

BGE(NI) Transportation Network Code

Proposed Modification 3

Final Modification Report

1. Introduction

BGE(NI)¹ (“the Transporter”) has prepared this report in accordance with Section 9 of the BGE(Northern Ireland) Transportation Network Code Modification Rules.

The Transporter received the Proposed Modification on 1st February 2006 from firmus energy.

Following the consultation period on the Initial Modification Report, and as a result of representations made to it, the Transporter published an Alternative Proposed Modification in accordance with Section 8 of the Code Modification Rules on 24th April 2006.

This Final Modification Report has been compiled in respect of the initial Proposed Modification and the Alternative Proposed Modification.

2. Proposed Modification

The proposer of the modification requested that certain sections of the BGE(Northern Ireland) Transportation Network Code be changed in order to facilitate the daily entry point reallocations at Carrickfergus to individual Shippers and further requested that the Transporter compare Shippers Nominations at Moffat to Exit Allocations from the NWP.

The Transporter received two representations from Centrica in relation to the Proposed Modification and the Initial Modification Report.

These responses were addressed in the Alternative Proposed Modification circulated on 24th April 2006.

The Modification Proposal, Initial Modification Report, Alternative Proposed Modification and comments on same are available on the BGE(NI) website under Northern Ireland/Gas Transportation/Standards and Codes at;

<http://www.bordgais.ie/networks/index.jsp>

¹ BGE(UK) were awarded a Conveyance Licence in Northern Ireland in February 2002 for the North-West pipeline (NWP) and South-North Pipeline (SNP). BGE(UK) operate under the trading name BGE(Northern Ireland) or BGE(NI) in Northern Ireland.

3. Representations Made

Three comments were received on the Alternative Proposed Modification from PTL, CESB and firmus energy.

CESB in their comments expressed their view that Mod 03 addresses certain and not all instances where Shippers allocations could differ from nominations.

CESB proposed that the DPO's work towards a Moffat Entry/Postalised Network Exit balancing regime. CESB also looked for confirmation that a retrospective application of the Mod will not result in increased costs.

The effect of Modification 3 is to increase a Shipper's Balancing Tolerance in certain circumstances. This may result in less monies being credited to the Disbursements Account from time to time.

firmus energy in their comments recognised that their initial proposal could not be accommodated and expressed support for the Transporters Alternative Proposed Modification.

PTL in their comments expressed their view that a similar modification is not required on the PTL Code as Shippers are currently allocated at Moffat and not Twynholm for Entry.

4. Proposed Text amending the Code

The Transporter proposes the insertion of a new clause 4.2.3 in Section 4.2 (Exit Point Tolerance) of the BGE(Northern Ireland) Transportation Network Code, as follows:

“If a Shippers Positive Balance, or Negative Balance, in respect of a Day exceeds such Shippers applicable Exit Point Tolerance, the Shipper may request the Transporter to determine the reason for such excess and the Transporter shall use reasonable endeavours to determine the reason therefore.

If the Transporter determines that such excess was not attributable in whole or in part to any act, default or omission of the Shipper the Shipper's Exit Point Tolerance in respect of the Day shall be increased to the extent the Transporter considers appropriate such that the amount of the charge payable by or to such Shipper in respect of the excess (or that part of the excess) which was not attributable to any act, fault or omission of the Shipper shall be calculated at the Daily Gas Price”.

5. Proposed Implementation Date

The proposer of the original modification requested that it be implemented on a retrospective basis.

One of the comments received on the Alternative Proposed Modification had some reservations about this.

The Transporter will discuss the implementation date with NIAER.

6. Impact on the Operation of Other Designated Pipeline Operator's Network Codes

The Transporter has considered the impact on PTL's Code and believes that while similar issues may occur on SNIP/PTP, it is our understanding that individual Shippers are less likely to be disadvantaged as the entry point allocations for the PTL Code are those provided by the Moffat Agent. This view is supported by PTL comments on the Alternative Proposed Modification.

7. Transporters Opinion

The Transporter supports the Alternative Proposed Modification.

The Transporter believes that the Alternative Proposed Modification better facilitates the relevant objective in the BGE(NI) licence as it is intended to answer certain requirements of the initial proposed modification.