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16th December 2011

Re: Mitigation measures to address potential capacity constraints at the Moffat Entry Point. CER /11/206

Dear Jerry and Richard,

Electric Ireland has considered the consultation on Mitigation Measures to address Potential Capacity Constraints at the Moffat Entry Point in 2013/14. The principles set out seem reasonable and we request that for any measures adopted following the consultation, and to assist in prioritisation, further consideration would also be given to, for example -

- the scale of capital and ongoing financial impacts (with particular consideration of potential customer pricing impacts).
- ease of implementation
- speed at which the measures could be triggered
- a cost recovery mechanism (adjustment to Transportation charges, for example)

Electric Ireland offers the following additional views as an input for consideration only:-

- **RA's might consider the creation of a strategic gas reserve and related management capability structure through extending the scope of authority of, for example, NORA. (An alternative might be to create a separate authority to NORA but with a similar brief in respect of Gas but there are obvious synergies to be achieved in operating a joint Gas and Oil management structure.)**

To fulfil such a role NORA/ Authorities could -

1. instruct Shippers to book storage capacity at Inch and put gas into it for use if there is a constraint at Moffat.
 2. liaise with Power Stations in relation to their requirement to hold back-up fuel which might be increased wherever possible above the 5 day current requirement.
- **Further options to increase the ability of Ireland's gas system to cope with a gas capacity shock -**
 1. Factor in SNIP, the SN I/C and the two sub-sea interconnectors as potential storage vehicles in the event of a constraint at Moffat.
 2. Leverage further capacity value in the system by considering an increase in the pressure in the IC's / SNIP and Onshore Transmission and Onshore Distribution systems (where technically possible within safe limits) to increase the potential level of line pack in the system and acting as a buffer in the even of a constraint at Moffat.
 - **Incentives to encourage reduction of gas usage -**
 1. End customers who are willing and able to turn off/ turn down their gas usage should be strongly supported to do so by the setting up of incentive schemes to encourage such – any compensation

structure needs to be above market rates to ensure they act (e.g. EIRGRID WPDRS scheme is the electricity equivalent).

2. Large customers could be incentivised to invest in back-up generation and alternate fuel (not gas) storage for same in terms of both of security of supply and to support Ireland's ability to reduce the amount of electricity generation needed from Gas fired power stations in the event of a constraint event at Moffat.

Finally, consideration could be given to ceasing or adjusting export of electricity and gas (even on a virtual basis) pro-rata in line with the level of constraint to ensure Ireland is not exporting power/gas it needs to hold onto. This might require suspension of the operation of the Codes and market rules.

If you would like to discuss any of these proposals further or clarify any of the above please contact me.

Yours sincerely,

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