

Hi Aidan,

The aim of the Balancing Code is to encourage sufficient liquidity in the “balancing market” both day ahead and within day.

Shippers in the power generation sector currently submit their final nominations up to 1:45am and “balance” their gas by c. 3:00am within day. The final nomination is based on the metered gas used up until the point of submission, with a forecast for the remainder of the gas day (generated by information from EirGrid). It is only at the end of the gas day that a Shipper will know what their initial imbalance position is, until after the gas day when allocations are received and the true imbalance is known.

Shippers who do not have certainty about their end of day positions will not be able to fully balance their positions within day, and will incur imbalances. After Day Trading could facilitate additional balancing trades, but it has been proposed to remove this capability from the market rules. If After Day Trading were to remain, there is the question as to how many Shippers would have an opposing position to facilitate a trade. All generators that are running at the same time will likely see their gas requirements move in the same direction, in line with changes in wind levels 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.

Regarding Tolerances, TEL does not agree the removal of Tolerance levels will incentivise all Shippers to balance, as certain Shippers do not have the information which can enable them to make a reasonable assessment of their expected imbalances for a portion of the gas day. In an effort to create fairness amongst Shippers, TEL would advocate that no imbalance charges apply to the power generation sector between 2:00am to 5:00am from 1st October 2015, 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).

TEL agrees there are liquidity issues in the ROI short term wholesale gas market, but it unclear how Interim Measures will solve this. The nature of the SEM means certain Shippers do not have foresight of their full gas requirements and cannot balance their positions accordingly; this will only be exacerbated as wind penetration levels continue to increase.

If you have any questions, please let me know.

Kind Regards,

Tracy O'Donoghue