



Sean Murphy  
Utility Regulator  
Queens House  
14 Queens Street  
Belfast  
BT1 6ER

11<sup>th</sup> May 2015

Dear Sean

**Consultation on Gas Licence Modifications – Consequential changes to gas low pressure and supply licences arising from the introduction of the new gas day and entry charging**

Phoenix Natural Gas Ltd. (PNGL) welcomes the opportunity to respond to the above Utility Regulator (UR) consultation on proposed changes to Distribution Network Operators (DNOs) and Gas Supplier licences.

As recognised in the UR document the changes required under the new EU Network Codes are for the Northern Ireland (NI) transmission regime and are not specific requirements for DNOs, however PNGL do agree with the UR assessment that alignment of the distribution and transmission regimes in NI is necessary to ensure shipper confusion is avoided and the DNOs and TSOs can continue to operate and exchange information in a consistent and co-ordinated manner. This alignment will become increasingly important as NI continues to deliver further changes required as a result of further EU Network Codes, particularly the EU Network Code on the balancing of transmission networks which will see DNOs and TSOs potentially exchanging information multiple times daily as part of the requirements for a Forecasting Party for NI.

Although PNGL has no specific comments on the proposed text changes we feel it is important to note that although the licence modifications may be considered minor and simply consequential to changes required at transmission level, the DNOs will need to undertake significant work to amend current systems and processes and it will also be necessary to issue a Distribution Network Code modification to ensure compliance with the Licence change for the proposed amendment to the gas day definition. PNGL has commenced discussions with UR on its workplan for implementing these changes and as previously indicated we would be keen to explore with the UR the process and appropriate platform for DNO cost recovery for implementing these consequential changes.

PNGL also believe that the inclusion of an additional clause in the gas supplier licence regarding the provision of information to the TSOs for entry capacity requirements is necessary and it is essential that this new requirement is also subject to the existing clause regarding the need for these forecasts to be as accurate as possible given their important use in the tariff setting process. However PNGL believe that there also needs to be further work undertaken with shippers on the parameters upon which this information is provided. We do not consider it necessary to formalise these parameters within licence but PNGL's assessment of forecasts currently provided by shippers utilising its network for transmission tariff setting is often considered out of step with PNGL's view of

forecast volume throughput for the equivalent period and has in previous years resulted in the initial tariff being set too low from the outset. The setting of parameters is considered particularly essential by PNGL for shippers operating in the Greater Belfast licence area given that the PNGL Network continues to experience significant year on year growth and the increased level of switching activity between increasing numbers of market participants. These aspects need to be accurately reflected in the forecasts provided by shippers otherwise inaccurate tariffs result.

Hopefully UR will find the above comments helpful but please do not hesitate to contact PNGL to discuss any aspect of this response further.

Yours sincerely

*Joanne*

Joanne Quinn  
Transportation Services Manager