

29th August 2014

Stephen English
Premier Transmission Limited
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85 Ormeau Road
Belfast
BT7 1SH

Dear Stephen,

Thank you for giving firmus energy the opportunity to respond to the Northern Ireland Transmission Services Operators' consultations on:

- The business rules for the introduction of processes for Entry Point Registration into the Northern Irish Gas Transmission regime; and
- The business rules and Transitional Arrangements for the introduction of Entry Capacity into the Northern Irish Gas Transmission regime.

We recognise the need for Northern Ireland to be compliant with EU Regulations, specifically EU 715/2009, which requires that charges for Entry and Exit Capacity should be levied separately, and also the CAM Regulation (EU 984/2013) which requires that capacity at interconnection points should be sold via an auction process.

In view of this, we hope our response will highlight some of the difficulties and issues that may arise through the implementation of these new regulations and help towards ensuring a smooth transitional period to the new arrangements for Natural Gas Transmission.

Transitional Arrangements Consultation Responses

Please provide views on the approach to allocating initial Entitlements where DNs currently hold exit capacity.

We believe the TSO's 'Initial Entitlement' of (firm) Entry Capacity corresponding to their existing Firm Capacity bookings (or the quantity of Firm Capacity held on their behalf by a DNO) is a fair and reasonable approach to allocation.

We would be concerned that by allowing them to provide their own capacity nominations at this stage, there may be a tendency for some shippers to deliberately over nominate in an attempt to crowd out competition.

By permitting shippers then, from 1st October 2015, to surrender or increase capacity using the PRISMA auctions, the market can naturally balance itself out, whilst remaining competitive to all parties.

Please provide views on the capacity application process for April 2015, including the proposed approach for offering capacity.

firmus energy believes the proposed approach to applications for capacity in future gas years, as detailed in paragraph 8, is sufficient and suitable in terms of its objectives to develop the process for Capacity Applications during the Gas Year 2014 – 2015.

Please provide views on Shippers preferences/likely requirements for Entry Capacity for October 2015

In terms of our own organisational requirements, firmus energy (supply), at this stage envisages, and intends to become registered at the Moffat Entry point and, assuming its eventual opening, become registered at the entry point beyond Gormanston on the South North pipeline.

In addition, we wish to keep open the options to obtain the appropriate registrations as required by the upstream Transmission systems (National Grid and Rol) to be eligible to purchase, using the PRISMA platform, bundled entry capacity at each of the aforementioned entry points.

It is possible that we also will be applying for a Trading registration.

At this point, these assumptions are merely speculative and no organisational decision has been made in terms of the possible utilisation of 3rd party shippers, service level agreements, and implementing trading operations.

Entry Point Registration Consultation Responses

Please provide views on the proposals for automatic registration at Entry Points;

firmus energy are in favour of an automatic Entry Point Registration process for existing shippers. The proposal that existing shippers will not have to go through a timely or laborious manual registration process can only be of benefit to those involved. It is our understanding that this automatic process constitutes accession to the Codes of PT/BGE (NI).

firmus energy are happy with the proposed Standard Entry Point registration process, although are mindful that this does not constitute accession to the Codes or the right to hold capacity.

Please provide views on whether or firmus energy anticipate trading at the NI Balancing Point.

At present firmus energy does anticipate trading at the NI Balancing Point however no organisational decision has been made with regards to this activity.

Any other questions or concerns about the approach.

Competition

It is our opinion that the new rules and proposals should not have an adverse effect on Supply competition. This was discussed previously in relation to the 'Initial Entitlement' proposals and our concern that potential new suppliers could be locked out of the market if they were unable to obtain the necessary capacities.

Nevertheless, we believe there would be increased risk for existing suppliers that felt they needed to commit to long term capacity bookings in order to obtain an allocation. It is important that the market should not be distorted by excessive differences in price or availability between long and short term products. Given the limited size of and number of participants in the NI markets, consideration should be given to how sufficient liquidity can be encouraged in the auction and trading processes.

Bundled product

The need to bundle future entry and exit products at Moffat (and Gormanston) will mean that shippers will either need to register as shippers on the GB (or RoI) system or buy their gas in Northern Ireland using an upstream supplier who is registered on both systems. This could reduce purchasing options and increase costs. As stated previously, firmus energy recognises that this may be an unavoidable consequence of complying with EU requirements.

Emergency operations

Finally we propose that sufficient consideration is given to the possible repercussions should there be dramatic loss of supply through technical failure or otherwise. Processes should be in place so that shippers would be able to continue to operate without incurring unreasonable costs as long as it is physically possible to supply gas to their customers.

If you have any questions in relation to our responses for this consultation, please do not hesitate to contact us.

Yours Sincerely,

Stephen.

Stephen Miller

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