

Veronika Gallagher,
Utility Regulator,
Queens House,
14 Queen Street,
Belfast BT1 6ER.

27 February 2018

Sent by e-mail

Re: Notice and Consultation on Proposed Standardisation of Licence Conditions – Connection Charges and Obligation to permit a connection

Dear Veronika,

GNI (UK) Limited ("GNI (UK)") welcomes the opportunity to respond to the Utility Regulator's consultation paper in relation to proposed changes to licence conditions in relation to connection charges and obligations to permit a connection dated 30 January 2018.

We outline below our feedback in relation to the proposed changes to the GNI (UK) licence arising from this proposal. Specific clause references in the table below relate to the marked-up version of the GNI (UK) licence as published in Annex D of the consultation paper.

Should you wish to discuss any of the points raised below, please don't hesitate to contact me.

Yours sincerely,



Brian Mullins
Regulatory Framework Manager
Gas Networks Ireland
(on behalf of GNI (UK))

Section	Commentary
General Comment on Clause 2.3	The revised wording for Clause 2.3 introduces a series of changes on how prospective connections are approved and processed. GNI (UK) would welcome clarity that the changes proposed would only apply to new connection prospects and not to any connections that are currently being progressed.
Clause 2.3.1 and 2.3.2 Statement of Charges/Explanation of Charging Methodology	It is important to note the margin of error associated with any pro-forma statement of charging for various connection types to the GNI (UK) network (or indeed any TSO network). Each connection needs to be reviewed on a case by case basis to determine exact costings which will be a function of key factors such as distance to network, customer's specific load/pressure requirements, trenching environment to provide the connection etc. GNI (UK) can furnish the principles/methods on which connection requests would be assessed, but it needs to be recognised that any "ready reckoner" costing principles would have a margin of error to consider. It would also be useful to clarify that the published GNI (UK) connection policy (as revised) will be the appropriate place to fully address this licence requirement going forward.
Clause 2.3.8 Revising connection charges	We note UR's proposal that other than adjustments for RPI, UR wish to approve any other revisions. As with 2.3.2 above, it is important to note that a broad statement of charging methodology will have a margin of error and each specific connection will have an exact costing based on the specific requirements at hand. Again, it would also be useful to clarify that the published GNI (UK) connection policy will be the appropriate place to fully address this licence requirement going forward.
Clause 2.3.10 Connection Requests	We note the wording here includes a movement of previous clause 2.3.6. We would highlight however that given the nature of the operation of a high pressure network, any quotations provided within that timeframe would be purely indicative for the prospective client. Until a full site visit, full evaluation of customer requirements and a full design has taken place, any quotes provided within 28 days are indicative in nature. It should also be noted that when it comes to connection of another network to the GNI (UK) network, there would need to be ancillary documentation/terms discussed also e.g. Connected Systems Agreement. (See clause 2.3.15 below)

Section	Commentary
<p>Clause 2.3.13 Connection to Premises – requirement for Authority Approval</p>	<p>GNI (UK) would welcome clarity on the linkage between this clause and the provisions of 2.3.10. In 2.3.10, UR have requested that specific UR approval is required to progress a quotation with a prospective client. Clause 2.3.13 appears to infer a further UR approval before the site is connected so clarity is requested on:</p> <ul style="list-style-type: none"> (i) Confirmation that a 2 stage approval process is required (ii) At what juncture the second approval stage would apply (e.g. before signing of connection agreement?) <p>This is also important in the context of the fact that as the prospective connection progresses, GNI (UK) will have incurred costs in connection evaluation/design and drafting of relevant contracts and therefore would request clarity on the recovery of these costs should UR decline the connection request at that juncture.</p> <p>In adhering to this licence change, GNI (UK) will have to introduce a condition precedent to any future connection agreements post the licence changes coming into effect and if there are any issues in securing UR approval, this may have an overall programme impact in terms of completion of connection.</p>
<p>Clause 2.3.14 Obligation to connect</p>	<p>GNI (UK) would highlight here that the “relevant terms” would need to include for example the securing of all necessary wayleaves in relation to the pipeline and connection.</p>
<p>Clause 2.3.15 Connection of other systems</p>	<p>It is important to note that in relation to connection of another network, the “relevant terms” would need to specifically include:</p> <ul style="list-style-type: none"> - Execution of an enduring Connected Systems Agreement - Confirmation of how commissioning/stock gas is being secured for the new network and how it will be transported accordingly through the NI network
<p>Condition 2.2 – new Clause 2.2.23 – Resolution of Disputes</p>	<p>We note UR’s intention here is to align the TSO licences in relation to the dispute resolution process on conveyance charges and other terms for the conveyance of gas and the provision of conveyance services. GNI (UK) would expect that a dispute on charges for general use of system would be invoked in the first instance under dispute resolution provisions set out in Clause 25.2 of the Single Code of Operations effective in the Northern Ireland transmission market.</p> <p>The provisions of this new clause appear to infer the Consumer Council for Northern Ireland as the first dispute resolution body to be involved in a conveyance charge dispute and that if the Council is unable to assist in resolution of the dispute, it is referred back to UR for determination. Clause 2.2.23 (b) and (c) states that the Authority may refer the matter to the Consumer Council, but Clause 2.2.23 (e) then states that if UR do not refer it to the Consumer Council, the Authority will make a determination accordingly.</p> <p>It is not clear to GNI (UK) the basis/criteria on which UR would refer (per part c) or not refer (per part e) the dispute/issue at hand to the Consumer Council. We would welcome clarity on the basis on which UR would/would not refer the dispute to the Consumer Council.</p>

<p>Condition 2.4 A.5 Network Operator Agreement</p>	<p>We welcome the amendment suggested by UR here that references to the NINOA would be replaced by the System Operator Agreement (SOA).</p> <p>Whilst the licence provisions for single system operation arrangements are being considered, GNI (UK) would like to propose the following amendments also in relation to the recent licence changes made to reflect the introduction of the Single System Operator Arrangements:</p> <p>1. Definition of Single System Operation In the current GNI (UK) licence Condition 2.17 it outlines the conditions pertaining to Single System Operation Arrangements:</p> <p>Paragraph 2.17.1 defines what constitutes "Single System Operation" but then in the definition section it defines "Single System Operation" has the meaning given to it in paragraph 2.17.1 <i>"and does not include control room services and physical pipeline operation"</i>.</p> <p>GNI (UK) would propose that the italicised text above be included in Paragraph 2.17.1 in the interests of clarity so that "Single System Operation" is comprehensively defined within Par 2.17.1</p> <p>2. Acting in Conjunction GNI (UK) would also request that UR would reconsider the wording around 2.17.16 in the GNI (UK) licence. This licence condition obliges GNI (UK) to act <i>in conjunction and cooperation with every other HP conveyance Licensee</i>. It follows on to say that to the extent the Licensee is not reasonably capable of fulfilling the relevant obligation without the assistance of any or every other HP conveyance Licensee, ensure that the SSO agreement requires the Licensee to provide the assistance in question and where it does not, seek to amend the SSO agreement so that it does include such a requirement.</p> <p>GNI (UK) are not clear how this could be enforced – if other Licensee(s) are not cooperating on a particular aspect of SSO arrangements, it would seem unlikely such other Licensee(s) would be willing to agree to a change to the SSO contract to enforce that aspect?</p> <p>3. Exercise of Rights It also suggests that GNI (UK) should <i>"exercise all rights available to it in order to obtain the assistance in question"</i>. This would infer that GNI (UK) would incur legal and other costs in seeking to ensure other Licensees cooperate and allow for an amendment to the SSO. In such circumstances, GNI (UK) would request clarity that UR would cover such incremental costs for GNI (UK) in seeking the cooperation of the other Licensee(s).</p>
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