings, or
    - b. A standby letter of credit issued by an international bank which is acceptable to Interconnector and meets the above Ratings, or
    - c. Cash Cover in Pounds Sterling.

The amount of acceptable credit support will vary depending on the realised or intended expenditure of the Storage User. Interconnector will estimate the Storage User's exposure to Interconnector as the greater of:

- a) £100,000, and
- b) the estimated highest monthly charges for any three months that the Storage User holds storage capacity.

Interconnector requires Storage Users to meet the credit criteria before any storage capacity can be purchased and therefore encourages Storage Users to put credit support arrangements in place as soon as possible after signing an SSA and before Storage Capacity can be purchased.

### **Ongoing Credit Management**

Interconnector will continually monitor a Storage User's credit position and request changes with 5 business days' notice to the acceptable credit support if so required. If a Storage User fails to comply with the credit terms, then Interconnector may suspend access to the storage services and ultimately terminate the SSA in the event of non-remediation by the Storage User.

## **4. Storage Offering**

### **Storage Capacity**

Interconnector offers its Storage Capacity to Storage Users as;

- a) Injection Capacity to deliver gas into the Interconnector system;
- b) Space to Store gas within the system; and
- c) Withdrawal Capacity to remove gas from the Interconnector system.

The Interconnector Storage Service is connected to the GB National Transmission System ("NTS") as operated by National Grid. Injection of gas under the Interconnector Storage Service is only permitted at the Interconnector Bacton Entry Point. Withdrawal of gas is only permitted at the Interconnector Bacton Exit Point.

### **Acquiring Storage Services**

Interconnector Storage Capacity will be offered to Storage Users as 'Standard Bundled Units' or "SBUs" comprising of Injection Capacity, Space and Withdrawal Capacity.

Injection and Withdrawal capacities are offered to Storage Users in the form of the rate of injection and rate of withdrawal, expressed in kWh/h.

Space is offered in kWh.

Storage Users will need to procure the relevant capacity on the NTS via the PRISMA transportation capacity auctions in order to utilise their Interconnector Storage Capacity.

### **Sales Process**

Storage Capacity can be offered to Storage Users via a Subscription Process or Auctions.

Where a Storage User has been successful in acquiring Storage Capacity Interconnector will confirm to the Storage User the following information:

- a) The allocated Storage Capacity broken down into Injection, Withdrawal and Space;
- b) Whether the Storage Capacity is Firm or Interruptible;
- c) Whether the Storage Capacity is eligible to be Transferred;

- d) The Storage Capacity Period; and
- e) The price of the allocated Storage Capacity.

### **Interruptible Storage Services**

Interconnector will offer a mixture of Firm and Interruptible Storage Capacity.

Interconnector may interrupt at any time all or part of a Storage User's Interruptible Registered Storage Capacity. Interconnector will aim to provide the affected Storage Users with details of the interruption at least 2 hours before it takes effect.

### **Secondary Trading**

Interconnector will support the transfer of Registered Storage Capacity between Storage Users where at least 2 hours notification is given.

## **5. Using your Storage Services**

### **Storage Nominations**

Storage Nominations specify the quantity of gas that the Storage User wishes to Inject or Withdraw at the Interconnector Bacton Entry/Exit Point.

Storage Nominations are to be provided for each Hour on a given Gas Day no later than 2 hours before the hour for which the Storage Nomination is submitted.

Storage Nominations will be matched with the Entry and Exit nominations on the NTS. The Storage User or their counterparty is responsible for submitting such nominations to National Grid.

Storage Renominations can be submitted with a lead time of 2 hours should a Storage User's Injection or Withdrawal requirements change.

### **Storage Nominations in relation to Gas-In-Storage**

Storage User's Injection Nominations and Withdrawal Nominations should not result in exceeding their Available Registered Space (Gas-In-Storage) and their Withdrawal Nominations should ensure that their Gas-In-Storage is reduced to zero by the end of their Storage Capacity Period.

Where this isn't the case, Interconnector will increase the Withdrawal Nomination to achieve that outcome and the Storage User will be liable for any and all additional costs.

### **Allocation**

Gas is allocated at the Bacton Entry and Bacton Exit Point on an hourly basis.

Interconnector will send on an hourly basis an NTS Entry Allocation Statement or NTS Exit Allocation Statement to National Grid on behalf of each Storage User.

### **Gas Quality and Operating Conditions**

Storage Users must supply gas within the specified quality and operational requirements. Interconnector is entitled to refuse to accept any gas not meeting these requirements.

## **6. Storage Service Delivery**

### **Maintenance**

Interconnector will notify its Storage Users of any Long Term Planned Maintenance sufficiently in advance of the proposed date.

For any Short Term Planned Maintenance, Interconnector will provide its Storage Users with 10 business days' notice.

In total, the number of days within a Calendar Year where Firm Registered Storage Capacity is reduced due to Long or Short Term Planned Maintenance shall not exceed 15 days.

### **Constraints**

Constraints are issued where Interconnector has already interrupted interruptible capacity but deems it is unable to meet the Storage Nominations made against Firm Registered Storage Capacity.

Where a Constraint occurs, Interconnector shall issue a pro rata reduction in the Confirmed Storage Nomination Quantities.

### **Force Majeure**

Where Interconnector's Storage Service or the Interconnector Information System is subject to a Force Majeure event causing it to be unable to take delivery of or redeliver Natural Gas, the Monthly Storage Charge of each impacted Storage User shall be reduced.

For the first 3 consecutive months of a Force Majeure event a 5% reduction will be applied to the Registered Storage Capacity Charges; thereafter, no Registered Storage Capacity Charges will be invoiced until the Force Majeure ends.

## **7. Costs and Invoicing**

### **Costs**

Interconnector publishes a Storage Charging Statement which outlines and explains the various costs associated with using the Storage Services. These include:

- The price of Injection Capacity, Withdrawal Capacity and Space;
- The charges for injecting and withdrawing gas under the Storage Service; and
- The monthly administration fee (if any).

### **Injection and Withdrawal Charges**

Interconnector will apply charges, in addition to the capacity charges, to recover the costs of fuel gas and electricity consumption related to the Injection and Withdrawal of gas



into/from the system. This will be in line with a Storage User's Injection and Withdrawal Allocations at Bacton.

### **Invoicing**

Storage Users will be invoiced on a monthly basis in arrears for the following:

- a. Storage Capacity Charges;
- b. Injection and Withdrawal Charges;
- c. The Monthly Administration Fee (if any);
- d. Any other amounts payable.

Less

- a. Any reduction in Storage Capacity Charges due to Force Majeure;
- b. Any reduction in Storage Capacity Charges due to Gas Quality;
- c. Any other sums due.

### **Suspension and Termination**

Interconnector may suspend a Storage User's access to the Storage Services if the Storage User breaches its obligations in the SSA. Where access has been suspended a Storage User may not access its Registered Storage Capacity or acquire new Storage Capacity until the reasons leading to the suspension have been remedied.

Where the conditions leading to the suspension of a Storage User are ultimately not remedied, Interconnector may then terminate the Storage User's access to the Storage Services within 20 days of a Termination Notice being issued.

## **8. Data Transparency**

Interconnector operates in a transparent manner and will make publicly available aggregated information relating to the provision of the Storage Service.

Regulation EC 715/2009 as amended by UK SI 2018/1286 and 2019/530 requires Storage Operators to provide the following information to its National Regulatory Authority which in this case is Ofgem;

- Technical, contracted and available capacity of the storage facility;
- The amount of Gas in Store at the end of each Gas Day;
- The Injections and Withdrawals for each Gas Day; and
- Planned and Unplanned Maintenance.

Interconnector will publish this information on its Electronic Data Platform and/or its website.

Interconnector will also provide this information to National Grid who will publish the data in aggregate for the Interconnector Storage Service.