



127 Baggot Street Lower,
Dublin 2,
Ireland.

TO: Roisin.McLaughlin@uregni.gov.uk
RE: TPA Solutions Call for Evidence
Attach: Eurelectric report on flexible exit capacity products

27th May 2016

Dear Roisin,

The Electricity Association of Ireland (EAI) welcomes the opportunity to respond to TPA Solutions “*Exit Capacity Review for Northern Ireland Gas Transmission – Call for Evidence*”. EAI represents the primary generators, distributors and suppliers of electricity on the island. We welcomed the introduction of short term gas capacity products at entry in NI in October 2015 and believe that short term exit gas capacity products are required at exit in NI. It is our understanding, based on experience from ROI, that this can be achieved relatively simply and at minimal cost.

EAI broadly supports the assessment criteria and agrees that the assessment must consider the significant interactions between the electricity and gas markets. As the largest sectorial customer of NI gas, the needs of power generators must be considered when examining a gas regime change.

As part of a multi-jurisdictional regulated wholesale market, generators in SEM should have the choice to purchase the same suite of regulated products regardless of location. We believe that locational signals are created by the absence of a uniform range of products and not by differences in the prices of these products, as argued by TPA. Products can be priced through the use of seasonal factors and/or multipliers to ensure full revenue recovery for the NI gas transmission network. For clarity, whilst annual gas capacity products in NI and ROI may have different prices it is the availability of a uniform product type across the island which creates a comparable operating framework.

EAI believes the introduction of short term gas capacity products at exit would allow for a more level playing field on an all-island basis and will be required when I-SEM is introduced. In the I-SEM Market Power Mitigation Decision Paper (SEM-16-024), the RAs’ preferred position is prescriptive ex-ante

bidding controls based on unit SRMCs for the Balancing Mechanism, similar to the existing BCoP in SEM¹.

NI generators have repeatedly requested the introduction of short term exit gas capacity products and UR concerns about systems requirements, timings and costing were factors when considering change. The introduction of short term gas capacity products at entry in October 2015 ensures that NI could use the experience gained to drive efficiencies in any system changes and minimise the costs involved for the introduction of exit products.

We believe that short term gas capacity products at exit are required to support gas fired generation in NI. It is now widely accepted that short term gas capacity products are needed to meet the EU's 2020 RES Targets and the demands of the evolving electricity market, where gas generators are operating less frequently and more unpredictably. As demonstrated in the attached Eurelectric report, system operators in a number of EU Members States have already responded to these changing circumstances by allowing power station operators to book exit capacity on a short term a short-term, firm and interruptible basis, to varying extents, in addition to the traditional annual product.

We commend that the UR consider making similar products available in NI in order to move in the direction of travel at the EU level and create a level playing field for participants in a single European electricity market.

We are eager to follow up on this correspondence with a meeting at your convenience and look forward to hearing back with you in due course.

Yours sincerely,



Stephen Douglas
Senior Advisor
Electricity Association of Ireland (EAI)

¹ [SEM 16024](#) p.79 S8.17.2