

June 5, 2006

Brian McHugh
Office for the Regulation of Electricity & Gas
Brookmount Buildings
42 Fountain Street
Belfast
BT1 5EE

Dear Brian,

**RE: Regulation (EC) No 1775/2005 Impact on Northern Ireland
Gas Transmission Network**

British Gas Trading welcomes the opportunity to comment on this consultation.

We support the Regulation and its implementation at the required timeframe in all member states.

However, we have sympathy with NIAER's attempts to reduce expenditure on under-utilised services however secondary trading of capacity and access to short term capacity is a fundamental principle of European policy and should not be ignored by NI. Competition should be supported by NIAER, and access to capacity is a vital tool in facilitating competition. The fact that no party has specifically requested the services detailed in the EC regulation does not mean that they will not be used. In addition we consider the cost estimates detailed in the consultation to be grossly over-estimated and believe that compliance with the regulation can be achieved at a much lower cost.

We fully support the EC regulation that contains details on the balancing status of network users. This is an essential piece of information that is not provided to users of SNIP. Shippers are currently exposed to penal balancing charges (which we believe are calculated using a reference price totally disconnected to the price of the gas itself) levied according to allocation data received after the gas day. In order to allow shippers the chance to adjust for any within day imbalances real time (or as close as possible) flow data must be provided. Similarly, the capability to differ input and offtake nominations in order to correct within day imbalances must be introduced.

Greater transparency on TSO balancing actions should also be provided to shippers. At present balancing actions are taken at the sole discretion of the transporter with no justification or information provided to shippers. In comparison the GB system allows shippers to view system demand,

current linepack and projected linepack. In addition they are aware when National Grid Gas takes any balancing actions. We believe at the very least this level of information should also be provided to shippers on the Northern Ireland network (with specific information given in respect of each of the designated pipelines).

Should you wish to discuss this matter then please do not hesitate to contact me.

Yours sincerely,

Keith Sanderson
Commercial Manager