

**Power NI Energy Limited
Power Procurement Business (PPB)**

“Entry Point Registrations”
and
“Introduction of Entry Capacity to Northern
Ireland – Transitional Arrangements”

4 August 2014

Response by Power NI Energy (PPB)

29 August 2014

Power NI Energy (PPB), as a major stakeholder in both the gas and electricity markets welcomes the opportunity to respond to the consultations on “Entry Point Registrations” and the “Introduction of Entry Capacity to Northern Ireland – Transitional Arrangements”.

PPB is surprised by the lack of engagement in the gas industry with respect to changes which are required to the Northern Irish Gas Transmission regime to ensure compliance with EU legislation. This is in contrast to the more interactive engagement in the electricity sector. The gas industry has jumped to detailed Business Rules before consulting on the high level design of the Northern Irish Gas Transmission regime.

However PPB recognises the requirement for Northern Ireland to comply with the EU regulations, specifically EU 715/2009 and also the CAM Regulation (EU 984/2013) and therefore the industry is now constrained by short lead times.

One of the major concerns PPB has is the increasing divergence in the design and operation of gas and electricity, networks and markets. This is despite the strong interdependency between the two markets. The challenges associated with the intermittency and unpredictability of wind, being driven by the target of supplying 40% of electricity from renewable sources by 2020, are going to have a considerable impact on the operation of the gas network as conventional generating units will need to operate more flexibly and if gas fired units (CCGTs and OCGTs) are to operate in a flexible manner they must also be able to secure flexible supply and transportation of gas to support this running pattern. Both the gas and electricity markets play a central part of the Northern Ireland economy, providing an essential product to society. It is therefore vitally important that the strategic planning of the Northern Irish Gas Transmission regime is not undertaken by the Gas TSOs without proper dialogue with key stakeholders.

Entry Point Registrations

There is an assumption in the Consultation paper that a Northern Ireland Balancing Point will be introduced. The TSOs have not set out why a Northern Ireland Balancing Point is required and what the risks and benefits of introducing this Balancing Point. Why, for example, can Northern Ireland not rely on the GB National Balancing Point. What are the intentions of the TSOs for scenarios when an imbalance in Northern Ireland is realised. Will there be a penalty regime? This is an important issue given the issues outlined above in relation to the changing dynamics of the electricity market.

“Introduction of Entry Capacity to Northern Ireland – Transitional Arrangements”

The Firm Capacity which is currently reserved by Centrica for Ballylumford terminates at the end of September 2015. Will AES Ballylumford, as an existing Shipper, be automatically provided with an Entry Point Registration for Moffat Entry Point, in [January 2015] despite the fact that at that point in time it will not have Firm Capacity bookings in respect of future Gas Years starting October 2015?

Whilst CAM sets out some of the minimum requirements, in terms of types of products, it is important the design of the auctions reflects Northern Ireland requirements (for example the frequency of auctions to optimise dynamic requirements of gas fired generators).

In terms of credit requirements it will be important to design the requirements such that there is no risk of an increase in the cost of providing credit under the new arrangements.