

Proposed Modification of Gas Conveyance Licences

Postalised Transmission Tariff Published Prior to 31st May

October 2017

Phoenix Natural Gas Limited ("**PNGL**") welcomes the opportunity to respond to the consultation issued by the Utility Regulator ("**UR**") on publishing the Postalised Transmission Tariff prior to the 31st May ("**the Consultation**").

Although PNGL recognise the rationale for the proposals set out in the Consultation to provide network users with the Postalised Transmission Tariffs prior to annual entry capacity auctions and to facilitate compliance with the EU Tariff Network Code, we would like to raise the following concerns / observations regarding the Consultation.

- **NI Network Gas Transmission Code**

Currently when booking Postalised Exit Capacity in future Gas Years, the NI Network Gas Transmission Code requires PNGL to submit their booking by the Mid Year Date (30th April) (paragraph 3.5.1). Assuming the network analysis confirms the availability of the applied capacity, and as per paragraph 3.5.5 of the Transmission Code the Gas Market Operator for Northern Ireland (GMO NI) will amend the agreed booking not later than 40 Business Days after the Mid Year Date or any other date they may agree with the UR (paragraph 3.5.5). These timescales no longer work with the UR proposals, which will see PNGL not receiving confirmation of its Postalised Capacity booking for the next gas year, before submitting the information needed to determine the tariff for this period. Therefore, PNGL believe it is important that the NI Network Gas Transmission Code is modified to clarify that the Exit Capacity booking has to be confirmed by GMO NI well in advance of the 31st May when the Postalised Transmission Tariff is to be published by to allow PNGL to make proper tariff determination submissions. PNGL would also suggest that clear guidelines are needed on the basis of tariff determination submissions to ensure tariffs are determined as accurately as possible. NI Shippers in recent years have experienced large reconciliation amounts at year end and anything further that potentially adds uncertainty to the reconciliation process should be avoided.

- **Timeline Concerns**

PNGL has many Licence and regulatory obligations in the first quarter of each year, and we therefore have concerns that by moving these requirements forward will place increasing pressures on a limited regulatory resource within our organisation. In addition to the analysis to determine the level of Postalised Transmission Exit Capacity required, consultation on this analysis, publication of

the final Forecast Exit Capacity Statement and Exit Capacity booking submissions, current Licence and regulatory requirements in Q1 of each year include:

- Annual and Quarterly Retail Market Monitoring
- Submission of Annual Development Plan for East Down
- Submission of network development information for our overall Licensed Area
- NI Capacity Questionnaire completion
- Submission and publication of Overall Standards of Performance
- Submission of Guaranteed Standards of Service monitoring report

UR is also proposing bringing forward submission of Annual Cost Reporting information to the end of quarter two which will place increasing pressure on PNGL in the first quarter of each year.