

# Gas Industry Workshop

## 21 November 2016

- Exit Review -



- 1 October 2015: Introduction of short-term products for NI transmission entry capacity
- 2 March 2016: Workshop
- 15 April 2016: Publication of Call for Evidence
- 18 July 2016: Publication of Recommendations on Call for Evidence

- Short-term Products
- Capacity Booking Responsibilities
- Capacity Booking Platforms
- Ratchets

# Criteria for Exit Review

Criteria	Comment
cost reflectivity	revenue apportionment should relate to underlying cost generation – what users pay should match their usage of assets/network/resources
efficient network use and effective development	encouraging use of system where marginal benefit exceeds marginal cost  enabling network expansion to meet economic demand (without "gold plating")
effective competition	to promote retail and wholesale competition (for both gas and electricity)

Interpretation inevitably subjective – and should consider wider interest of consumers

# Responses to Exit Review Call for Evidence Discussion Document

- 11 responses received:
  - 7 responses from a range of industry players do not advocate reform to introduce gas transmission exit short-term capacity products
  - 4 responses from the generation sector argue that reform is essential

- **Current arrangements**
  - One annual capacity product
  - Relevant actors pay for capacity proportional to their anticipated peak usage
- **Suggestion**
  - Introduce short term capacity products
- **Recommendation**
  - No implementation of short-term capacity products at this stage
  - Generators' concerns to be considered and addressed as appropriate as part of I-SEM development, with close interaction between gas and electricity experts

- **Current arrangements**

- Distribution system operators book annual exit capacity on behalf of downstream network users, reflecting “1 in 20” demand based on licence requirements
- Power generators directly connected to the transmission system book their own capacity

- **Suggestion**

- Devolve responsibility for capacity booking to downstream network users

- **Recommendation**

- No change to responsibility for booking exit capacity

- **Current arrangements**
  - Simple booking system for exit capacity
  - Separate European booking system (PRISMA) for entry capacity
- **Suggestion**
  - Use PRISMA for booking of exit capacity
- **Recommendation**
  - No change to PRISMA as platform for booking exit capacity



- **Current arrangements**
  - Network users can nominate above booked exit capacity but are then liable for annual exit capacity on excess nomination and have annual capacity booking adjusted accordingly
- **Suggestion**
  - Consider appropriateness of current arrangements
- **Recommendation**
  - No change in current ratchet mechanism