



TYNAGH ENERGY
L I M I T E D

Andrew Kelly,
Gas Networks Ireland,
P.O. Box 51,
Gasworks Road,
Cork.

Ref: TEL/KD/16/129

29th July 2016.

RE: Response to Code Modification Proposal A074.

Dear Andrew,

Tynagh Energy Limited (Tynagh) welcome the opportunity to respond to the Code Modification Proposal A074 – *Changes to Daily Imbalance Charges: Second Tier Imbalance Price*.

According to GNI the intended outcome of this modification is "*To better incentivize individual shippers to ensure that their portfolio is in balance at the end of each gas day.*" As an independent gas fired generator, Tynagh submit gas nominations based on dispatch instructions from Eirgrid for each gas day. Tynagh submit nomination information as accurately as we can and believe that any penalty for following a TSO's instruction is completely unjust, never mind the introduction of more penal tariffs.

The presence of, and proposed increase of gas imbalance prices further highlights the disconnect between the gas and electricity markets in which Tynagh has to operate. Generators, such as Tynagh, support Ireland's ambitious energy policy and provide much needed flexibility in order to facilitate renewable generation (i.e. wind), and should not be penalised for offering this service. With GNI's proposal, well-behaving market participants remain open to further penalisation through no fault of their own.

With GNI's Grid Control currently in the process of obtaining Eirgrid's NCC Indicative Schedules for gas generators, GNI's knowledge of gas demand from the power generation sector will be greater than before. With access to such real-time information, GNI will be able to anticipate gas nominations and take actions which will affect gas network pressures etc. Considering that GNI are likely to have access to live market information, the implementation of greater penalties on market participants is unnecessary.

Tynagh do not agree with the proposals put forward within A074, however would like to suggest alternatives which can be implemented quite easily. In an effort to create fairness amongst Shippers, TEL would advocate that no imbalance charges apply to the power generation sector after the final Indicative Schedule is received from Eirgrid, if their Final Nomination is accurate according to the latest Indicative Schedule from Eirgrid (i.e. the Shipper has endeavoured to nominate accurately with the best available information). A third party balancing platform has been suggested as an alternative. While Tynagh aren't entirely opposed to this suggestion, there are some considerations which need to be taken into account. There is a question as to how many Shippers would have an opposing position to each other to facilitate a trade on any given day. All generators that are running at the same

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time will likely see their gas requirements move in the same direction, in line with changes in wind levels or demand for example. In the case of a trip, all generators will likely ramp up together and require more gas, leaving only the plant that tripped in a possible long position.

Tynagh would also like to take this opportunity to point out the inequity of the gas capacity market. In the same manner as gas nominations, daily gas capacity is procured based off a plants expected running on any given day (i.e. Eirgrid's Indicative Schedules). If a generator is dispatched higher than their final indicative schedule after the closure of the daily gas capacity market, then the generator is exposed to severe overrun charges. Market participants acting in a prudent manner based on the best available information are at risk of being penalised due to the dispatch flexibility they offer the TSO. Across both gas nominations and gas capacity, Tynagh believe that well-behaving shippers should be rewarded for the flexibility they provide and the proposed tolerance level multiplier changes as well as the current gas capacity overrun methodology do the opposite.

In summary; Tynagh believe that Gas Fired Generators should not be exposed to overrun charges or imbalance charges when their gas capacity holding and nomination is in-line with their final indicative schedule as published by Eirgrid at circa 23:00.

If you have any questions in relation to the above, or wish to discuss this further, please don't hesitate to contact me.

Yours sincerely,

Keith Deacon
Operations Analyst

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