

Our date  
2016-02-15

Our reference  
Regulation EU 312/2014

Your reference  
**Balancing Options Assessment**

1 of 3

Mr Aidan Hogan,  
Gas Networks Ireland,  
PO Box 51,  
Gasworks Road,  
Cork

15<sup>th</sup> February 2016

Dear Aidan,

Statoil welcomes the opportunity to respond to this consultation relating to Balancing Options Assessment to ensure compliance with Balancing Network Code. Our overriding concern about your document relates to the period of Interim Measures running until April 2019. We feel this is too long and the results of CBA should be known well in advance of such a date. Therefore overall implementation of these measures should be put in place by 1<sup>st</sup> October 2017. Please see our comments on your document below:

Regarding Recommendation No.1 Statoil welcomes any initiative to increase activity & liquidity at IBP and we await the Interim Measures Report to be published June 2016 with interest. We do however note your comment about retaining the balancing services contract indefinitely. We feel this service should be discontinued upon its conclusion in September 2016 which would then enable IBP balancing to take place via trading platforms such as OCM or the new EBI platform. This will allow activity & liquidity in the market to grow therefore providing the appropriate market signals.

Regarding Recommendation No. 2 Statoil welcomes the trial measures to foster liquidity at IBP and would like to provide the following comments relating to this part. We feel the size of the balancing actions should reflect the system balancing status at this time. If GNI were to adopt a system such as Netherlands has in place (see example on next page) not only would you provide notice to all shippers in advance of any action taken but it should alleviate all the points raised under this section. We would however expect to see real time cash out prices displayed at all time (SAP & SMP) on whichever portal GNI decide to use.

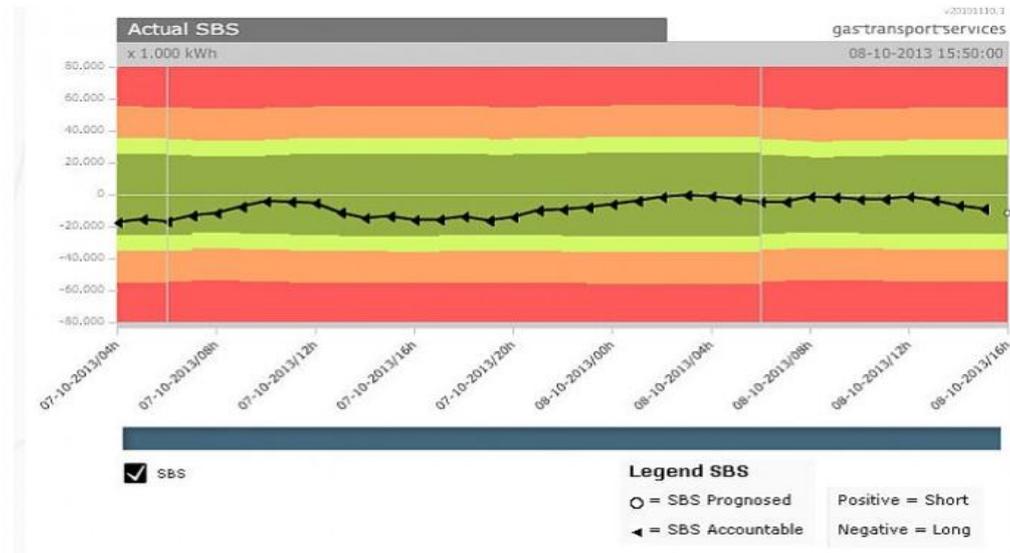
The example overleaf shows the balancing status of the Dutch system in real time. As you can see they have a tolerance level of approx. 20,000 Megawatts long & short and the black line running through the middle is the cumulative position of all shippers on that network. The Dark green segment shows where the TSO will not take any action however if the system moves into the light green, orange or red sections, the TSO will buy or sell via the Dutch equivalent of OCM to balance their system within the required parameters. Similar balancing methodologies are in place in other EU markets.

We would be interested to hear GNI's thoughts regarding the level of tolerance they would consider the system to be in balance?

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We do feel however due to the relative stability of flows in Ireland that within day updates could be provided to the market either every hour or 4-6 hours if that was felt to be appropriate. We would welcome the removal of tolerances from 1<sup>st</sup> Oct rather than considering a further reduction, adjusting the cash out price to SAP plus or minus a differential should enable this to happen. We would also request in the event of the withdrawal of imbalance tolerances how GNI would reimburse shippers?

Regarding Recommendation No. 3. Statoil feels the Cost Benefit Analysis (CBA) should take place later this year. Bellanaboy is now up and running and 3<sup>rd</sup> party platform will most likely have run for some time which we feel is more than enough time to have completed the CBA soonest. This will also have the added benefit of being compliant with BAL NC by 1<sup>st</sup> Oct 2017.

We support the 2 title traded products proposed on page 5 We would expect any trade carried out electronically at IBP would have API's attached enabling automatic upload into Shipper Systems.

In terms of currency & units we support the continued use of pence per Therm to ensure consistency with NBP market. We would suggest the current OCM limits of 4,000 therms for a minimum trade and no maximum limit to apply.

Going forward into the future we would encourage GNI to look closer at Physical Reverse Flow into the UK via Moffat. This we feel would also boost liquidity in Irish market and closer align it with other European Gas Markets.

Yours sincerely

Terry Burke  
Regulatory Affairs Adviser  
Statoil (U.K.) Limited

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