



Power Generation
27 Lower Fitzwilliam Street
Dublin 2
Phone: 01-676 5831 (switch)
Phone: 01-702 7439 (direct)
Email: conor.purcell@esb.ie

Mr. Julian Majdanski
UNC Panel Secretary
Joint Office of Gas Transporters
1st Floor South
31 Homer Road
Solihull
West Midlands
B91 3LT
enquiries@gasgovernance.com

04th April 2008

Re: Modification Proposals 0195/0195A: "Introduction of Enduring NTS Exit Capacity Arrangements"

Dear Julian,

Thank you for providing the opportunity for Electricity Supply Board (ESB) to comment on the additional modification proposals relating to the offtake arrangements. We appreciate the opportunity to express our comments as a UK Gas Shipper, an Irish Gas Shipper and an end user.

Electricity Supply Board supports the implementation of Modification Proposals 0195A and 0195, with a preference for 0195A.

We support the implementation of the following proposals in order of merit.

- | | |
|-----------------|-------------------------------------|
| 1. 0116A | fully support implementation |
| 2. 0195A | support implementation |
| 3. 0195 | support implementation |

We do not support the implementation of the following proposals in order of merit. (e.g. No.1 least favourable option)

- | | |
|-------------------|-----------------------|
| 1. 0116V | Do not support |
| 2. 0116VD | Do not support |
| 3. 0116BV | Do not support |
| 4. 0116CVV | Do not support |

Our comments are as follows:

- We believe that any proposed modifications should address the compatibility of NTS exit reforms with cross border trades and downstream jurisdictions. All the proposed modifications (with the exception of 0116A) will add complexity and additional costs to shippers and end users operating in the Island of Ireland, Northern Ireland and the Isle of Man and require significant changes to multiple agreements including Moffat Agency agreements downstream licenses and code. Modification 0116A proposal offers the most efficient solution for parties operating at the Moffat connected system point.
- Mod 0195 and 0195A proposal offers a reasonable compromise between the current arrangements and the 0116V proposal and addresses the concerns of raised by the Competition Commission in Q3 2007 relating to the utilization of 'spare capacity' by ensuring that all capacity that can be made physically available is made available.
- We agree that both proposals 0195 and 0195A do not promote or recommend the implementation of a flexibility product. ESB is not convinced by the evidence produced to date that there is a requirement for a flex product, but agree with the 0166 working group that the use of flexibility should be monitored, before any changes are introduced into the gas system operations in relation to a flexibility product.
- ESB supports Modification proposal 0116A as its first preference, as it provides certainty and stability going forward. It offers sensible operating rules at Moffat, will promote fair and transparent competition and trading at the Moffat interconnection point, by retaining the current 'ticket to ride' mechanism that was implemented to prevent hoarding and gaming at the Moffat system interconnection point.

In summary, ESB first preference is Mod 0116A as this meets our requirements for operating an efficient and competitive gas market in Ireland. We support both 0195A and 0195 proposals in preference to 0116V, 0116VD, 0116BV and 0116CVV.

We hope you find our comments helpful and constructive. Should you require any further information, please give me a call to discuss.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Conor Purcell', written in a cursive style.

Conor Purcell
Manager Gas Regulation
Energy Trading and Regulation
ESB Power Generation
27 Lower Fitzwilliam Street
Dublin 2