Review of the Natural Gas Shipping Licence

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Abstract: The CER has consulted on proposed modifications to the natural gas shipping Licence, granted by the CER under Section 16 of the Gas (Interim) (Regulation) Act, 2002. The proposed modifications took into account new legislation, regulatory decisions and market developments and were published for comment in CER/14/776. Following full consideration of comments received, the CER is presenting its decision on the updated natural gas shipping licences, which will come into effect in 28 days' time from the date of the publication of the decision paper. This does not prejudice the right of the licensees, under Section 29 of the Electricity Regulation Act, 1999, to appeal the CER’s decision to modify the natural gas shipping licence.

Target audience: This paper is for the attention of current holders of natural gas shipping licences granted by the CER, those intending to apply for such licences to facilitate the shipping of natural gas and any interested parties.

Related Documents:
CER/11/032 Proposed Natural Gas Shipping Licence - Updated
CER/14/776 Review of the Natural Gas Shipping Licence
CER/14/776 (a) Proposed Generic Natural Gas Shipping Licence

For further information on this Decision Paper, please contact Dana Parasciv (dparasciv@cer.ie) at the CER.
Executive summary

The CER is responsible for licensing the shipping of natural gas under Section 16 of the Gas (Interim) (Regulation) Act, 2002. The CER has consulted upon modifications to the natural gas shipping licence to bring it up to date in terms of regulatory decisions and market developments in the gas market. The consultation paper, together with the proposed natural gas shipping licence, was published in November 2014 (CER/14/776). In line with legislative requirements, the CER published these documents and the proposed modifications detailed therein by posting notices in the Irish Times and furnishing both the Minister and license holders with same. This included a 28 days period for comment.

The key proposed modifications set out in the consultation paper are set out below.

The CER proposed to remove the following conditions where the network companies are certified as having achieved Full Ownership Unbundling (FOU) certification, in line with the provisions of Directive 2009/73/EC:

- Condition 16 – Ring-fencing of the shipping and supply business and restriction on use of certain information, and
- Condition 17 – Compliance Officer

The Gas Regulation Act 2013 provides for the unbundling of Bord Gáis Éireann in line with FOU provisions of Directive 2009/73/EC, whereby Bord Gáis Éireann will become a network only company, with no involvement in the generation, storage, shipping or sale of natural gas.¹ Also, following the sale of Bord Gáis Energy in 2014, Bord Gáis Energy is no longer part of Bord Gáis Éireann/ Ervia’s gas networks business (i.e. Gas Networks Ireland). As such the CER has decided that the

¹In accordance with Section 8(1) of the ESB (Electronic Communications Networks) Act 2014, the Minister for Communication, Energy and Natural Resources has renamed BGE as Ervia. The name change (i.e. BGE to Ervia) came into effect on the 20th June 2014 in accordance with SI 287 (2014). For clarity, it should be noted that the networks business (i.e. Bord Gais Networks) within BGE (now Ervia) has also been rebranded, which resulted in Bord Gais Networks (BGN) becoming Gas Networks Ireland (GNI). The rebranding of BGN to GNI came into effect on the 1st December 2014. Following the completion of the company restructuring within Ervia, GNI will become a subsidiary of Ervia. It should also be noted that the gas shipping licence and gas supply licence, originally held by Bord Gais Eireann have been transferred to Bord Gais Energy.
conditions detailed above will fall away upon certification of Gas Networks Ireland as having achieved FOU under the provisions of Directive 2009/73/EC.

The CER further proposed that Condition 15 pertaining to regulatory accounts became applicable to all licensed shippers, to reflect statutory requirements stipulated in S.I. 452 of 2004. Additionally, the CER also proposed to modify Conditions 11 and 12 of the current Gas Shipping Licence, to reflect legislative developments with respect to safety regulations, including the CER’s enforcement powers.

Finally, the CER reviewed the layout of the current shipping licence and proposed to restructure it so that it is in one section.

The CER has reviewed all comments received and is proceeding with the next step of the licence modification process to implement the modifications as detailed in the consultation paper.

The modified licences are published alongside this decision paper. The CER has today by:

i. serving a notice of the modification on holders of shipping licences, and;
ii. publishing a notice of the modification in a national newspaper

initiated the procedure to implement these modified gas shipping licences. In line with the procedures detailed under Section 22(3) of the Electricity Regulation Act, 1999, the licences will take effect in 28 days. This does not prejudice the right of licensees, under Section 29 of the Electricity Regulation Act, 1999, to appeal the CER’s decision to modify the shipping licences.

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1.0 Introduction

1.1 The Commission for Energy Regulation

The Commission for Energy Regulation (‘the CER’) is the independent body responsible for overseeing the regulation of Ireland’s electricity and gas sectors. The CER was initially established and granted regulatory powers over the electricity market under the Electricity Regulation Act 1999. The enactment of the Gas (Interim) (Regulation) Act 2002 expanded the CER’s jurisdiction to include regulation of the natural gas market, while the Energy (Miscellaneous Provisions) Act 2006 granted the CER powers to regulate electrical contractors with respect to safety, to regulate natural gas undertakings involved in the transmission, distribution, storage, supply and shipping of gas and to regulate natural gas installers with respect to safety. The Electricity Regulation Amendment (SEM) Act 2007 outlined the CER’s functions in relation to the Single Electricity Market (SEM) for the island of Ireland. This market is regulated by the CER and the Northern Ireland Utility Regulator (UR). The CER is working to ensure that consumers benefit from regulation and the introduction of competition in the energy sector.

1.2 Purpose of this paper

The purpose of this paper is to set out the CER’s decision on the modification of natural gas shipping licences granted by the CER under the Gas (Interim) (Regulation) Act 2002. This paper also provides information on the implementation of the modified licence, which is published alongside this paper.

1.3 Legislative requirements for modifications to the natural gas shipping licence

The CER is required to carry out modifications to “the terms, conditions or requirements” of natural gas shipping licences in accordance with sections 20 to 22 of the Electricity Regulation Act, 1999. Pursuant to Section 20, the CER on 7th November 2014 commenced the licence modification procedure with the publication of a consultation paper and a related Notice drawing the public’s attention to the proposed modifications, their nature and the reasoning for them. The notice was published in the Irish Times and a copy of the notice was provided to all licensed
natural gas shippers. The Notice informed that any comments on / objections to the modifications should be submitted to the CER by 12th December 2014. This provided for 28 days for comment, as stipulated in Section 20 of the Electricity Regulation Act, 1999. In accordance with the requirements of section 20 of the Electricity Regulation Act, 1999 a copy of the Notice was also furnished to the Minister for Communications, Energy and Natural Resources. A copy of the proposed modified licence was published alongside the consultation paper.

Following the consultation process, the CER is required under Section 20(8) of the Electricity Regulation Act, 1999 to notify any respondent whose comments were not adopted on the reasons therefore and why a public hearing on the issues raised is not warranted. The purpose of this decision paper is to set out the CER’s decisions in relation to modifications to the gas shipping licence and its response to issues raised by respondents. In cases where the CER has not adopted respondents’ comments, the rationale is provided, which in the CER’s view is sufficient to address the matters raised, without the requirement for a public hearing.

To bring the licences into force the CER must:

(i) serve a notice of the modification on holders of shipping licences, and;

(ii) publish a notice of the modification in a national newspaper.

This is required by Section 22(3) of the Electricity Regulation Act, 1999, which stipulates that after the above steps have been conducted the licences will take effect in 28 days. This does not prejudice the right of licensees, under Section 29 of the Electricity Regulation Act, 1999, to appeal the CER’s decision to modify the shipping licence. With the required notices issued today the modified natural gas shipping licence will come into force on (insert date).

1.4 Comments received

The CER received 2 submissions to the Consultation Paper (CER/14/776).

Submissions were received from the following organisations or individuals:

Bord Gáis Energy
ESB Generation & Wholesale Markets
1.5 **Structure of this paper**

Section 2.0 reviews the comments received and outlines the CER’s responses and decisions to same
Section 3.0 outlines Conclusions and Next Steps
Appendix 1 contains a list of decisions set out by this Decision Paper

2.0 **Review of responses to consultation**

2.1 **Introduction**

Legislation by way of the Gas Regulation Act 2013 was enacted to underpin the sale of Bord Gáis Éireann’s energy business (i.e. Bord Gais Energy) and to ensure the retention of the networks business in State ownership as a fully ownership unbundled network business. The sale of Bord Gáis Energy is now formally completed and Bord Gáis Éireann has been statutorily renamed Ervia. The Gas Regulation Act 2013 provides for changes in Ministerial ownership and control for Ervia and the establishment of the Gas Networks subsidiary company. Ervia is now working towards the establishment of an independent subsidiary with responsibility for the ownership and operation of the gas transmission system, to be called Gas Networks Ireland, in line with the Full Ownership Unbundling (FOU) model.

In light of these developments, the CER has conducted a review of the natural gas shipping licence. The CER published a consultation paper in November 2014 (CER/14/776) asking respondents to provide their views on the outcome of the review and the proposed modifications. The consultation period closed on 12th December 2014. Two responses were received in total. This section reviews the comments received and details the associated decisions. A list of all decisions is provided in Annex 1 of this document.

The key proposed modifications, which emanated from the review, are set out below:

In the consultation paper the CER proposed that the following conditions be removed where the network company (i.e. Gas Networks Ireland) is certified as having achieved FOU under the provisions of the 3rd Package:
• Condition 16 – Ring-fencing of the shipping and supply business and restriction on use of certain information, and;
• Condition 17 – Compliance Officer

In addition to the above, a new licence condition was proposed requiring natural gas shippers to maintain regulatory accounts and in relation to the Safety Framework.

Finally, the CER reviewed the structure of the current natural gas shipping licence and proposed to restructure it so that it is in one section.

The following subsections summarise the respondents’ comments, outline the CER’s response to same and detail the decision that the CER has adopted.

2.2 Regulatory Accounts

This is a legislative requirement placed on every natural gas undertaking provided for under the Gas (Interim) (Regulation) Act, 2002, as amended by Section 11(2) (i) of the S.I. No. 452 of 2004\(^3\): “17.—(1) (a) Every natural gas undertaking, except for an undertaking engaged in the production of natural gas and no other natural gas activity, whatever its system of ownership or legal form, shall— (i) keep separate accounts for their transmission, distribution, LNG, storage, shipping and supply activities”.

In light of this statutory obligation on all natural gas shippers to maintain regulatory accounts, the CER considers that this should be reflected in the licence, as is the case for the natural gas supply licence and on the electricity side, where all supply licences have a condition requiring the licensee to retain regulatory accounts.

Consultation Question 1

Respondents are invited to comment on the proposal that a licence condition be introduced in all natural gas shipping licences to reflect shippers’ obligations to maintain regulatory accounts. Are you in favour of this proposal? Outline reasons for agreement or disagreement.

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\(^3\) SI No. 452 of 2004
2.2.1 Summary of respondents’ comments

Two respondents commented on the proposal to introduce a new licence condition in the natural gas shipping licence to reflect shippers’ obligation to retain regulatory accounts. One respondent was in agreement with the proposal, noting that it is consistent with the CER approach in relation to the gas supply licence and the electricity supply licence. One respondent (ESB Generation & Wholesale Markets) did not support the proposal, based on the fact that, in their opinion, this would significantly exceed the requirements of Article 31 of Directive 2009/73/EC.

2.2.2 CER’s response to comments

As mentioned in the consultation paper, the requirement for “natural gas undertakings” to keep separate accounts for various business activities (i.e. production, transmission, distribution, storage, shipping, supply) is clearly stipulated in S.I. 452 of 2004 European Communities (Internal Market in Natural Gas) Regulations 2004. Thus, the CER considers it prudent to reflect this legislative requirement in the licence, as is the case with the natural gas supply licence and the electricity supply licence. It is therefore the CER’s view that introducing this new licence condition into the natural gas shipping licence does not translate into an extra regulatory burden on licence holders. The CER notes that the requirements regarding unbundling of accounts of natural gas undertakings are not identical to those outlined in Article 31 of Directive 2009/73/EC.

2.2.3 CER’s decision

The CER notes the respondents’ comment to the proposal to introduce a licence conditions in all natural gas shipping licences to reflect statutory obligation on shippers to maintain regulatory accounts. The CER will proceed with the proposed modification.

Decision 1 – Condition 15 Regulatory Accounts

The CER has decided to introduce a licence condition in all natural gas shipping licences to reflect the statutory obligation on shippers to maintain regulatory accounts.
2.3 Ring-fencing of the Shipping and Supply Business and Restriction on Use of Certain Information

Under Condition 16 of the natural gas shipping licence, Bord Gáis Éireann is required to designate one division to exercise the functions of both the Shipping Business and the Supply Business. This division, referred to as the “Shipping and Supply Business”, is Bord Gáis Energy. Additionally, this condition requires:

- full managerial and operational independence of the Shipping and Supply Business from other businesses of Bord Gáis Éireann and of its affiliates and related undertakings
- no information relating to, or derived from, the Shipping and Supply Business, be disclosed for the benefit of, or used for the purposes of, any other Separate Business - subject to specific exemptions.

The consultation proposed that the need for this licence condition falls away with FOU.

Consultation Question 2

Respondents are invited to comment on the proposal that Condition 16 be removed from the natural gas shipping licence, where Bord Gáis Éireann’s/Ervia’s networks business (i.e. Gas Networks Ireland) is certified under the FOU provisions of the 3rd Package. Are you in favour of this proposal? Outline reasons for agreement or disagreement.

2.3.1 Summary of respondents’ comments

Two respondents commented on the proposal that Condition 16 be removed from the natural gas shipping licence where Bord Gáis Éireann/Ervia’s network business (i.e. Gas Networks Ireland) is certified under the FOU provisions of Directive 2009/73/EC. The respondents were in favour of the proposed modification. One party stated that the adoption of the FOU model has changed the functions of Bord Gáis Éireann/Ervia, which in rendered this condition inapplicable. As a general comment made in relation to the proposed modifications, one respondent suggested that changes should be made to Bord Gáis Energy’s licence as opposed all shippers’ licences.
2.3.2 CER response to comments

The Gas Regulation Bill 2013 was approved by the Government in July 2013 and enacted in December 2013. The legislation underpins the unbundling of the network companies under the FOU provisions of Directive 2009/73/EC. With FOU, Ervia’s subsidiary (i.e. Gas Networks Ireland) will become a networks only company. Furthermore, Bord Gáis Energy, following the sale which took place in 2014, is no longer part of Bord Gáis Éireann/Ervia. In light of this, the need for this licence condition falls away.

With regard to the suggestion that proposed modifications should apply solely to Bord Gáis Energy’s licence, we wish to clarify that the current Gas Shipping Licence CER/11/032 applies to all shippers, with the exception of Section B, which applies exclusively to Bord Gáis Éireann/Ervia. With the FOU and the sale, Bord Gáis Energy will be in the same position as any other shipper and as such will be subject to the same licence conditions as all other shippers. The proposed licence (CER/14/776) will apply to all shippers and will be the only shipping licence granted by the CER under Section 16 of the Gas (Interim) (Regulation) Act 2002.

2.3.3 CER’s decision

The CER is to proceed with the proposed modification to remove Condition 26 from the natural gas shipping licence upon Gas Networks Ireland being certified as FOU compliant under Directive 2009/73/EC.

Decision 2

The CER has decided to remove Condition 16 from the natural gas shipping licence where Bord Gáis Éireann’s networks business is certified under the FOU provisions of the 3rd Package.

2.4 Compliance Officer

Under this condition, the CER may direct Bord Gáis Energy to appoint a Compliance Officer for the purpose of ensuring compliance with the relevant duties. The condition includes details in relation to the duties of the Compliance Officer and the relevant reporting arrangements.
The purpose of this condition is to ensure that Bord Gáis Energy is compliant with all its duties and obligations under the natural gas shipping licence. These duties and obligations have extended beyond those placed on all other shippers. Upon the sale of Bord Gáis Energy, the incumbent will be in the same position as any other shipper and, as such, the requirement for placing additional regulatory burdens on it is unnecessary.

**Consultation Question 3**

Respondents are invited to comment on the proposal that Condition 17 be removed from the natural gas shipping licence where Bord Gáis Energy has been sold and Bord Gáis Éireann’s networks company has been certified as having achieved FOU under the provisions of Directive 2009/73/EC. Are you in favour of this proposal? Outline reasons for agreement or disagreement.

**2.4.1 Summary of respondent’s comments**

Two respondents commented on the proposed modification to the natural gas shipping licence and were in favour of the removal of this condition, as it is no longer applicable following the sale of Bord Gáis Energy.

**2.4.2 CER’s response to comments**

The CER welcomes the respondents’ agreement to the proposal and will proceed with the proposed modification.

**2.4.3 CER’s decision**

The CER notes the respondents’ overall agreement to the proposal to remove Condition 17 from the natural gas shipping licence upon the completion of the sale of Bord Gáis Energy. As such, the CER will proceed with the proposed modification.

**Decision 3 – Condition 17 Compliance Officer**

The CER has decided to adopt the proposed modification to the natural gas shipping licence that Condition 17, pertaining to the obligation placed on Bord Gáis Energy to provide for a compliance officer, be removed from the natural gas supply licence where Gas Networks Ireland is certified under the FOU provisions of the 3rd Package.
2.5 Prohibition of tariffs that create incentives that may increase the volume of transmitted or distributed energy

The Energy Services Directive of May 2006\(^4\) was transposed into Irish legislation by SI 542 of 2009. Regulation 19 of SI 542, which amends Section 14 of the Electricity Regulation Act, 1999, states:

“The Commission shall, through licence conditions, place a requirement on energy undertakings to ensure that their tariffs do not create incentives that may unnecessarily increase the volume of distributed or transmitted energy”. In adherence to this, the CER has proposed to introduce a new licence condition to prohibit natural gas shippers from offering tariffs that may unnecessarily drive the level of distributed or transmitted energy.

Question 4

Respondents are invited to comment on the proposal that a licence condition prohibiting tariffs that create incentives that may unnecessarily increase the volume of distributed or transmitted energy should be introduced in all natural gas shipping licences. Do you agree with this proposal? Outline reasons for agreement or disagreement.

2.5.1 Summary of respondents’ comments

Two respondents commented on this proposal. One respondent acknowledged that this is a legislative requirement and agreed with its inclusion in the form of a licence condition. In addition, the same requirement is reflected in licences granted for the supply of gas and electricity. The other respondent requested further clarification as to the proposed modification.

2.5.2 CER’s response to comments

As stated in the consultation paper, Directive 2006/32/EC came into force in May 2006 as a means to enhance end-use energy efficiency across the EU. It includes an indicative energy savings target for the Member States, obligations on national public authorities as regards energy savings and energy efficient procurement, and measures to promote energy efficiency and energy services.

The Directive applies, inter alia, to the transmission, distribution and supply of energy. The purpose of the Directive is to make the end use of energy more economic and efficient by establishing indicative targets, incentives and the institutional, financial and legal frameworks needed to eliminate market barriers and imperfections which prevent efficient end use of energy.

The Directive was transposed into Irish law by S.I. 452 of 2009. Similar to the decisions made in respect of the same legislative requirement for the electricity and gas supply licenses, the CER considers that it is prudent to reflect this in the shipping licence, given that shipping drives the action of transmitting/distributing natural gas.

2.5.3 CER’s decision

The CER notes respondents' comments and will move to include a new condition in the gas shipping licence to prohibit the use of tariffs conducive to increased volumes of transmitted and distributed energy. In this context, the CER would consider that creating such incentives should account for the carbon intensity of the energy sources available.

Decision 4 – Prohibition of tariffs that create incentives that may increase the volume of transmitted or distributed energy.

The CER has decided to introduce a new licence condition to prohibit the use of tariffs that create incentives that may increase the level of transmitted or distributed energy.
2.6 Safety Framework

In the consultation paper the CER proposed to modify Conditions 11 and 22 based on the fact that extensive powers granted on the CER in respect of gas safety were not reflected in the current natural gas shipping licence.

Question 5

Respondents are invited to comment on the proposal that the CER modify conditions 11 and 12 in the natural gas shipping Licence in order to bring it up to date with legislative developments with respect to safety regulations and the CER’s enforcement powers. Do you agree with this proposal? Outline reasons for agreement or disagreement.

2.6.1 Summary of respondents’ comments

Two respondents commented on this proposal. One respondent noted that the legislative safety provisions which the CER proposed to include in the shipping licence are already contained within the Energy (Miscellaneous Provisions) Act 2006 and the Electricity Regulation Act 1999. This respondent went onto query the need to replicate such requirements in the licence when they are already covered in legislation and suggested that the old wording be restored. They further queried why such modifications were not made to the Natural Gas Suppliers Licence. The second respondent considered that, given that a shipper is not involved with the operation and maintenance of the transportation system, the additional safety requirements are not appropriate to shippers. The respondent goes on to state that, in their view, the TSO is responsible for the operation and maintenance of the network and that the proposed safety requirements are appropriate for these activities.

2.6.2 CER’s response to comment

With regard to the comment made as to the need for replication of the legislation in the Natural Gas Shipping Licence, the CER has taken the decision to include these modifications to Conditions 11 and 12 of the Natural Gas Shipping Licences in order to create a direct link between the legislation and the licences. Furthermore, the CER is of the view that the inclusion of these modifications in the licence facilitates transparency and provides clarity to the Shipper. The CER believes that the language contained in the modifications is appropriate.
As to the question why the CER did not include similar modifications in the Natural Gas Supply Licence, the CER would like to state that it fully intends to include similar modifications to the Natural Gas Supply Licence in due course. The comment was made that additional safety requirements imposed on the Shipper would not be appropriate and are more suitable to the role of the TSO, given its direct involvement with the Transportation System.

The CER is of the view that all Shippers have important safety – related obligations which they must comply with as part of their licence conditions and code of operation functions. All Shippers are required to, as part of their licence requirements, have in place an accepted safety case. The requirement to have in place a safety case is a requirement under the Gas Safety Framework and therefore Shippers are subject to the requirements of the Gas Safety Framework. Shippers, through an approved safety case, must demonstrate that:

- it is carrying out its day-to-day operational activities in compliance with its licence conditions and the requirements of the Code of Operations;
- adequate safeguards against non-compliant gas being delivered for entry to the transportation system are provided for during the gas procurement process via appropriate contractual arrangements.
- the shipper is acting, at all times as a Reasonable and Prudent Operator (RPO)
- with respect to the shipping of gas across the transportation system;
- the shipper can respond effectively to the instructions of the NGEM with respect to end-user load shedding and curtailment;

The CER intends to carry out a review of the Gas Safety Framework during 2015 and will consult upon the current safety obligations placed on licensees and would welcome comments at that juncture. In the interim the modifications to Conditions 11 & 12 of the Shipping Licence are simply reflecting recent legislative changes to the safety regulations and the CER’s enforcement powers, already in place, in respect of the Gas Safety Framework’s requirements that Shippers must meet.
2.6.3 CER’s decision

The CER has taken the decision that these modifications to Conditions 11 and 12 will be maintained in the Natural Gas Shipping Licence.

The CER fully intends to include such modifications to the Natural Gas Suppliers Licence at the next available opportunity.

The CER would like to state that these modifications do not impose any new additional obligations on the Shipper nor does it transfer any responsibility from the TSO to the Shipper and therefore is of the view that these modifications to the Natural Gas Shipping Licence are appropriate in the context of the Shipper.

Decision 5 – Safety Framework

The CER has decided to modify Licence Conditions 11 and 12 reflecting recent legislative changes to the safety regulations and the CER’s enforcement powers.

2.7 Change in the structure of the natural gas shipping licence

The proposals put forth in the consultation document saw certain duties being spread across shippers in the interest of providing an even as possible playing field for effective competition to be fostered. Other requirements were proposed to be removed due to the sale of Bord Gáis Energy and the anticipated certification of Gas Networks Ireland as FOU under Directive 2009/73/EC. The proposals saw the conditions applied to the incumbent being further aligned with those of all other shippers. With the proposed extent of this alignment it was deemed no longer necessary to split the licence into two sections. In addition, section B as it currently stands only applies to Bord Gáis Éireann (now Ervia).

Question 6

Respondents are invited to comment on the proposal to change the structure of the natural gas shipping licence so it only has one section. Do you agree with the proposal? Outline reasons for agreement or disagreement.
2.7.1 Summary of respondents’ comments

Two respondents commented on this proposed modification and were in agreement with the proposal to change the structure of the natural gas shipping licence so it only has one section, with no additional conditions placed solely on the incumbent.

2.7.2 CER’s response to comments

The CER notes the respondents’ overall agreement to the proposed modification which will see the natural gas shipping licence consisting of one section, with conditions applicable to all licence holders in an indiscriminate manner.

2.7.3 CER’s decision

The CER notes the overall agreement with the proposal to change the structure of the natural gas shipping licence so that licence conditions are presented in a single section.

Decision 6

The CER has decided to change the structure of the shipping licence so that licence conditions appear in a single section, hence removing the section only applicable to the incumbent.
3.0 Conclusions and Next Steps

The CER has reviewed in full comments received on the proposed modifications to the natural gas shipping licence. Following this review, the CER will proceed with the implementation of the proposed modifications. The modified licence is published alongside this decision paper. The CER has today by (i) serving a notice of the modification on holders of shipping licences and (ii) publishing a notice of the modification in a national newspaper initiated the procedure to implement this modified gas shipping licence. In line with the procedures detailed under Section 22(3) of the Electricity Regulation Act, 1999, the licences will take effect in 28 days. This does not prejudice the right of licensees, under Section 29 of the Electricity Regulation Act, 1999, to appeal the CER’s decision to modify the shipping licence. Finally the CER would note that this decision sees certain conditions falling away after Gas Networks Ireland has been certified as FOU under the provision of Directive 2009/73/EC. These conditions will automatically fall away at the relevant time – no further publications will be published other than reminders of this fact in any relevant notifications pertaining to deregulation and FOU.
Annex 1

Decision 1 – Condition 15 Regulatory Accounts
The CER has decided to introduce a licence condition in all natural gas shipping licences to reflect the statutory obligation on shippers to maintain regulatory accounts.

Decision 2
The CER has decided to remove Condition 16 from the natural gas shipping licence where Gas Networks Ireland) is certified under the FOU provisions of the 3rd Package.

Decision 3 – Condition 17 Compliance Officer
The CER has decided to adopt the proposed modification to the natural gas shipping licence that Condition 17, pertaining to the obligation placed on Bord Gáis Energy to provide for a compliance officer, be removed from the natural gas shipping licence where Gas Networks Ireland is certified under the FOU provisions of the 3rd Package.

Decision 4 – Prohibition of tariffs that create incentives that may increase the volume of transmitted or distributed energy.
The CER has decided to introduce a new licence condition to prohibit the use of tariffs that create incentives that may increase the level of transmitted or distributed energy.

Decision 5 – Safety Framework Case
The CER has decided to modify Licence Conditions 11 and 12 reflecting recent legislative changes to the safety regulations and the CER’s enforcement powers.

Decision 6
The CER has decided to change the structure of the shipping licence so that licence conditions appear in a single section, hence removing the section only applicable to the incumbent.