

## BG Cogen Response

### Question :

*Ways in which trading of capacity rights might be improved and which role, if any, the Commission may play in capacity trading.*

### Response :

As a precursor to capacity trading this respondent wishes to understand what role the Commission will play in the allocation of capacity particularly at the system Entry Points.

Does the Commission foresee an auction type arrangement whereby each shipper is eligible and invited to bid and indicatively what would be the timetables, capacities and rules.

### Question :

*Whether a balancing period of less than a day would be appropriate for the Irish natural gas market over the long term.*

*Whether the current nominations process needs to be changed, and if so how.*

### Response :

These respondent wishes to see a Code of Operations for distribution based customers that would encourage TPA. Otherwise there is the potential that smaller customers will continue in the franchise market which would not be consistent with the reform objective of "*promote competition in gas supply by facilitating the entry of players into the gas market.*"

The transaction costs, administration and risks associated with nominations, balancing, scheduling charges and overruns stipulated in the current Code of Operations would "*likely to be economic only for customers taking large quantities of gas.*" . Adopting the Code of Operations for distribution customers, without modifications to balancing periods, tolerances and penalties, would in the opinion of this respondent affect the participation level and liquidity of a domestic gas market.

This respondent would in fact welcome a balancing period of 1 year for CHP operators similar to that which operates in the electrical top-up market.

### Question :

*The steps to be taken in the review of transportation charges.*

*Whether a Uniform System of Accounts using Regulatory Accounting Guidelines should be adopted.*

### Response :

This respondent wishes to know if there will a consultation process prior to the review and approval of the proposed distribution charges for the gas year starting 1<sup>st</sup> Oct. '02.

This respondent agrees with the adoption of a Uniform System of Accounts using RAGs.

Reference: 5.3.4.2 Review of Charges

“The Commission currently proposes to:

- Review and approve the transmission charges for the gas year starting 1 October 2002 based on the existing formula established by the Ministerial directive;
- Review and approve proposed distribution charges for the gas year starting 1 October 2002; and ... “

This respondent would argue that as distribution charges impact directly on the Combined Heat and Power business (most CHP candidate sites are connected to the distribution system), that the proposed distribution charges would be subjected to public consultation BEFORE they are approved for the gas year starting 1 October 2002.