

ESB GWM welcome the opportunity to respond to the TSOs' consultation, *Northern Ireland Single Gas Transmission Code, High Level Approach Document for Industry Consultation*. GWM understands that this is a high level document that should be considered in conjunction with the Industry workshop which took place on 21st November 2016. GWM welcomes this approach by the TSOs and has provided feedback in the sections below.

- i) the suggested contractual form of the Single Code (section 3);

As per the Consultation and the recent Industry workshop, one of the main objectives of developing a single gas transmission code across the 4 gas networks is to enhance efficiencies due to a single code, IT system and interface. Given that work has been carried out since 2014 (i.e. when the CJV steering committee requested a review of possible IT solutions for the CJV) and is forecast to continue until 2017, GWM feel it is appropriate that Shippers are made aware of the cost of implementation of a CJV including any Cost Benefit Analysis that has been completed.

The consultation states that the CJV will not be a legal entity in its own right but rather a vehicle for joint service delivery to Shippers. Further information regarding the implications of not being a legal entity in its own right would be welcomed. For example, are there any unintended consequences in forming a CJV on gas transportation agreements that are already in place between a Transporter and a Shipper. What process will occur in the event that indemnification or breaches of the new proposed Code occur? Will there be any impact on the Price Control process for each TSO? GWM would welcome further clarification on possible implications that could occur due to the CJV not being a legal entity.

- ii) the proposed approach for implementation via a Framework Agreement (section 3.3);

Section 3.3 envisages Shippers signing up to the new Framework Agreement between July and early August 2017. The wholesale electricity market in Northern Ireland is undergoing a fundamental change that was due to become effective in October 2017. According to SEMC publication SEM-16-078a, the go live date is now scheduled for May 2018. We feel that given the seismic changes in the wholesale electricity market, the workplan for the CJV should take into account changes from SEM to I-SEM. We believe it is reasonable and prudent that the TSOs must future proof the CJV system for a change that is known in advance, will happen almost in parallel with the introduction of the new CJV and will have significant impact for gas fired generators, the largest users of gas in Northern Ireland.

- iii) the proposed approach of a new section for NI Network Point definitions (section 4.2);

The listing of all points on the NI Network seems reasonable but GWM would like to see a proposal of NI Network Point definition before its' final comment on this matter.

- iv) the plans for introducing Forecasting Party requirements (section 4.5.1);

Although not explicitly stated in Section 4.5, GWM believes that a consultation outlining the requirements of the Forecasting Party will be published for consultation. GWM welcomes consultation on this matter and will respond in due course.

- v) the plans for implementing CAM Amendment requirements (section 4.5.2);

The implementation of the CAM Network code resulted in significant changes to the gas network in northern Ireland seeing the introduction of an entry-exit system, the requirement to book bundled capacity and the introduction of short term gas capacity products at entry. Given the magnitude of these changes, GWM feels it is vitally important that a CAM Amendment's workshop and consultation takes place immediately to inform Shippers of any new requirements that a CAM Amendment will impose. GWM welcomes the move of Annual IP Capacity from March to July.

- vi) the proposal to introduce Trade Renominations (section 7.4);

Section 7.4 outlines a proposed change to the current Trade Nomination rules. ESB GWM would welcome clarification regarding the statement that it would not be possible for Shippers to have more than one Trade per day with the same Counterparty.

- vii) the proposed approach to combining the definitions of Constraints (section 11.4);

The steps outlined in Section 11.7 will have a serious impact on gas fired generators in the event of an NI wide gas constraint. ESB GWM would welcome a joint workshop with the gas TSOs and SONI to discuss possible scenarios relating to the possibility of the gas TSO requesting SONI to re-dispatch a power station depending on constraint issues. It is imperative that gas generators are not financially penalised and are kept whole if they are re-dispatched due to no action on their part but one that is determined by the gas TSOs.

- viii) the proposed approach of a new section relating to Title Transfer (section 13);

No comment.

- ix) the proposed approach to Charging, Payments and Tax (section 18);

In relation to charging, payments and tax, will a new entity be set up for transmission charges, and Code charges such as Imbalance and Scheduling charges. Are there any implication to the way charges are calculated with the establishment of a CJV?

- x) the proposed approach to Credit (section 19);

No comment.

- xi) the proposed approach to Liabilities (section 20);

As per our comment in query (i), are there implications to the provision of Liabilities and Indemnities if the CJV is not a legal entity?

- xii) the proposition that the Single Code should be governed under Northern Irish Law (section 26.3);

No comment.

- xiii) the proposition that the CJV General Manager should, where necessary, take the role of Chair of the Credit Committee (section 27.3);

No comment.

- xiv) any other concerns or queries that interested parties may have.

ESB GWM welcome this Consultation and the industry workshop held on November 2016. As per our comments above, we believe there are a number of issues which could use further clarification such as the cost impact of the establishment of the CJV, the significance of the CJV not constituting a legal entity and proposed modifications to Trade Nominations. What is the impact on the formation of a CJV to Shipper tariffs? In addition, Section 12.3 refers to cost divisions without providing examples. It is difficult to assess the financial impact of the CJV at present and ESB GWM would welcome further clarification on all additional costs that are being incurred due to the formation of the CJV.

Secondly, interoperability between the gas and electricity markets is necessary and must be acknowledged by the TSOs to ensure an efficient market which best benefits the final customers of each market. Given that the CJV consultation plans to undertake Code Modifications over 2017, we feel that it is a necessity that the Code Modifications process include engagement with industry to assess what is required from the CJV to ensure it is fit for purpose with the introduction of ISEM in 2018. There is a risk that the CJV design is inefficient and would impose further future costs on customers if I-SEM is not incorporated into its design.

ESB GWM welcome the opportunity to respond to this consultation and are available to meet the 4 TSOs to discuss the points raised above.

Kind regards,

Karol O'Kane