



Bord Gais Energy Supply

City Quarter,
Lapps Quay,
Cork,
Ireland.

Bord Gais Energy Supply “BGES” Comments on Draft Conclusions on Transmission Tariff Harmonisation in Ireland and Northern Ireland paper

Comments

BGES welcomes the opportunity to comment on the above consultation paper and following consideration would like to make the following comments with regard to conclusions outlined in the aforementioned document.

BGES believes that the disadvantages of a fully postalised regime (as outlined in the consultation document) far outweigh the advantages and hence this regime should be discounted when deciding on a Common Arrangement for the whole of Ireland. Instead an Entry Exit Regime, which is in existence in Ireland, should be implemented due to its alignment to Europe, ease of implementation and enabling a means for revenue transfer.

BGES preferred approach of implementing an entry exit regime is as follows:

Entry

Out of the alternative options discussed and as previously stated BGES is strongly in favour of a Combined Moffat Interconnectors (with all other points separate). The main reasons we believe are:

- Security of Supply
- The creation of Intra-Jurisdiction Moffat Entry Trading
- Operational Efficiency

BGES would therefore welcome the implementation of Combined Moffat (separate others) as suggested by the RAs as we see this as providing a Long Term benefit to Northern Ireland over time when the SNIP line is full and flows to Northern Ireland will be from the South-North Interconnector via Moffat Entry.

Exit

BGES are still in favour of Single Exit tariff and cannot see the difficulty proposed in relation to revenue transfer in what we see as a straight forward accounting exercise. If the aim is to create a Common Arrangement for Gas, we believe that a Single Exit Tariff is the only option. Not only does it allow active Secondary trading but it would also succeed in creating a *Common* Arrangement.

In relation to mitigating the effect of the declining interconnector utilisation, it is of utmost importance that IC tariffs do not escalate to a level where the gas price in Ireland is uncompetitive with alternative fuels. In relation to the Section 6.3.2 of the RA's Paper on 17th October, Long Run Average Remaining Costs, we wish to clarify our position on this. For the avoidance of doubt, what BGES referred to when proposing the implementation of a Long Run Marginal Price as a means of mitigating the effect of the declining interconnector utilisation was a reference to a Price within the Price Control Period as is currently in place i.e. within the 5 year period. This will be an agreeable solution to this issue.

Please do not hesitate to contact us, should you require further clarity on any of the issues above