Mitigation Measures to Address Potential Capacity Constraints at the Moffat Entry Point in 2013/14

Dear Richard

Thank you for the opportunity to comment on the above consultation paper published by the Utility Regulator and Commission for Energy Regulation (the Regulatory Authorities).

In general, we believe it is vital for the integrity of the natural gas industry that the potential capacity constraint at Moffat in the 2013/14 year is adequately considered. We have not identified any additional supply or demand side responses, beyond those identified in the consultation paper.

We believe the following measures should be pursued, in order of priority:

1. Urgent action should be taken to increase the minimum pressure provided by National Grid at Moffat under the terms of the Pressure Maintenance Agreement. While we note that Gaslink are progressing this issue with National Grid it is our view that these discussions should also include the Regulatory Authorities and Ofgem and, if appropriate, the Department of Enterprise, Trade and Investment, Department of Communications, Energy and Natural Resources and the Department of Energy and Climate Change;

2. The obligations on power generators to hold stocks of alternative fuels are more onerous in Northern Ireland than in Ireland. The requirement to hold alternative fuel stocks in both Northern Ireland and Ireland should be increased beyond five days. Given the experience of the 2010/2011 winter a period of at least 10 days, with robust arrangements for resupply, may be more appropriate and would help mitigate capacity constraints at Moffat should they occur;
3. Interruptible capacity products are not currently available in Ireland but have been an integral part of the products offered in both Northern Ireland and Great Britain for a considerable period of time. It is our view that it is more beneficial to incentivise industrial and commercial customers to book interruptible capacity than to build additional infrastructure. Therefore, we support the introduction of interruptible capacity services in Ireland prior to the commencement of next winter.

The utilisation of these mitigation measures, in our view, will be sufficient to overcome any issue associated with potential capacity constraints at the Moffat Entry Point in 2013/14. We do not support the limitation of flexibility or the introduction of additional penalties/charges to renominations and regard this as a regressive proposal. For the avoidance of doubt we do not believe that the significant additional costs arising from reinforcement of the onshore Scottish pipeline represents value for money for consumers when other mitigation measures are available. There should be no obligation on suppliers to hold a minimum level of gas storage particularly given the fact that there are no storage facilities in Northern Ireland and limited facilities on the island of Ireland as a whole.

We trust you have found these comments useful and should you wish to discuss any aspect of our consultation response in further detail please do not hesitate to contact me.

Yours sincerely

Stephan English
Gas Trading Manager

cc. Jerry MacEvilly, Commission for Energy Regulation