

BGE's Response to A071 on 19th September 2016

With respect to A071 Initial 'Alternative Capacity Arrangements in event of GNI Interruptions to Flow' and in response to the minded to position by the CER - I would like to make the following comments.

1.0 Below I have an example of costs for 100,000 therms during the Winter and the Summer. During the Summer, the rebate will be five times higher than the actual cost of daily. During the Winter time, the rebate will be an 1/8th of the daily cost. As you can see if the unscheduled maintenance occurs in the winter, the rebate back does not compensate adequately for the cost that the shippers will incur (in this example there would be a €22k shortfall at Moffat). In the Summer time, the gain for the shipper would be €2.3k which does not correlate with the larger Winter loss. Therefore the shipper is not being adequately compensated for the unscheduled maintenance.

Example of Costs on 100,000 therms for one day

Entry Point	February			June		
	Daily Cost	Rebate	%	Daily Cost	Rebate	%
Moffat	€24,842	€2,893	12%	€528	€2,893	548%
Corrib	€42,096	€4,902	12%	€895	€4,902	548%
Inch	€3,659	€426	12%	€78	€426	548%

2.0 At the code mod meeting, there was a statement from the CER that a 1/365th rebate was easier to apply. BGE disagree with this statement. The rebate should only be for the daily capacity purchased on the day of the outage, capped volumetrically at the level of the Outage. Therefore on a day that there is unscheduled maintenance at Corrib, and a shipper purchases daily capacity at Moffat – then GNI can take the details / cost from GTMS of the Moffat daily capacity purchased. This has two advantages in that the figure is easy to calculate plus GNI are only refunding shippers if they had to purchase capacity. If a shipper does not need to purchase capacity then they do not get a refund.

3.0 The current proposal does not take account of secondary trading. GNI could possibly be giving a rebate to a shipper who has already sold their capacity to another shipper.

Please let me know if you have any queries

Best regards
Kevin

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