



127 Baggot Street Lower,
Dublin 2,
Ireland.

12th February 2014

Denis Cagney,
Director Energy Networks, Renewables and Legal,
Commission for Energy Regulation,
The Exchange,
Belgard Square North,
Tallaght,
Dublin 24

cc: John Melvin and Keelin O'Brien

IMPLEMENTATION DATES FOR CER/13/191

Dear Denis,

I write to you on behalf of the members of the EAI Gas Working Group to highlight the adverse impacts of the CER's announcement, on the 31st January, of a further change to the date for implementation of the Within-Day Capacity Direction aspect of its decision on "Access Tariffs and Financing the Gas Transmission System" (CER/13/191). The latest instruction to defer, from 3rd February 2014 to 3rd March 2014, constitutes the third change to the timeline in consecutive months and was accompanied by an Instruction for the System Operator to allow Shippers reverse exit capacity bookings made for periods after 31st January, 2014 that were booked during the month of January.

In light of the adverse operational impacts of the repetitive delays to date and the limited benefit of implementation at this stage in the gas year, EAI now proposes that implementation of the Direction be postponed to October 2014. It should also be noted that EAI members remain dissatisfied with the Direction pursuant to CER/13/191, particularly as flexible products are fundamental to enable power generators to meet the changing and challenging demands of the electricity system. Once an implementation date has been finalised, EAI invites the CER, BGN and the gas industry at large to fully review and discuss all the issues in order that a balanced workable long term solution to the issues faced by the gas system (that is acceptable to CER, BGN and wider industry) can be achieved.

The third postponement of the implementation date, which was not anticipated and was flagged at short notice, has caused substantial operational issues for Shippers, particularly with regard to their trading, risk management and forecasting activities for both gas and electricity. Booking strategies and their implementation are based on confidence in the business rules that will apply. Late and

unanticipated changes to those business rules mean that Shippers have to stretch limited resources to try and work through the changes, in this case, on a Friday evening. While EAI welcomes the second Instruction, booking reversals do not fully compensate for the change being 8 days after the close of the Monthly Booking Window. The difficulties created for Gas System users by uncertainty around the implementation date should not be repeated. Changes to business rules should adhere to specified timeframes and should be implemented in a coherent, organised and timely manner.

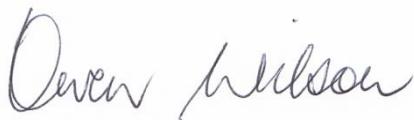
Furthermore, the original intention of this Direction was to encourage more long term firm bookings of gas capacity. However, given that the heavy gas capacity booking months (October- February) are almost complete, longer term bookings will not at this point in the gas year reap the earlier anticipated benefits.

In summary, EAI requests that implementation of the direction be postponed to October 2014 in order to mitigate the possibility of further negative impacts on operational strategies in this gas year. The case for postponement is enhanced by the reduction in the anticipated benefits of the decision five months into the gas year. Going forward, EAI members request greater clarity, transparency and timeliness with regard to any information on the implementation of the Within-Day Capacity Direction aspect of its decision including information on the cause of any change to the implementation date. This will mitigate the impact on operational decisions made to date and equitably allow for sufficient operational preparation ahead of the implementation of the Within-Day Capacity Direction.

EAI is available to meet with the CER, BGN and wider industry to have a fully informed discussion of the implications of the CER/13/191 decision with a view to coming to a more acceptable and balanced long term solution to the issues faced by the gas system.

I look forward to hearing from you and please do not hesitate to contact me for clarification of any of the above.

Yours sincerely,



Owen Wilson
Chief Executive Officer
Electricity Association of Ireland