

Consultation on TPA for Islandmagee Storage Facility

Dear Richard,

Re Consultation Paper – ‘Third Party Access regime for the proposed Islandmagee Storage Ltd facility – 18th May 2012’ – the “Paper”

Thank you for the opportunity to respond the Paper.

AES Ballylumford has considered the options and arguments put forward as at this time our view would be that: -

1. Third Party Access (TPA) requirement should be applied as a licence condition to the IMSL gas storage facility.
2. Any TPA should be on a negotiated basis (as opposed to a Regulated basis)
3. UIOLI conditions should available as an option, but only if TPA is granted and only applied if there is evidence of capacity hoarding. In other words, under normal commercial operation, economics should be allowed to determine how much capacity third parties will hold and for how long. However, should there be evidence of one or more parties hoarding capacity to the detriment of others, there should be an option to apply UIOLI.

We note the Utility Regulator’s minded to position is not to require TPA (or UIOLI) conditions primarily based on an assessment of the UK Market Liquidity. Whilst AES Ballylumford agrees that the UK Market is indeed liquid, we feel the current limited interconnection of Northern Ireland (and indeed the Island of Ireland) to the UK Market has not been given sufficient weighting in the Utility Regulator’s assessment criteria. Since access to the UK Market is effectively through a single point at Moffat, any restriction at Moffat will significantly reduce the ability of a Northern Ireland Suppliers’ to access the UK Market. With the demise of North Sea Gas and rise of lower CV LNG, particularly on the western seaboard of the UK (South Hook and Dragon), we have noted a general reduction in the maximum available capacity at Moffat. Hence our concern at the future ability of Northern Ireland Suppliers to have unrestricted access to the UK Market.

Kind regards

Donald Murray
AES Ballylumford Commercial Dept.

