

22 February 2013

Stuart Coleman
Commission for Energy Regulation
The Exchange
Belgard Square North
Dublin 24

**Re: CER/13/034 – Interim Review of BGN Allowed Revenues and Gas Transmission Tariffs
for 2012/13**

Stuart,

Airtricity welcomes the opportunity to respond to the Consultation Paper on *Interim Review of BGN Allowed Revenues and Gas Transmission Tariffs for 2012/13*.

We wish to record our dismay that not even six months into the first period of PC3, the Commission is proposing to review BGN's allowed revenues and the gas transmission tariffs. This is more so given that the drivers of the stated unprecedented revenue under-recovery¹ were well known, forecast sufficiently and communicated by BGN to the Commission and indeed in some cases, have been exacerbated by decisions of the Commission, such as the reduction in summer multipliers.

Given the foreknowledge of these underlying factors, we do not consider it proper regulatory practice to have persisted with the initial estimates produced by BGN in April 2012; these at best should have been treated as working estimates, particularly as the PC3 process extended beyond the start of the relevant period. If necessary, additional time should have been taken to align the allowance over the revenue period to the best available forecasts.

The effect of the now proposed upward mid-year review will only create difficulties for suppliers, and ultimately for end consumers. While we do not object to interim reviews in principle, such actions should only be taken in events of significant factors unforeseen at times of decision-making. That clearly does not apply to this situation.

Regarding the future consultations on structural changes which the Commission has indicated, Airtricity requests that these be as comprehensive as possible, having full regard to the interactions between natural gas supply and other sectors of the economy, particularly

¹ We have maintained the descriptive meaning applied to this term with the Consultation Paper

the power sector and the impact on electricity prices. We look forward to engaging with the Commission on those matters when the consultations are published.

If you have any queries on this response please do not hesitate to contact me.

Regards,

{sent by email}

Emeka Chukwureh

Regulation