

Roy Colville
The Utility Regulator
Queens House
14 Queens Street
Belfast
BT1 6ED

4th April 2016

Licence Modifications to Ensure European Compliance

Dear Roy

Mutual Energy Limited (MEL) is grateful to have the opportunity to respond to this consultation on behalf of its three wholly owned subsidiaries Premier Transmission Limited, Belfast Gas Transmission Limited and West Transmission Limited (formerly Northern Ireland Energy Holdings Limited) which hold licences to convey gas granted pursuant to the Gas (NI) Order 1996.

Please find comments on the proposed licence modifications below:

Forecasting Party

MEL have no objection to the proposed modifications.

Contract Approval for Gas Agreements

In relation to the requirement for entering into an agreement, MEL perceives the drafting in XX.1 to be one-sided in favour of the Gas Transporter, notability where it states "required by a Gas Transporter". MEL believes that the entering into such an agreement should be mutually agreed between the Licensee and a Gas Transporter. To redress the imbalance, we propose the following modifications to the text, which we believe do not conflict with the overall intent of the new conditions.

XX.1 The Licensee shall enter into such agreement with a Gas Transporter as may reasonably be agreed between the Licensee and the Gas Transporter as necessary ~~be required by a Gas Transporter~~ for the purposes of:

- (a) facilitating the Licensee's or the Gas Transporter's compliance with a European Network Code; or
- (b) giving full and timely effect to any relevant legally binding decision of the Agency or the European Commission which relates to the activities of the Licensee or the Gas Transporter.

Further to this, MEL believes this amended drafting is important given that the definition of a Gas Transporter includes the Distribution Network Operators (DNO) and at this time UR do not plan to insert a reciprocal condition into the DNO's licences.

PTL Transportation Agreement

MEL has no objection to these proposed modifications.

Part 2A Licence Changes

MEL understands the rationale behind the proposed changes and has no objection to the proposed modifications. However, MEL has identified the requirement for a minor addition to the proposed text in relation to the adjustment of forecast capacity figures. MEL would welcome clarification that the forecast capacity figures cannot be less than the booked level of annual capacity. This is an important point as the adjustment of these forecasts an impact on the tariff and subsequently revenue recovery. Whilst we consider the risk of this occurring as very low, in order to provide additional comfort to our Financiers, we request that this point is drafted explicitly within the licence text.

Should you wish to discuss any aspect of our response please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to be 'S. English', with a stylized flourish at the end.

Stephen English
Gas Contracts Manager