A Bright Alternative

26 May 2016

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Response and comments to the Exit Capacity Review for Northern Ireland Gas Transmission Call for Evidence

In relation to the proposed Exit Capacity review, Go Power's position is neutral. As downstream supplier's we do not see any added benefits on applying exit capacity changes that deviate from the current arrangements. The current exit capacity arrangements, which allow DSO's to book exit capacity on behalf of suppliers are fit for purpose given the market size of NI. The calculation of the commoditised charges makes a fair revenue recovery from all the shippers as the method for calculating the exit capacity revenues is applied using the same method for all shippers. The commoditised element charged by DSO's to the supplier is built in within the unit rates passed on to the customer which allows an efficient and transparent flow of revenue collection.

However, as a dual fuel supplier, our concerns arise from the impacts of the proposed changes on gas exit regimes which might in turn alter the final electricity prices.

Our general comments are as follows:

"Exit changes may alter the costs of service to different customers arising from product and pricing changes or different capacity booking rules. However gas regime changes may impact more widely. The current SEM arrangements may allow a generator to reflect the STC into its bid prices thereby increasing costs to electricity consumers by inflating electricity wholesale prices (SMP) when gas plant using STC sets the SMP or constrained-on payments when gas plant using STC is called. Therefore, gas exit pricing might influence electricity wholesale market functioning which could in turn affect electricity consumers' final electricity charges in NI and the RoI"

Response: Gas Exit regimes should be carefully considered if the wider impacts are going to be reflected in increased electricity costs. In addition, allowing shippers to book their own exit capacity will entail the development of sophisticated trading and settlement platforms which will incur substantial IT costs. These added costs will ultimately have to be recovered via pass through elements which affect customer prices. Go Power does not see the added costs and the added interaction complexity bringing enough efficiencies to justify and entire exit capacity re development.

"Case for reform The electricity market is evolving. Renewable generation continues to grow, thereby increasing the likely intermittency of use of gas fired generation plant. Gas fired generators indicate that recovery of their fixed costs is becoming more challenging and that the current annual capacity regime may contribute significantly to this issue"

Response: From the Generator end and for the large Key players in the system**,** we see the disadvantage and the increased pressure to recover fixed costs particularly for users with very low load factors. Moreover, if these changes are effective in ROI, will generation have an incentive to relocate to ROI? If so , are the impacts of such move quantified?

Stakeholders are invited to respond to the following questions:

• Is the basis for assessment appropriate?

Go Power believes the assessment criteria is appropriate.

• Are the broader assessment framework and the specific criteria clearly articulated?

Yes

• If not how should the assessment framework be evolved?

No comments

• Are there any other criteria which should be considered?

No comments

Yours Sincerely,

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