

Response received by email from Brian McGlinchey on 2 July 2015

Hi Aidan,

As KEL, we have the following comments / questions in relation to the balancing rules:

- The Imbalance Gas Transportation Costs are published on a monthly basis and appear to be in the range of 1.77€/therm to 2.05€/therm for the last year (June'14 to May'15). Can you advise how these transportation costs are calculated as it is not clear from the code of operations. There should be transparency around this. I am surprised that the Imbalance Gas Transportation Costs are relatively steady for the period that I have looked at. An explanation on how it is calculated would be helpful
- If a shipper is long gas on a day and has to sell its gas back to the transporter at the second tier imbalance price, the Imbalance Gas Transport Cost is reduced from the price that the shipper will receive for its gas. This seems perverse as the shipper has already booked primary capacity to bring the gas into the system and no gas needs to be brought in to . If a shipper is short then the Imbalance Gas Transport Cost needs to be paid and this makes sense. An explanation on the rationale behind the former would be helpful.
- Section 4.4(b) states that the costs of balancing gas will be cashed out on a monthly basis. Will the annual reconciliation as outlined in Part E clause 1.4.16 to 1.4.19 still occur? It would be helpful to explain what is changing under section 4.4(b) and why the need to change.
- Can you provide details on how the OBA will operate at Moffat. The code mod forum should be advised of this. Also as Inch we may be interested in entering into a similar OBA and would like to see the details of same.

Best Regards,

Brian

Brian McGlinchey

Commercial Manager

PSE Kinsale Energy Limited

Mahon Industrial Estate

Blackrock

Cork

Ireland