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Balancing Options Assessment

Manx Utilities Response

Manx Utilities makes the single following observation in regard to the consultation on the Balancing options Assessment. We are concerned about the proposal to introduce Option 5 in Recommendation No.2: to consider increasing the spread in imbalance cash-out prices in order to 'foster liquidity at IBP'.

Under the Code, Manx Utilities is expressly prohibited from buying natural gas at IBP. We therefore believe that this proposal could unfairly impact on us and have the potential to be unduly discriminatory and detrimental to customers in the Isle of Man. We can only assume that the purpose of the proposal is to encourage shippers to trade at IBP (in order to offset higher balancing costs from increased cash-out spreads). It cannot be reasonable that there is a single shipper that cannot, by virtue of the Code rules, afford themselves of this opportunity.

If the proposal is not anticipated to have any impact on the overall imbalance positions of shippers it is hard to imagine what the purpose of the proposal is, other than to increase balancing costs for all shippers. We note that there have been previous proposals by the Transporter to increase the cash-out spread in the past without any reasonable explanation as to purpose.

We would further note that EU Gas Directives are expressly written to ensure that all shippers are treated equally and equitably. We are concerned that the Consultation Paper has not made any considered evaluation of the potential impact of this proposed measure on each and every shipper, and as a general principle we do not believe that any measure should be introduced, whether on a 'trial' basis or not, that will impact asymmetrically on one particular shipper.

We have no further substantive comment to make on the rest of the Consultation Paper.