



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

**Review of Natural Gas Market
Arrangements: Proposed Advisory Group**

Summary of Comments Received

20 November 2002
CER/02/202

Background

On 19 July 2002 the Commission for Energy Regulation published its Natural Gas Policy Framework, which identified a number of key areas for further action. The first of these is the review and development of market arrangements including gas balancing, trading rules, access arrangements, Code(s) of Operations and metering.

The Commission proposes to establish an advisory group (the Gas Market Advisory Group or GMAG) to represent the views of the gas industry to assist with review of the market.

On 2 August 2002 the Commission issued a consultation paper setting out the proposed terms of reference for the GMAG, the proposed membership and some idea of the likely timetable for the setting up of the review process.

This document summarises the responses received pursuant to that consultation.

Respondents

Eleven parties responded to the consultation. The Commission would like to thank all respondents for contributing to the process.

The Proposed Terms of Reference for the GMAG

Three respondents expressed general agreement with the proposed Terms of Reference (TOR) for the GMAG. However, there were a number of comments regarding the proposed TOR.

One respondent thought that the GMAG should consider only proposals brought forward by licence holders and holders of Section 2(1) orders. Another thought that the TOR should be widened to allow the GMAG to discuss ways of helping the CER achieve its duties and functions.

One respondent highlighted the interdependence between gas and electricity markets in Ireland and suggested the addition of a particular TOR to allow the GMAG to consider this aspect. However, another respondent cautioned against accepting sub-optimum solutions merely for the sake of consistency between gas and electricity markets. More generally one respondent noted that in discussions the GMAG should have regard to costs and benefits of any changes.

Two respondents considered that the GMAG should also consider tariffs structures.

One respondent made the point that the TOR for the GMAG should complement the Code Modification Forum and would welcome clarification of the role of the GMAG in relation to the Code Modification Forum.

One respondent considered that the GMAG should be focussed on arrangements for full market opening and discussions should be timed to ensure that the development and implementation of systems and processes required for full market opening are delivered on time.

One respondent made the point that the GMAG should not receive any commercially sensitive information.

The Proposed Membership of the GMAG

All respondents expressed a view in relation to the membership of the GMAG, with only one respondent supporting the proposed membership. Various respondents offered opinions as to who the specific members of the GMAG should be.

Generally, one respondent pointed out that limiting the number of members of the GMAG could restrict the contribution of individual companies and isolate people who have made significant investments.

Four respondents thought that there should be a representative of consumers on the GMAG.

Six respondents advocated increasing the number of producer representatives on the GMAG. They pointed out that the issues facing each producer are different so it is unrealistic to expect one company to represent all others. An increase in the number of gas producers would reflect the scale and risk of investments. Suggestions as to the number of producer representatives ranged from one more, to one at each entry point.

Two respondents suggested adding one more Shipper/Supplier representative to the GMAG. This would allow space for potential new entrants to the market. Three respondents pointed out that representation of new entrants is critical.

One respondent pointed out that the office that will facilitate the change of supplier process and manage data should be represented on the GMAG.

One respondent pointed out that individual and not the group should agree the support provided by individuals to the GMAG.

The Proposed Timetable for setting up the GMAG

The general tone from respondents was that, although the timetable is challenging, they support it.