



EAI Response to Utility Regulator Consultation

Implementing the European Gas Regulation (EC) 715/2009 in Northern Ireland

**Electricity Association of Ireland
Gas Working Group**

28th February 2013

The Electricity Association of Ireland (EAI) is the trade association for the electricity industry on the island of Ireland, including generation, supply and distribution system operators. Its members include the major electricity generators and suppliers within Northern Ireland and the Republic of Ireland, all of whom operate within the Single Electricity Market (SEM). It is the local member of Eurelectric, the sector association representing the electricity industry at European level.

EAI aims to contribute to the development of a sustainable and competitive electricity market on the island of Ireland. We believe this will be achieved through cost-reflective pricing and a stable investment environment within a framework of best-practice regulatory governance.

EAI is committed to facilitating the improving operation of the electricity market in order to ensure security of supply needs of the island and that energy policy objectives such as RES-E targets are met whilst ensuring that electricity prices remain at competitive levels in order to facilitate the needs of the economies on the island.



Electricity Association of Ireland

Tel: +353 1 5242726
www.eaireland.com

The Electricity Association of Ireland (EAI) welcomes this opportunity to respond to the Utility Regulator (UR) consultation paper on the continued implementation of European Gas Regulation (EC) 715/2009 in Northern Ireland. The EAI recognises the important role of the Third Package in European energy policy and supports the overall objective of creating fully competitive, liberalised internal markets in both electricity and gas across all Member States. Furthermore, the EAI remains steadfastly committed to the efficient development of the gas market in Northern Ireland and across the island of Ireland.

Compliance with the European Commission's Third Energy Package is a necessary for Northern Ireland. This process will bring about significant operational and regulatory changes to the gas market in Northern Ireland, further to those already transposed. While it was initially envisaged by UR that substantive compliance with the Third Package requirements was to be achieved through the Common Arrangements for Gas (CAG) programme, this is no longer an option in the timeframe to compliance with the Regulation. The CAG programme is undergoing an important and substantive review with respect to its suitability to the overall published programme objectives, as set out by the Regulatory Authorities' (CER and UR), specifically the efficient development of the all-island gas market that is to the ultimate benefit of consumers. It was unclear to the EAI that the previous programme could have satisfactorily met those objectives and in the current context we fully support the development of the NI gas market in achieving compliance which will bring the market in line with European gas markets (entry/exit) and facilitate greater market integration.

In the context of the current consultation paper, the EAI supports the high-level assessment criteria forwarded in the consultation paper, as well as the proposals to implement a single transmission code of operations and a single IT system in Northern Ireland. On the specific options forwarded, we would call for these to be assessed against the high-level criteria forwarded as part of a broader Cost Benefit Analysis (CBA) type exercise to ensure the most efficient development of the gas system in Northern Ireland, to the ultimate benefit of our customers. In the absence of a long-term view of CAG or the future further development of the market we would caution against any adoption of a least cost model and instead call for the implementation of the most efficient option, where these two options are to be mutually exclusive.

In conclusion, the EAI remains committed to the development of the Northern Ireland gas market and the gas market on the island of Ireland more generally. Compliance with the Third Energy Package is a requirement and we acknowledge the complex work to be undertaken in this regard with respect to the changes required in Northern Ireland, primarily to transition in a relatively short space of time from a point-to-point to an entry-exit system. This transition should be done in a manner that ensures the greatest long term benefits for the Northern Ireland consumer. This result will best be achieved through the detailed assessment of the options outlined and through further consultation. The EAI will continue to engage with the UR on these important developments.