

Gas Network Extensions in Northern Ireland Consultation

On the 3 April 2013 the Utility Regulator published a consultation paper, Gas Network Extensions in Northern Ireland. Views were sought on a number of proposals relating to the conduct of a competitive licence application process and the regulatory regime to be set out in the gas conveyance licence(s) being awarded. Eight responses were received, four from existing conveyance licence holders, three from consumer representatives and one from an industry consultancy.

Where appropriate these responses were considered by the Department of Enterprise Trade and Investment in developing the proposed amendments to the Licence Application Regulations and published criteria which the Department consulted on separately.

The Utility Regulator is considering the other issues raised by respondents which are not directly related to the Licence Application Regulations and published criteria. These will inform our decisions on the conduct of the competitive application process and regulatory regime in the area of the network extension.

Pending our formal determination we wish to update industry on a number of high level issues which will assist potential applicants to begin developing an application. These high level issues include:

Licence Application Commencement

Our proposal in April was that the licence application would commence on 1 July 2013, subject to ongoing discussions with the Department on the need to amend the Gas Licence Application Regulations and the published criteria. Following publication of the consultation the Department determined that amendments were necessary, conducting a separate consultation process which closed on 6 September 2013. The Utility Regulator will commence the licence application process as soon as possible after the Department has completed all the necessary legislative processes. Our working expectation is that this will be at the end of November but we will update industry once DETI has updated the Regulations and published criteria.

Licence Application Period

Our proposal was that the licence application period should be of three months in length but this was based on an anticipated commencement date of 1 July 2013.

The consensus amongst respondents was that three months was too short a period for participants. However, we consider that the delay in the commencement of the application process to accommodate amending the Licence Application Regulations and published criteria, has provided the additional time that respondents had sought.

Therefore potential applicants should assume that they will have three months to prepare their applications once the application process starts.

Gas Network Design

Our proposal was that the network design and development plan, as prepared by Fingleton McAdam (FMA) in 2010 and subsequently updated, would be used as the basis for applicants to construct their application.

Some respondents raised concerns about the validity of the proposed design and therefore uncertainty regarding future costs based on the design. However, the Utility Regulator's view is that this design and development plan is sufficiently robust and should form the basis of the competitive process as it provides a common basis on which applicants can compete. Asking applicants to compete on network design would add to the cost and complexity of the application process while delivering uncertain benefits to consumers. It would therefore not seem an appropriate approach for a licence application process.

Therefore our view remains that the gas network design and development plan as prepared by the external consultants will be used as the basis for the licence application process. As part of our April 2013 consultation document we published a limited amount of the available information. Today we publish all the available network design information for potential applicants to utilise.