

11<sup>th</sup> January 2011

## **Re: Gas Storage Licence Consultation**

Endesa Ireland welcomes the opportunity to respond to the Utility Regulator's *Gas Storage Licence Consultation*.

Endesa Ireland supports the Utility Regulator's proposals to include licence conditions on the following issues:

- independence of the gas storage business,
- duty to promote effective competition,
- Use it or Lose it,
- Third Party Access,
- non-discrimination,
- UR audit of charges made to third party users (in the event of a negotiated TPA regime).

### **Question 3. What are respondents' views on the requirement to contain a UIOLI condition within the licence?**

Endesa Ireland supports the inclusion of UIOLI conditions to prevent capacity hoarding and to ensure that all available capacity can be fully utilised. However, the timing for the application of UIOLI should be consulted upon with industry. Capacity owners must have sufficient time to sell-on capacity that they will not be using and should not lose their capacity in the event of an unforeseen force majeure situation preventing them from utilising it.

Similarly, Endesa Ireland would support a licence condition limiting the percentage of storage capacity that may be held by any one user to 40% and limiting the length of time for which a party may contract for storage capacity to 3 years.

### **Question 4. What are respondents' views on the Utility Regulator approving the UIOLI mechanism?**

Endesa Ireland agrees that the Utility Regulator should approve this mechanism, after a consultation process, to ensure that it is effective. As above, Endesa Ireland considers that capacity holders must have an opportunity to sell on unused capacity before it is lost under the UIOLI mechanism.

### **Miscellaneous**

Endesa Ireland would welcome clarification as to the requirements that may be on the storage operator and users under the Gas Safety (Management) Regulations (Northern Ireland) (GS(M)R(NI)). It is stated in those regulations that a person conveying gas must co-operate with the network emergency co-ordinator but Endesa Ireland would like clarification as to the procedures and any emergency plans in place or measures likely to be taken as these are important from a commercial point of view for those using the storage facility.