



Energy for
generations

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By email:
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Dear Stephen, Dear Colm,

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

Thank you for the opportunity to provide feedback on the two draft Business Rules documents named above. This response considers each paper in turn, answering the specific consultation questions raised in Sections 8 and 17 respectively.

Entry Point Registrations

- i. The proposals for automatic registration at Entry Points (Section 6)

We understand that automatic registration will occur for access to the Entry Point corresponding to a Shipper's current firm capacity holdings. This registration does not in itself constitute a capacity holding or right to hold capacity.

In principle, we welcome this proposal as a sensible approach to the transition. There is no detail provided of how the registration process will be completed; we suggest it would appear to be a timely moment to request Shippers to confirm their details per those required for subsequent registrations and make any updates. Shippers should certainly be informed of the fact of their auto-registration formally and provided evidence of it.

It is possible that some Shippers may prefer the option for the auto-registration to be applied to another entity, thus effectively making a one-off transfer to another Shipper. This has not been covered in the draft Business Rules and we request that clarity be provided on whether this possibility can be considered.

A final timeline for auto-registration to take place and deadline for capacity bookings to be included in the auto-registration process would be appreciated as soon as it can be made available.

ii. Anticipation of trading at a NIBP

If there were a willing buyer/seller, and a reason to do so, we may trade at a NIBP.

The formation of a NIBP as an administrative facilitator for the market is acceptable to us, for example, in providing formal title transfer opportunity to Shippers who require it.

However, we are not in support of an aim to create a liquid virtual trading point on the NI system. This is in the context of the high probability of failure in this aim, in part due to the liquid NBP market being adjacent to the proposed virtual point, as well as the size of the local market in terms of participants and volumes.

iii. Other issues

The timeline for actions described for Entry Point Registration may not be sufficient to meet the Shipper's notice of intention period (outlined in Section 5). The intervals themselves appear reasonable, but the TSO could consider adding that it will make reasonable endeavours to meet the notice of intention from the Shipper or revising the number of business days in the timeline to match the period of notice of intention.

Introduction of Entry Capacity to Northern Ireland – Transitional Arrangements

i. Approach to allocating Initial Entitlements where DNs currently hold Exit capacity

This concerns the automatic allocation of Entry capacity commensurate with the current capacity holding (Initial Entitlements). Some Shippers' capacity is held by DNOs on their behalf and therefore the allocation process is not as clear as in the case the Shipper holds its own capacity currently.

We understand that the options are for the DNO to determine the relevant quantity for each Shipper, or for PTL to determine the Initial Entitlements on the basis of peak or average entry allocations over a recent period or periods.

If PTL has recent historical entry allocations, i.e. those for the current and last Gas Year, these would appear to form a sensible basis for the Initial Entitlements in the first instance. For capacity, taking peak allocations, rather than average allocations, into consideration would seem relevant.

ii. Capacity application process for April 2015

We understand that this is an adaptation of the current process for capacity applications in NI to take account of the introduction of explicit Entry capacity allocation.

It is not clear to us in the process outlined how Shippers who hold Exit capacity via a DN should proceed (see Section 3.2: DNs will still have responsibility for holding aggregate Exit capacity for their Shippers). Specifically in relation to the

hierarchy of allocation, which would place Joint Capacity Applications first, it is not clear whether these Shippers could be disadvantaged

At 8.1 (n), we suggest the date stated should be 31 May 2015 (the process will not have started at 31 March).

iii. Shippers' preferences for Entry capacity allocation for October 2015

This section concerns the gap between the beginning of PRISMA auctions of bundled capacity by National Grid at 31 October 2015 and the start of explicit Entry capacity in NI on 1 October 2015. The TSOs propose to make available unbundled Entry capacity at Moffat for October only.

Options to use the April 2015 Application Window, using PRISMA or manual process for month-ahead auctions (in mid-September 2015) and daily/day-ahead auctions on PRISMA (starting 30 September 2015) are tabled. We would prefer that all options remain available to Shippers. As PRISMA will be the tool in use for capacity purchase from November 2015, our preference would be to begin using PRISMA for the month-ahead auctions in mid-September, provided that the system is ready.

At 9.4., it is stated that the TSOs "*may take a different approach in respect of SNP and Moffat Entry points*". It could be clarified whether this means that the approach may differ between the two points, or whether this clause permits an alternative approach to that stated in 9.2. for the two points.

At 9.5., it is stated that reasonable notice of the precise sales process will be given. We would encourage the TSOs to provide a clear timeline as soon as practicable.

iv. Other questions or concerns

No further comments.

We would be pleased to offer clarification or discussion of any of the comments above.

Yours truly

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