**4th December 2014**

Stephen English
Premier Transmission Limited
1st Floor Arena Building
85 Ormeau Road,
Belfast
BT7 1SH

Dear Stephen,

Thank you for the opportunity to respond to the Transmission System Operators' (TSO) Consultation on IME3 Compliance for 2015 - Nominations at IPs and Trade Nominations Business Rules and Allocation Rules. Detailed below are our comments on the Consultation.

**Nominations at IPs and Trade Nominations Business Rules:**

**Changes concerning interruptible exit nominations (Para 1.6 and 12.5)** – The Transportation Network Codes currently permit shippers to submit a nomination in respect of an interruptible nominated quantity, as a deemed application for a corresponding amount of interruptible capacity. This will no longer be possible, and instead the quantity by which a nomination exceeds the firm exit capacity booked at an exit point will attract a charge for the capacity. firmus energy would ask how charges relating to the nominated amount over the booked exit capacity could be allocated given the uncertainty surrounding which supplier(s) it relates to.

**Moffat Agent (Para 2.1a and 10.3) –** firmus energy note that with the TSOs handling nominations matching processes between themselves, there is no need for any agent role in nominations. Therefore, the NI TSOs have initiated discussions with the Moffat Agent as to its withdrawal from service from October 2015. We further note that the TSOs may use a third party to provide certain elements of the matching process. This seems contradictory to the suggestion that there is no need for any agent role in nominations. firmus energy would request clarification on the cost implications of removing the existing service provider in favour of potentially several third parties to undertake the matching process role on behalf of the different TSOs.

**Nominations at entry and exit (para 2.1b and 12.1) –** firmus energy note that the introduction of an entry exit regime means that shippers will be required to nominate separately at entry and exit points. This is in contrast to the previous process whereby entry nominations were deemed to be equal to exit nominations. If commodity charges are to be levied based on exit volumes and there is no requirement to ensure entry and exit

nominations are consistent at both points, firmus energy would request further clarification on the consistency and accuracy of charging within the proposed process.

**Trading Party (para 4 and 11)** – During the Utility Regulators' PRISMA workshop (27th November 2015) it was suggested that the inclusion of a Trading Party concept will assist new gas suppliers in market entry. firmus energy feel it it would be useful to understand what liabilities these trading parties would have in terms of Transportation Codes and would trading parties be held to a separate Code accession process.

Similarly trading parties and shippers acting on behalf of gas suppliers who operate within the DNO networks could impact on current new entrant market assurance processes which the Utility Regulator and DNOs have developed.

firmus energy suggest a review of this process as part of a workplan for the IME3 compliance project would be important. We would also highlight possible implications for the Supplier of Last Resort (SoLR) processes currently being developed. An assumption for delivering a gas SoLR solution is that the Transmission and Distribution shippers are the same entity.

Finally, we would request further clarification around the processes that will need to be undertaken every month whereby the DNO provides the TSO with the allocation information required for charging.

**Contents and Timing of IP Nominations (para 5)** – The TSOs are proposing to amend the timings for the nomination process. firmus energy note that the current timings in the DNO Network Codes are in line with current transmission timescales. An amendment of the gas day to 5.00am at transmission level will result in the transmission and distribution gas days being out of step. DNO Code Modifications will therefore be required to synchronise these elements. Furthermore, there will be additional need for changes in systems and processes utilised by DNOs. We request that all the changes required by DNOs alongside this new regime are properly considered and included in any forward plans for IME3 compliance.

**<u>Allocations Business Rules:</u>**

**Gas Allocations to equal Gas Nominations (para 1.3) –** One of the key proposals in the Interoperability Code is for an Operational Balancing Agreement (OBA) to be implemented at Interconnection Points (IPs). A main impact of this is that it should allow Shipper Gas Allocations to be '*held whole*' to their nominations (i.e. Shippers '*get what they nominate*'). We would request further clarification as to whether consideration has been given to this new tariff regime in terms of its impact on imbalances and is there a risk that we would see more imbalances on the NI network than other areas and could this then result in increased costs.

**Firm allocations in excess of Firm Capacity at an Exit Point will be subject to a charge associated with the capacity (para 8.3) –** As discussed previously in our first comment, firmus energy are unsure as to how this charge would be applied to the individual Shippers utilising our network.

**Shipper Aggregate NI Exit Allocations (para 10.5)** – We note that the Final Virtual Reverse Flow IP Exit Allocations are included in the aggregated NI Exit Allocation. We would request confirmation on whether the Final Virtual Reverse Flow IP Exit allocations should instead form part of the Aggregated NI Entry Allocation total.

If you require any further clarification on the responses provided, please do not hesitate to contact me.

Yours sincerely,

**Peter McClenaghan**

**Regulatory Affairs Manager**