

Mutual Energy Limited- Response to the Consultation on the Implementation of the EU Third Internal Energy Package

Introduction

Mutual Energy Limited (“**MEL**”) is grateful to have the opportunity to respond to the Consultation on the Implementation of the EU Third Internal Energy Package on behalf of its two wholly-owned subsidiaries (Premier Transmission Limited “**PTL**” and Belfast Gas Transmission Limited “**BGTL**”) which hold licences to convey gas pursuant to the Gas (Northern Ireland) Order 1996.

General Comments

MEL understands that the implementation of the third package for the gas industry is progressed via two regulations, 713/2009/EC and 715/2009/EC and through Directive 2009/73/EC. The subsidiaries of MEL, BGTL and PTL, hold the following licences:

- BGTL holds a gas Conveyance Licence from UREG; and
- PTL holds both an Interconnector Licence from Ofgem and a Gas Conveyance Licence from UREG.

Therefore it is a possibility under this arrangement due to dual regulation that conflicting requirements are put on PTL. Dual regulation has been addressed for certain processes by turning off relevant licence conditions in the Ofgem Interconnector Licence (“**IC Licence**”) and enabling regulation to be carried out by one regulator. MEL has tried to ensure through past consultations published by both Ofgem and UREG that obligations and processes which are switched on in both licences are as streamlined as possible and believes it is important that any obligations or processes which are introduced into both licences should compliment each other.

In relation to this, MEL has gone through a similar consultation process of amending the IC licence to reflect the EU Third Internal Energy Package requirements with Ofgem for the PTL owned and operated Scotland to Northern Ireland Pipeline (“**SNIP**”). MEL is keen to ensure consistency between both of PTLs licences through the implementation of the Third Package to avoid differing requirements for the SNIP under the Ofgem IC Licence and the conveyance licences from UREG for both the SNIP and the Belfast Gas Transmission Pipeline. MEL has noticed that there are only 2 required licence changes proposed in this consultation, however there were multiple changes suggested by Ofgem in the same process for modification of the IC Licence. Upon examination of these differences, it can be seen that the changes to reflect the Directive 2009/73/EC within PTL’s IC Licence are mostly covered already within the UREG Conveyance Licences for PTL and BGTL. One minor point which is not addressed relates to Article 8, i.e. TSOs must publish technical safety criteria which stipulates the minimum technical and operational requirements for the connection of

LNG, storage or other transmission/distribution systems. Under PTL and BGTL's conveyance licences Condition 2.3, which deals with connections and obligations to permit a connection to the network, does not include connections to LNG or storage facilities, something which was explicitly adopted by Ofgem in the IC Licence. Despite this being a minor issue, it highlights the point that there should be consistency between the licences by UREG and Ofgem. MEL would support UREG ensuring that throughout this process, consistency between the licences is maintained and, if necessary, MEL is willing to assist UREG on this matter.

Consultation Questions

We respond below to the specific questions which are raised in the Policy Consultation:

Question 31: MEL agrees that the proposed licence condition is appropriate to reflect the requirement under Article 13(2) of Directive 73/2009/EC to ensure TSOs provide sufficient cross border capacity, should this be necessary.

Question 32: MEL agrees with the proposed licence modification to ensure the TSOs are promoting competition within the gas industry but would like clarity on point 3.34(ii) in the consultation paper regarding the publishing of information. MEL assumes that by meeting the EU Third Internal Energy Package transparency requirements under Article 18, and Annex I of the Gas Regulation 715/2009/EC that this is sufficient to meet this proposed licence condition.