Response to Code of Operations Modification Proposal Number 11 – Amendment to Exit Point Tolerances (EPT) Calculation

BGE (NI) Supply (Trading as firmus energy) would like to offer the following comments on Modification Number 11 – Proposal by Phoenix Natural Gas (PNG) – Amendment to Exit Point Tolerances Calculation.

Overview

firmus energy agrees with the proposal to modify the EPT calculation process to be shipper portfolio specific. In the short run firmus believe that a bi-annual review would be a reasonable modification for shippers.

However in the longer term, as a downstream Shipper’s ability to change their portfolio increases through market opening’s new connections etc, a Shipper whose portfolio changes over a short period of time would be at a disadvantage. An EPT not reflective of the Shippers load presents a risk to Shippers, who could face punitive second tier imbalance charges though no fault of their own.

Example: A Shipper has an EPT calculated on a large industrial load and then adds a large number of smaller I&C / domestic customers, but still has a low EPT based on their previous flat load requirements, in the large industrial sector. This would leave a shipper potentially accruing penal charges until the revision of the EPT occurred. Similarly a Shipper losing smaller customers may have a large EPT, no longer reflecting their flat load, thereby reducing their incentive to balance.

Alternative Method

Firmus would like the modification review panel to consider the possibility of an evergreen EPT.

This would mirror the approach taken by the Transporter (BGE) in the Republic of Ireland in the Unified Code of Operations (Section E 1.7 Shipper Portfolio Tolerances). This would require the calculation of a Shippers EPT on a daily basis through an approved formula.

Review

Given that market opening downstream is based on decreasing annual quantities and the decision on market opening is currently pending with DETI, firmus energy believe the consideration of an evergreen EPT would be beneficial to all players.

Conclusion

firmus energy supports the modification, and hope that you would consider our comments in relation to further improvements.