

Veronika Gallagher
The Utility Regulator
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27 February 2018

Dear Veronika,

Notice and Consultation on Proposed Standardisation of Licence Condition - 'Connection Charges and Obligation to Permit a Connection' and Consequential Licence Changes

Firmus energy welcomes the opportunity to respond to the above Consultation. The Consultation sets out proposals for a standardised licence Condition 2.3 'Connection Charges and Obligation to Connect' for high pressure and low pressure licences. The standardisation of this condition subsequently results in a number of consequential changes proposed to the high and low pressure licences. We note the proposed licence changes also reflect the findings of a recent connection dispute with a Distribution Network Operator (DNO) in Northern Ireland.

In addition, there are changes proposed for the low pressure licences reflecting the implications of the Gas (individual Standards of Performance) Regulations 2014.

The Utility regulator (UR) has also set out changes to high pressure licences (pursuant to the Gas Regulatory Letter No.1) requiring the licensee to obtain approval from the Authority before making a connection between any premises (other than any premises which may constitute a Storage Facility or an LNG (Liquefied Natural Gas) Facility) and the Network.

Finally the UR have proposed a tidy up modification given that the Single Operator Agreement will be replacing the Northern Ireland Network Operators Agreement.

Background

In preparing this consultation the Utility Regulator sought feedback informally from GNI (UK), PTL, BGTL, WTL, SGN, PNGL and firmus energy on the proposed changes to the 'Connection Charges and Obligation to Connect' licence Condition.

The UR received a number of responses to this and has been actively engaged in constructive discussions with the interested parties since February 2017.

Comments

We welcome the UR's transparency and engagement with firmus energy and other stakeholders as part of this process and subsequently believe that the proposed licence changes deliver on the objectives of the process. Furthermore, we would support pre-

consultation stakeholder dialogue/engagement being considered as a standard requisite for all future natural gas industry Consultations.

Firmus energy has previously provided oral and written comment on the relevant issues contained in the consultation through relevant forums and industry groups. However, as part of this response we have included the following overarching comments.

- We welcome the transparency and clarity introduced to DNOs and TSOs resulting from the proposed standardisation of Condition 2.3 in the consultation document.
- We welcome the clarity from the proposed modifications introduced to the licence regarding the definition of a 'Relevant Person' and the conditions under which the DNO is obligated to provide a connection to these persons. We recognise how these proposals, whilst providing protection to DNOs and suppliers, should also mitigate the risk of similar connection disputes as the example referenced and detailed within the Consultation.
- We believe that the proposed additional clarity and transparency will help prevent, if not resolve connection disputes relating to the making or refusal of a connection.
- We would request post-consultation, through the appropriate industry forums, engagement with UR and DNOs on Connection Policy amendments. Stakeholder discussion will be required to ensure Connection Policy alignment and consumer protection across all three Gas Network Areas.
- Any issues resultant from this Consultation's findings relating to revenue protection, meter tampering and connections/disconnections should be considered, where relevant, as part of the on-going Energy Theft Code of Practice discussions.
- We would request that sufficient time is given by the UR to stakeholders to put in place any compliance measures that may result from the proposed licence changes. We would anticipate amendments required for both supply and distribution terms and conditions and the DNOs' individual Connection Policies. Furthermore if the changes do result in compliance related matters we would ask that these are addressed by the UR at the relevant industry forums.

Conclusion

Firmus energy welcomes the opportunity to respond to this consultation and recognises the important role to be played in assisting the UR in implementing these licence changes. Should you have any further questions, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Niall Martindale".

Niall Martindale
Director of Regulation and Pricing