

**Implications for Ireland of Planned Reforms of UK Gas
Transmission Exit Regime - Consultation Paper CER/06/222**

Bord Gais Energy Supply (“BGES”) Comments

We welcome the opportunity to respond to this consultation and appreciate the Commission for Energy Regulation (“CER”) initiative in providing a number of proposals to be considered.

We would like to express our support for a Single Party entering the Auctions on behalf of Shippers downstream of Moffat and the cost of the UK Capacity¹ obtained being included in the downstream Tariff.

We are of the opinion that a the Single Party Agreement (“SPA”) could be put in place in a similar manner to the Moffat Administration Agreement (“MAA”) and therefore avoiding the need for any changes to the MAA which would require agreement by both Irish and UK Shippers.

Party’s wishing to do business at Moffat would be required to accede to the SPA. This would include party’s who wish to book or be registered to book Moffat Entry capacity. A small Shipper registration charge may be applied to recover “Set-Up” costs of this Agency, without creating a barrier at Moffat.

The Agreement would need to outline in detail the criteria to which the Single Party Agent would establish the capacity required to be purchased for Shippers.

It is the basis for calculating what capacity quantity the Single Party Agent will be required to purchase in the Auction. It is very difficult at this particular stage to establish which proposal is the more suitable as the absence of clarity as to what will be included (i.e. UK Exit Capacity for Short-Term products, Back-Up capacity etc).

Establishment of the criteria to be used to calculate the downstream capacity demand figures needs to be clarified before we would be in a position to properly assess which of the Options is preferable. This calculation may also mean that Phase 2 arrangements for Short-term capacity may not be required and any Shippers who may wish to acquire additional short-term capacity would do so at their own expense in conjunction with their UK Supplier(s). This is subject to establishing what will be booked under the SPA arrangement.

It may also be possible to circumvent the requirement for exemptions from the DTI through the use of a Secondary Agent by Bord Gais Networks (“BGN”) to perform the actual Auction duties but through direct instructions of BGN based on the Single Party Agreement contract. This would also mean that BGN would avoid incurring any additional resource or IT costs, only those costs of the capacity acquired through the Auction and any UK Shipper fee’s.

¹ Single Party Agent Capacity is for both Flat and Flow Flex Capacity