

The NI Gas Transmission Operational Regime: The Way Forward NIAER Consultation December 2005

Ofreg received five responses to this consultation, from:

1. Phoenix Supply
2. firmus energy
3. Bord Gais Energy Supply
4. Energia
5. BGE (UK)

The responses were broadly supportive of the proposed plans for integrating the South-North Pipeline (SNP) into the NI gas transmission regime. However a number of concerns were raised and Ofreg seeks to address these concerns here.

Gas Flows from RoI Gas Network into NI Gas Network

- The responses were broadly supportive with the assumptions made in the paper. It was largely agreed that there is little merit in creating systems to facilitate flows from the RoI gas network into the NI gas network as it is not commercial under the current tariff regimes.
However one response expressed concern that if no such systems are put in place then the option to flow gas from the RoI network into the NI network will not be available in the event it becomes commercially viable. It was acknowledged that swaps may provide a solution.
- One response took the view that gas flows from the RoI network into NI network could be commercial, especially when the Corrib gas field is up and running. With this in mind it would be worthwhile to put systems in place to facilitate this.

Comment: Ofreg's view, with which no responses disagreed, is that it is currently not commercial under the current tariff regimes to flow gas from the RoI gas network into the NI network, and this is unlikely to change in the near future. With regards to gas from Corrib, Corrib is likely to price gas at a slight discount to NBP. This discount is likely to be less than transportation costs to NI. Thus Ofreg is still minded to conclude that flowing gas from RoI to NI is unlikely to be commercial.

However if other future developments make such flows commercial, Ofreg will reassess this view. Ofreg will also continue to listen to industry demands in this regard. For the moment the costs of introducing systems to facilitate flows from RoI into NI are likely to exceed the benefits, and Ofreg stands by its opinion to delay their introduction.

With regard to the option of swaps, this can be explored further.

Gas Flows into NI via IC and SNP

- There was general agreement that it is unnecessary at this stage to put in place systems to allow flows into NI via IC and up SNP, provided sufficient capacity is available through SNIP to meet at of NI's gas demands.

Comment: The NI Pressure Report gives comfort that SNIP will meet all of NI's gas demands until at least GY 2007/08, and possibly as late as GY 2008/09. The NI Pressure Report is produced on an annual basis allowing Ofreg to review SNIP capacity each year.

Preferential Treatment for NI Shippers

- Preferential treatment for NI shippers in their use of the RoI gas network was questioned.

Comment: The use of transit tariffs has been promoted by the EU and there are precedents for such tariffs. Ofreg is not seeking preferential treatment for NI shippers.

EU Regulation 1775/2005

- Questions were asked of how Ofreg propose to deal with the issues raised in EU Regulation 1775/2005.

Comment: Ofreg are currently working with DETI, the DPOs and the EU Commission to establish what steps need to be taken. Ofreg also plans to host an industry forum shortly.

Network Code Modifications

- One response expressed concerns about the current rules and processes regarding modifications the DPO's network codes. This refers to both the significant changes needed for SNP's integration, and also for more general code modifications. The establishment of a forum was suggested so that all interested parties have the opportunity to discuss code modifications.

Comment: Ofreg will continue to involve shippers in any discussions on significant changes to the NI operational regime. With respect to individual code modifications, Ofreg believes that the current rules which allow for any consuttee to request a meeting are adequate and would encourage any interested parties to do so if they so wish..

Lisburn Off-take

- The question of how the Lisburn off-take will be used was raised.

Comment: Ofgem's current understanding is that the Lisburn off-take is predominantly for security of supply and to ensure appropriate pressure stability. Thus it will mostly not be used on a day-to-day basis. However as it is likely to be used on some days it will be necessary to put in place the relevant rules to cope with this and Ofgem is working with the DPOs to produce proposals which will then be consulted on.

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