



**CONFIDEN**

***Response to Northern Ireland (Gas) TSO's  
Consultations***

***Introduction of Entry Capacity to Northern Ireland –  
Transitional Arrangements  
Business Rules for Industry Consultation  
&  
Entry Point Registrations  
Business Rules for Industry Consultation***

**on behalf of**

**AES Ballylumford Power Ltd and AES Kilroot Power Ltd**

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*Queries to: -*

Commercial Department  
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## 1.0 Introduction

As a major stakeholder within the Northern Ireland gas market, AES Ballylumford Limited and AES Kilroot Power Limited (collectively “AES”) welcome the opportunity to respond to the Northern Ireland (Gas) TSO’s Consultation Papers (‘the Papers’): -

‘Introduction of Entry Capacity to Northern Ireland – Transitional Arrangements, Business Rules for Industry Consultation’ and ‘Entry Point Registrations, Business Rules for Industry’, both dated 4 August 2014.

## 2.0 Summary

AES broadly welcomes the potential additional flexibility an Entry (Exit) regime will bring to the Northern Ireland (NI) gas Transmission system. However, we have particular concerns around: -

- The ability of a Shipper to reduce their capacity holding in future years.
- The potential for a piecemeal introduction of other products such as ability to purchase daily capacity either day-ahead or, ideally, in-day.
- How the particular issue for AES in terms of Centrica currently holding Firm Capacity on SNIP will be handled.
- How the particular circumstance of AES holding Exit Capacity at Ballylumford will be handled (as opposed to DNO;s holding exit Capacity as outlined in the Papers).
- The implication that a Shipper will have nominations in excess of its firm capacity holding rejected.

## 3.0 Specific Comments

### 3.1 Reduction in Capacity Holding

AES notes the intent that, whilst a Shipper can apply to reduce its firm (Entry) capacity holding, such a reduction will only be accepted if there is an unfilled demand for capacity. Given most Shippers are likely will want to hold capacity for a significant term of several years, it seems unreasonable to potentially restrict a Shipper from ever reducing their capacity holding as their circumstances will inevitably change over such a (long-term) timeframe. AES would urge the TSO’s to adopt a more flexible approach to allow Shippers to reduce their firm capacity holding regardless of whether or not there is an unfilled demand for capacity. It’s also not clear how the principal proposed by the TSO’s sits with the proposals for UIOLI rules.

### 3.2 Piecemeal Introduction of Products

AES would be concerned that, due to time pressures to meet EU deadlines, we will see the piecemeal introduction of capacity products and / or such products may simply be introduced to meet the EU requirement. Such products may be of little or no practical use or value to NI Shippers. We would site the current ‘day-ahead’ capacity product as an example as, to our knowledge, no shipper uses this product because of the required booking lead-time.

Ideally AES would want to see a complete package of products available form 1 October 15

including day ahead and in day capacity booking options. If this is not achievable in this timeframe, then there should at least be a firm commitment to the type and range of products that will be made available at a future date.

### **3.3 Capacity currently held by Centrica and utilised by AES**

AES would note that the capacity booking held by Centrica but utilised by AES is due to expire at the end of September 2015. Whilst it is AES's intention to agree the transfer of this capacity from Centrica to AES, we would not wish to be in a position of this automatically binding us to holding this capacity post September 2015. Therefore we would request clarity from the NI TSO's as to how the automatic roll forward of capacity currently held into the new regime will be handled for capacity holdings that are due to expire.

### **3.4 Exit Capacity at Ballylumford**

AES would seek clarity around how the exit capacity at Ballylumford will be handled. The Papers indicate that DNO's will hold exit capacity of behalf of Shippers. Currently AES hold a supply licence to allow self-supply at Ballylumford. AES would like to understand if this will remain the requirement going forward or if any other arrangement is proposed.

### **3.5 Level of Capacity required to be held.**

In the Transitional Arrangements paper, paragraph 2.1c states:

*'From 1<sup>st</sup> October 2015, entry nominations which exceed a Shipper's Entry Capacity holding will be rejected'.*

AES would be strongly opposed to such a restriction as it implies that there will be no ability for a Shipper to utilise any available spare firm capacity or interruptible capacity. Unless the intent is to allow Shippers to purchase capacity in-day, this statement implies that a Shipper must hold firm capacity for the maximum throughput the Shipper is ever likely to need. For an intermittent generator like AES Ballylumford Power Station, such a requirement would place a significant fixed cost on the business. AES would again raise concerns re the apparent divergence of the Irish Electricity Market, where flexibility is required to meet increasing renewables penetration, and the gas market which seems to be heading towards tighter restrictions and increasingly onerous requirements to accurately predict future demand (for day ahead, year ahead and long-term outlooks).

There is obviously a strong link between the electricity and gas markets. AES would therefore urge the NI TSO's to develop products to allow sufficient flexibility to meet the demands of the electricity markets without imposing significant financial burden on Shippers with a requirement to hold capacity well in excess of their normal requirements so they can meet infrequent peak demands.