



197 AIRPORT ROAD WEST
BELFAST BT3 9ED
TEL: 028 9055 5555
FAX: 028 9055 5500

Robert O'Rourke
Commission for Energy Regulation
The Exchange
Belgard Square North
Tallaght
Dublin 24

11th July 2008

Dear Robert,

Single Approach to Gas Quality Consultation Paper

Thank you for the opportunity to comment on the above consultation published by the Regulatory Authorities. Phoenix Distribution (Northern Ireland) Limited (PDL) has considered each of the consultation questions and we provide our response below.

Gas Quality Specification

We agree that the recommendations in the BGN report should be adopted and that the gas quality specifications within the Code of Operations and the BGN / PTL / PDL Network Codes should be consistent and aligned with the Gas Safety (Management) Regulations (Northern Ireland) 1997 - (GS(M)R(NI)) {Note: the GS(M)R(NI) gas quality specification is exactly the same as GS(M)R in GB}. The Wobbe Index (WI) range contained within the GS(M)R(NI) is narrower than that currently proposed by the European Association for the Streamlining of Energy Exchange but because of safety concerns, the UK Government has indicated that it is not intending to change these limits in the foreseeable future. On this basis we believe that the WI range as recommended in the BGN Report on Gas Quality Arrangements should be brought in line with the GS(M)R(NI) range, including the GS(M)R(NI) emergency range to ensure compatibility between gas on either side of the border.

In Northern Ireland in accordance with the GS(M)R(NI) it is the responsibility of the NI Network Emergency Co-ordinator (NINEC); "where it is necessary to prevent a supply emergency and in accordance with the arrangements specified in his safety case pursuant to authorise, for the period specified in the authorisation, gas not conforming with the requirements specified in Part I of Schedule 3 to be conveyed in the network if the gas conforms with the requirements specified in Part II of that Schedule."

In order for NINEC to undertake its responsibilities as detailed above it is essential that transporters receiving gas at Entry Points to the NI transportation system include in their local operating procedures a process of notifying NINEC of changes in gas quality.

We are unable to comment on whether narrowing this range would restrict gas supplies and indeed what impact this may have on gas-fired generators and how this should be addressed.

Treatment of Non-Compliant Gas

We have reviewed the recommendations from the BGN report and agree that gas treatment and processing should be carried out by the Upstream Operator prior to being delivered to the transportation system. On treating and processing non-compliant gas it would appear that Nitrogen Ballasting is the most effective method, however, it should be up to the Upstream Operator to decide how to cost effectively provide gas within specification at Entry Points. The downstream option i.e. adjusting the WI range and replacing millions of gas appliances, are prohibitive and may in any case raise further safety considerations and may damage the reputation of the natural gas industry.

We believe that the capital costs of the treatment facilities and the costs and responsibility for the operation of these facilities should be borne by the Upstream Operator to ensure that these are incurred as efficiently as possible and to minimise safety issues that may arise if there are two separate operators. We suggest that this is on the same basis as how costs are recovered at the production platform.

Gas Quality Measurement Arrangements

Finally we believe that best practice on gas quality measurement and local operating procedures should be adopted given that when the current arrangements are assessed in line with modern practice there is an unacceptable risk that non-compliant gas could enter the transportation system at Republic of Ireland Entry Points. We are not in a position to comment on whether the gas quality arrangements proposed by BGN in their report are effective.

We hope that these comments are useful but please do not hesitate to contact me should you wish to discuss any of these further.

Yours sincerely,

Bob

Bob Millican
Engineering Policy Manager