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Ms. Jill Murray
Commission for Energy Regulation
Plaza House, Belgard Road
Tallaght
Dublin 24

CC: Donal Kissane BGE Transportation

**RE: Short Term Capacity Tariff Analysis
Consultation Document**

Dear Jill

Thank you for the opportunity to comment on the BGE draft consultation document on short term tariff analysis.

The ESB is supportive in the timely development and implementation of the short term capacity products into the Irish gas market; we see these as positive additions to the code. The key areas that we would like to respond to and feel would benefit the efficient development of useful market products are:

- Cost of products
- Timing of implementation of products
- Interoperability with the new electricity market (SEM)

Cost of Products: there is an excellent opportunity to get commercially sensible gas capacity products into the Irish Gas market. We hope that these products will be used in the market to encourage competition in both the gas and electricity market. To do this they need to be competitively priced.

The proposed pricing methodology will act as a strong disincentive to market participants taking up this product. From our market information, we believe that even though the pricing is benchmarked close to short term products in other member states, talking to some of our trading colleagues operating in these

European gas markets, they have informed us that the liquidity of these products is very low and in some cases there is no uptake at all.

BGE methodology 2 would be our preference of the options available, but would ask the CER to consider a cap on the percentage basis of 100%, if the months were booked sequentially.

Timing: These products need to be introduced into the market as soon as possible, to assess whether or not they will be used by the market. This will give a good indication to their value in the Irish energy markets.

It is important that there is interoperability between gas and electricity market without cross subsidization between the markets. Pricing needs to be considered in this light.

Please do not hesitate to contact me if you wish to discuss any of the above.

Yours Sincerely

Conor Purcell

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