Electric Ireland Response:

Code Modification A094 and A095

Regulation EU 312/2014

'Balancing Network Code' – Final steps to compliance

31st July 2018

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Response to Consultation Questions

Q 1. What do you believe is the appropriate tolerance level for each category of customer (LDM, DM and NDM)?

Electric Ireland believe tolerances should be maintained as the removal of tolerances pose particular difficulty for the DM Sector which does not have access to up to date information. There is a question as to whether in this particular area the “sufficient information regarding inputs and off-takes” criteria for removal of tolerances as per Art.50.1 of the Balancing Network Code would be satisfied. While transporter may be bound to comply with a literal interpretation of Article 50.1, for as long as there is no data stream from GNI for DM sites which would inform shippers and allow them to avoid penalties it is difficult to justify the removal of tolerances for these customers. Please note NDM customers would also be disadvantaged as their allocations are only finalised after the trading day ends.

Q 2. What are your views as to the appropriate dates for the two-step reduction proposed?

Electric Ireland welcome the concept of the stepped approach to the removal however we consider that there is not a sufficient gap between the first reduction and the subsequent second and final removal. Some Shippers with a substantial DM portfolio operate relatively small operations with limited resources and would be affected disproportionately. While the removal of tolerances may be inevitable, the removal should be more gradual to give end users a full opportunity to get used to a non-tolerance regime.

In addition, the timing proposed represents very short notice in the context of planned IT Resources requirements necessary to carry out required IT changes for implementation; and in the context of the time for shippers to conduct appropriate staff training and raise customer awareness to the changes. Shippers current strategies are based on the current set of circumstances which prevail and more time should be allowed for adjusting to these changes. The remaining months up to April 2019 should be used to transition to the new arrangements affording more time which is needed for trading to develop further. This would facilitate GNI in developing more expertise in its new role prior to moving to the EBI IBP reference price for balancing.

Q 3. What is your view as to the magnitude of the small adjustment to be used in the calculation of the marginal sell price and the marginal buy price?

The small adjustment figure of 3.5 % to be used in the calculation of the marginal sell price and the marginal buy price seems reasonable as a first step perhaps to be monitored, assessed and changed based on evidence if necessary.

Q 4. Do you believe the liquidity threshold criteria provided above are appropriate?

The liquidity threshold criteria provided seem appropriate but might be worth reviewing after e.g. 1 year or on completion of a particular volume of trades after start

Q 5. What is the appropriate date for the implementation of the new methodology for calculation of the cashout prices?

Waiting for a larger number of trades would have the benefit of ensuring the the increasing liquidity of the EBI Trading Platform and the participation of GNI thereon has had time to stabilise prices reducing the risk of step change in quantum at transition.