



TYNAGH ENERGY
L I M I T E D

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

Ref: TEL/KD/16/143

15th September 2016.

RE: Response to Balancing Arrangements Consultation Paper.

Dear Andrew,

Tynagh Energy Limited (Tynagh) welcome the opportunity to respond to the Balancing Arrangements Consultation Paper. You will find Tynagh's response to the eleven questions within the paper outlined below.

Views on Trading Platform

1. The implementation of a trading platform will be well received by industry and uptake of the platform is likely to be high. With multiple users, including GNI, shippers will be able to balance portfolios with each other along with GNI. The number of balancing actions that GNI will have to take is likely to reduce along with the associated costs. The trading platform will also promote a more liquid market, which will reduce time and costs associated with maintaining/modifying current balancing arrangements, which is a recurring topic at most gas user forums of late.
2. Tynagh foresee no risk of GNI participating on a trading platform as a balancing services contract will remain in place as a backup solution.
3. No.
4. Tynagh have no view on this as this is a conscious decision made by each shipper. Tynagh would also propose that the current after day trading arrangements stay in place to provide participants with an option to trade past the event.

Views on Balancing Platform

5. The implementation of a balancing platform would be an improvement on the current processes however should only be treated as an interim measure. Tynagh's preference can be seen in answer 7 below.
6. A balancing platform excludes all market participants from trading with each other which should be promoted as it is a more commercial way to manage the gas network. On a balancing platform, GNI will have to take more balancing actions than what would otherwise take place if a trading platform was available. The implementation of a balancing platform will also put strain on GNI's and shipper's resources to implement the platform prior to the implementation of a more robust trading platform. A balancing platform is also likely to be developed by GNI internally which then creates a development and operational risk compared against an established solutions provider operating within the trading platform space.

TYNAGH ENERGY LIMITED

Block A, The Crescent Building, Northwood Park, Santry, Dublin 9, D09 X8W3, IRELAND

TEL: +353 (0) 1 857 8700 • FAX: +353 (0) 1 857 8701



Views on Transitioning to a Platform

7. Tynagh's preference is option (a) move to a trading platform, as soon as possible, thereby initially bypassing TSO utilisation of a balancing platform.
8. Tynagh would suggest that a contract based off the standard IBP 2015 contract should be used, and that the platform should be centrally cleared so as to reduce the burden of shippers arranging multiple bilateral contracts. When trading with the TSO, expanding the current collateral holding to cover commodity trades as well as capacity trades should be utilised.
9. If GNI are unable to transact the relevant volumes on the chosen platform prior to the three hour dead-band time period (02:00 to 05:00), the balancing services contract should be utilised. It is important to give the market as much time as possible to balance positions within the day.
- 10.

Scenario	Cashout Buy Price to Apply to Shippers' Short Positions	Cashout Sell Price to apply to Shippers' Long Positions
A. GNI has no balancing (buy or sell) requirements, but there are trades on a Platform.	SMP Buy	SMP Sell
B. GNI has no balancing requirements, and there are no trades on a Platform.	SMP Buy	SMP Sell
C. GNI has balancing buy requirements, and has to utilise the balancing services contract.	SMP Buy	SMP Sell
D. GNI has balancing sell requirements, and has to utilise the balancing services contracts.	SMP Buy	SMP Sell
E. GNI has balancing buy requirements, and trades these out on a Platform.	SMP Buy	SMP Sell
F. GNI has balancing sell requirements, and trades these out on a Platform.	SMP Buy	SMP Sell

11. N/A

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Yours sincerely,


Keith Deacon
Operations Analyst

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