

16/09/2016 Bord Gáis Energy Ltd Response to A078

Thank you for giving Bord Gáis Energy (BGE) the opportunity to reply to this consultation. We have the following points with regards to this code mod

1.0 This code mod is totally counterintuitive, as why would a Transporter incentivise a Supplier/Shipper to overrun, where an overrun is supposed to be a penalty charge? There is also the commercial reality than any party procuring capacity will be committing to a twelve month liability including posting financial security without any commercial logic.

2.0 The proposer states that A078 would encourage efficient booking. Currently it's the tariffs themselves that encourage efficient booking. For Example, if a shipper over books by 100,000 therms annually at Corrib this would cost over €1.8M which is sufficient deterrent not to over book.

In the illustrative example the proposer even states as much "*As Shipper A would remain liable to pay for all 100 units of capacity, it would have every incentive not to overbook capacity in a possible attempt to restrict access for other market participants*". A shipper will not be inclined to over book as the other shippers can simply reduce their flows in the short term resulting in an unmarketable product for the over booked shipper.

3.0 A078 would undermine the secondary capacity trading process. Secondary capacity trading works very well at the Moffat Entry point and I see no reason why it could not work at Corrib. All shippers at the Corrib entry point can agree on common secondary trading tariffs as is what happens at Moffat and if one shipper cannot obtain capacity due to another over booking – then a simple secondary trade can be executed.

4.0 This Mod essentially undermines Capacity Trading a key requirement by EU and the proposer ignores the existing overrun multiplier rates in proposing a rate which only creates an incentive not to trade and not to book annual capacity.

5.0 Also this mod is short-lived as this scenario will not exist as field production depletes lower than the technical capacity available.

Please let me know if you require further clarification

Best regards

Kevin

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Operations Manager

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