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## **Re: Modification Proposals 0243: “Amendments to the process for initialisation of Enduring NTS Exit (Flat) Capacity at the Moffat Exit Point”**

### **Modification Proposal**

We write as Bord Gais Energy (in its capacity as both a UK shipper and an Irish shipper) and welcome the opportunity to comment on the above modification proposal. Bord Gais Energy are fully supportive of this modification as we are of the strong opinion that should Mod 195AV apply at Moffat, it would have serious consequences for downstream shippers at Moffat.

Moffat is most definitely a unique exit point off the NTS system in that gas is shipped to three jurisdictions from here (the Republic of Ireland, Northern Ireland and Isle of Man) with two different regulatory codes and is fundamentally different from other interconnectors in that it is heavily reliant on supplies from the UK. The danger of Mod 195 AV is that the process of application for capacity may not adequately signal to National Grid sufficient levels of capacity and hence should the need arise where more gas needs to be imported to the island as a whole as a result a failure of indigenous gas supply or an unexpected increase in demand, downstream shippers at Moffat may not be able to do so, due to insufficient capacity being made available and hence affecting the overall security of supply.

The purpose of Mod 0243 is primarily to defer the registration of the aggregate initial enduring capacity with individual NTS users at Moffat until, at latest May 2011 in order to allow sufficient time to establish a mechanism similar to the existing certification methodology to be used in registering holdings of initial enduring capacity at Moffat. Bord Gais Energy are fully in favour of this as we believe that this would give all downstream shippers at Moffat the guarantee and certainty that they need that exit capacity is available to fill their requirements.

### **Benefits of Mod 0243**

In addition to this we strongly agree with the 7 benefits of the proposed Mod 0243 outlined in the Modification Report, that:

1. **That this will enable enhanced competition and liquidity at Moffat** – a retained linkage between volume and capacity will undoubtedly make the Moffat a more attractive trading market
2. **Improved efficiency** – each player will have a level playing field

3. **Improved signals of NTS exit capacity requirements at Moffat** – We believe this to be an important area, as with Mod 195AV, this may both enable a downstream shipper to signal and acquire more capacity than is needed at Moffat and also would potentially enable new or larger entrants into the market to acquire the majority of the available capacity and consequently preventing other shippers to meet their downstream capacity requirements. This we believe is a vital issue as not only would it provide incorrect signals of capacity requirements, it would also effectively affect security of supply to Ireland as a whole due to its heavy reliance on import of gas from the UK to both its domestic and IC demand along with the Powergen sector.
4. **Improved utilisation** - A linkage between NTS capacity and matched downstream required volumes undoubtedly has the advantage of better utilisation
5. **Lower overall cost of NTS exit capacity at Moffat** – Bord Gais Energy agrees that a closer match of booked exit capacity with downstream requirements would contribute further to reduce the overall cost of NTS exit capacity to NTS users at Moffat.
6. **Moffat more competitive as a source of gas for the Irish Market** – With the expected growth in Irish demand for gas, a continued linkage between traded volumes and exit capacity would hence make Moffat more attractive as shippers need not have to focus on ensuring sufficient exit capacity exists in their portfolio, hence making it more competitive as a trading point and hence more likely to become competitive against any future sources of gas supply
7. **Downstream security of supply issues addressed** – As previously stated and most importantly Mod 195AV does not provide for adequately signalling the correct downstream requirements at Moffat. Should a linkage remain or a certification process that is similar to that that's in existence at present, then this would not become an issue as downstream shippers are the best placed to identify exit demand. This would hence ease the concerning issue of security of supply.

### **Proposed Business Rules**

Bord Gais Energy does not have any opposition to the proposed new business rules and are fully in favour of supporting any further actions by National Grid that would enable downstream shippers at Moffat to apply for Exit capacity by means of a linked or certified process similar to what is in place at present.

We hope you will consider our comments and take on board both the concerns we have with Mod 195AV and what we see are the benefits of Mod 0243 as proposed by ESB. Please do not hesitate to contact us should you need any further clarification

Yours sincerely

Áine Spillane