

1. What, if any, do you consider the potential benefits of GNI participating in a Trading Platform to be?

The key advantages for GNI in its participation on a Trading Platform, such as the one being implemented by Energy Broking Ireland (EBI), are that the Trading Platform will be using tried and tested systems and technology, currently operational in at least 12 European gas markets¹. The cost of using a Trading Platform will be known at the time of making the decision to go for this option and it can be utilised by GNI relatively shortly after the decision is made to utilise the Trading Platform.

GNI participation on a Trading Platform will promote liquidity at the Irish Balancing Point, thereby increasing gas price transparency and reducing the cost of shippers matching supply and demand in Ireland. In line with experience in other markets and EU energy policy, the resultant development of a wholesale price for natural gas at the IBP should ultimately benefit Irish gas consumers.

As a result of the relatively small size of the Irish gas market, the limited number of shippers and the limited number of supply sources, developing a liquid trading hub at the IBP will be challenging. However, a tangible step that can be taken to maximise the opportunity for liquid trading at the IBP is for the TSO to source its balancing and shrinkage gas requirements on a Trading Platform.

We agree with the 'Pros' listed in Table 3 of the 25th of August Consultation Paper.

We also agree with the point made on page 8 of the Consultation Paper that a Trading Platform would allow shippers to trade amongst themselves, particularly given the potential for a Platform to send a price signal to encourage trading, which should reduce the number of balancing actions the TSO has to take, which in turn should reduce costs for all shippers.

2. What, if any, do you consider the potential risks of GNI participating in a Trading Platform to be?

With respect to the 'Cons' listed in Table 3 of the Consultation Paper, we would like to comment as follows.

EBI has developed a commercial offering for signing up to the Trading Platform that is designed to be competitive and commercially attractive for both larger and smaller shippers. EBI has signed Broker Agreements with a diverse range of shippers including shippers that do not supply very large volumes of natural gas. EBI therefore believes the commercial terms offered by EBI do not create a barrier for smaller shippers to participate on the Trading Platform. EBI would be happy to discuss this issue further directly with GNI.

¹ See page 3 for a list of the European gas markets in which the technology platform being used by EBI is already in operation.

With respect to the risk that 'the Trading Platform may cease operations', the necessary safeguards can be put in place between the Trading Platform company and the TSO so that this risk can be mitigated. EBI would be happy to discuss this issue directly with GNI.

3. Are you aware of any party that is proposing to operate a Trading Platform at the IBP, which would satisfy the requirements of the Regulation?

Energy Broking Ireland is proposing to operate a trading platform at the IBP which satisfies the requirement of the EU Balancing Regulation. Approximately 50% of active Irish shippers have signed contracts with EBI.

Energy Broking Ireland was established in July 2015 to provide an electronic trading platform for natural gas at the IBP. In the intervening period, EBI has conducted the following activities:

- Organised a roundtable workshop in October 2015 to propose a common set of trading conditions for natural gas at the Irish Balancing Point which was attended by representatives of almost all shippers in Ireland;
- Published an agreed set of trading terms in November 2015 for buyers and sellers of gas at the Irish Balancing Point called the "Short Term Flat Trading Terms and Conditions for Natural Gas Trading at the Irish Balancing Point (IBP) 2015";
- Agreed with the shippers on the products they would like to trade at the Irish Balancing Point;
- Executed a contract with Trayport to provide the EBI electronic trading platform;
- Circulated commercial terms for shippers to sign up to the EBI trading platform;
- Signed agreements with 6 shippers to access the Trading Platform with another 4 shippers actively considering signing up;
- Signed REMIT Reporting Agreements with the shippers which have signed Broker Agreements;
- Registered with ACER as an Organised Market Place;
- Registered a suite of commodity products with ACER for trading at the IBP;
- Signed up to the EFETnet REMIT service for OMPs, and
- Liaised with the Central Bank on the operation of the Trading Platform.

The Trading Platform which EBI has contracted with Trayport to provide is currently used for bilateral trading of OTC (Over the Counter) transactions in 12 countries/trading regions across Europe.

Countries with Gas OTC markets hosted on Trayport’s Broker Trader System (BTS)	
TTF (Netherlands)	AOC/VTP (Spanish)
NBP (UK)	PSV (Italian)
PEG/TRS (France)	Czech
Zee (Belgian)	Polish
NCG / Gaspool (Germany)	Romanian
CEGH (Austrian)	Nordic

The Trayport Broker Trader System (which is the EBI Trading Platform) is specifically designed so that the criteria in Article 10 of the Balancing Code can be met, namely,

- ‘Provide sufficient support throughout the gas day to facilitate trades’

The EBI trading platform will be available for trading between 0500 to 0200, 7 days a week, 365 days a year.

- ‘Provide transparent and non-discriminatory access’

EBI has developed a standard set of commercial conditions for all parties wishing to use the Trading Platform, which enables any signatory to the Code of Operations to sign an agreement to participate on the Trading Platform

- ‘Provide services on an equal treatment basis’

Under the standard commercial terms, all users of the Trading Platform will be treated equally and any participant can post bids and offers on this system with the Trading Platform giving no preferential treatment to one participant over another participant.

- ‘Ensure anonymous trading, at least until trade is concluded’

All bids and offers posted on the EBI Trading Platform are anonymous until a transaction is executed. At this point each counterparty which has executed a transaction is informed of the other counterparty’s identity.

- ‘Provide a detailed overview of current bid and offers’

The price, quantity and delivery period (e.g. within-day IBP gas or Day-Ahead IBP gas) of all the bids and offers are posted on the EBI Trading Screen in order of competitiveness. For instance, the highest priced bid is placed at the top of the bid prices and the lowest priced offer is placed at the top of the offer prices. A participant on the Trading Platform can also view, at any time, the entire market depth for all delivery periods, giving full disclosure of all the bids and offers posted on the Trading Platform at that time.

- ‘Ensure that all trades are duly notified to the TSO’

It is a requirement of the Commercial contract between EBI and a participant on the EBI Trading Platform for each participant to warrant that it is licensed in accordance with the Code of Operations and to operate in accordance with it and the IBP Trading Terms which require the parties to make Accurate IBP Nominations.

The EBI Trading Platform has an Application Programming Interface (API) which enables data to be extracted from the EBI Trading Platform and sent to a participant's own data handling software systems. Many participants using Trayport-operated Trading Platforms use this API to extract and transmit data to their own company-bespoke middle and back office systems. EBI and Trayport would engage with GNI to scope and assist in implementation of appropriate data transmission mechanisms.

- 4. If a Trading Platform is chosen, it will be the exclusive mechanism of completing balancing actions (unless balancing service contracts are required to be used on a day, due to insufficient liquidity). Therefore, Shippers not participating in such a Trading Platform would be unable to act as a counterparty to a GNI Balancing action. What are your views on this eventuality?**

Currently GNI's balancing actions are executed using balancing services contracts which we understand are contracted to a very small number of gas shippers.

A Gas Balancing Platform would by its nature, be restricted to those parties which are willing and able to trade exclusively with GNI. As such trades are likely to be a subset of all IBP transactions, a Balancing Platform is more likely to have as its participants the larger gas shippers which have the resources to devote time/resources to participate in a Gas Balancing Platform.

A Trading Platform can encompass the full range of transactions at the IBP (user to user and user to GNI) and is therefore likely to involve a wider range of gas market participants, both bigger and smaller. A Trading Platform is therefore more likely to be less exclusive than either a Balancing Platform or a Balancing Services Contract and consequently would include more potential counterparties for GNI to contract with for balancing actions.

EBI has developed a commercial offering for counterparties to sign up to the Trading Platform that is designed to be competitive and commercially attractive for both larger and smaller shippers. EBI has signed Broker Agreements with a diverse range of shippers including shippers that do not supply or buy very large volumes of natural gas. EBI therefore believes its commercial terms do not hinder smaller shippers from participating on the Trading Platform. EBI would be happy to discuss this issue further directly with GNI.

- 5. What, if any, do you consider the potential benefits of GNI participating in a Balancing Platform to be?**

No comment.

- 6. What, if any, do you consider the potential risks of GNI participating in a Balancing Platform to be?**

If GNI were to move directly to participating in a Balancing Platform, this would fragment the gas trading liquidity at the IBP, in a market where trading liquidity is likely to be low, at least initially. It would therefore be likely to stymie the introduction and growth of liquid trading at the IBP.

7. **Is your preference for GNI to:**
- a. **move to a Trading Platform, as soon as possible, thereby initially bypassing TSO utilisation of a Balancing Platform?**
 - b. **Move to a Balancing Platform, as a first step, and then review its success or otherwise, before deciding whether to advance to participating in a Trading Platform?**

If this is your preference, what criteria should be evaluated to measure the success or otherwise of the Balancing Platform? For example, number of balancing actions successfully completed on the Platform, price achieved, need to revert to balancing services contracts, etc.

- c. **Engage in another course of action?**

EBI's preference is for GNI to move to a Trading Platform as soon as possible.

8. **What types of credit arrangements should be put in place between GNI and a counterparty on either Platform (e.g. Parent Company Guarantee/Letters of Credit etc.)?**

No comment.

9. **In conditions of insufficient liquidity on a Platform, what criteria should apply to determine when GNI should revert to the relevant balancing services contract on a given day?**

GNI could consider the following approach when looking to take Balancing Buy or Balancing Sell trades on the Trading Platform:

- GNI could notify all relevant shippers that it is considering taking a balancing buy or balancing sell action and that shippers should post their best Bids/Offer on the platform at a certain time.
- If sufficient Bids and Offers are placed on the Platform by shippers at the appointed time to allow GNI to meet their balancing requirements then GNI should execute the most competitive trades to meet their requirements and no further action should be taken.
- If insufficient Bids and Offers are placed on the platform to meet GNI's requirements, depending on the time of the day, GNI could announce a further deadline during that day for the submission of bids/offers on the Trading Platform and repeat the process set out above.
- If insufficient Bids and Offers are placed on the platform to meet GNI's requirements, after the second opportunity, GNI could then revert to source its outstanding requirements through the balancing services contract.

10. **The following Table outlines a series of potential scenarios (A-F); these include GNI undertaking/not undertaking balancing actions, and trades taking/not taking place on a**

Platform. In each blank cell, please insert details on the cashout price that you consider appropriate to apply in each scenario.

No comment

11. Are there any additional comments/considerations that you wish to make, at this stage of the Balancing Arrangements consultation process? If yes, please elaborate.

No comment