

**Response to CER/13/034, Proposed Decision to  
implement an increase in natural gas  
Transmission tariffs from 1 April 2013**

**For the attention of:**

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

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Kore Energy welcomes the opportunity to respond to the Commission for Energy Regulation in relation to its consultation on a proposed increase in Natural Gas Transmission Capacity charges to take effect from 1 April 2013. Kore Energy is the largest provider of energy procurement and energy price risk management services in the Irish Energy Market. It provides services to a broad spectrum of industrial and commercial energy users in Ireland, including 5 of the Country's 10 largest energy users.

If implemented, the proposed tariff increase will follow on from a 20% increase implemented on 1 October 2012. The cumulative effect of this 35.8% increase has the potential to adversely impact the cost competitiveness of Irish business. In addition, the implementation of mid-year tariff changes at such short notice presents a significant difficulty for industry in managing budgeted energy spend.

According to the Bord Gáis submission to the CER, the reason for the tariff increase is a result of a projected under-recovery in revenues by Bord Gáis for the tariff year Oct 2012/Sep 2013 as a result of a significant reduction in capacity bookings in both the power generation sector and the Daily Metered sector. According to Bord Gáis, the power generation sector has reduced its capacity booking from 95% of its peak requirement in 2011/12 to just 68% of its forecast peak requirement for 2012/13 while the booking for the Daily Metered sector has reduced from 44% of actual peak in 2011/12 to just 36% of the forecast peak for 2012/13. While a number of factors are behind the reduction in the capacity bookings, a key factor, according to Bord Gáis, is the reduction in the cost of short term capacity from 1 October 2012 combined with the continued availability of secondary capacity trading across different market segments.

If this increase is implemented, the majority, if not all, industrial and commercial gas users in Ireland will be exposed to higher charges from 1 April 2013, given the "pass-through" nature of gas transportation charges in the majority of supply contracts.

Rather than imposing this un-necessary cost burden on Irish business and on domestic gas users, we believe that **the revenue shortfall on the part of Bord Gáis Networks should be recovered from the beneficiaries of the reduced capacity bookings, namely Suppliers to the Daily Metered segment of the gas market and gas fired power generators.** We therefore urge the CER to re-visit this issue as a priority and to propose a more customer focused remedy.

We look forward to hearing from you in due course.

Yours sincerely,

**Ger Fullam**  
**Managing Director**