

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0456
"Exemption from (Mod 414) Zero Tolerance/Energy Incentive for Irish
UK Interconnector"
Version 2.0

Date: 23rd February 2001

Proposed Implementation Date: 31st March 2009

Urgency: Urgent

Justification

Reason This Modification is urgent due to the fact that the Zero Tolerance begins on the 19th April 2001. Ireland and Northern Ireland has a large dependence on supplies from the UK which is supplied to customers within Ireland these customers include the Residential Market. The implementation of Zero Tolerances at the Moffat Interconnector does not recognise the variations of offtake within these residential market which has been recognised in the UK through the exemption of NDM from Zero Tolerance for variations at these exit points. These NDM exit points *are* under the control of Transco as to quantities to be nominated. End users are not in a position to manage flows from the UK and have recognized this by establishing in conjunction with UK Shippers an Agency at the Exit point. The Agency ensures correct nominations and ensure accuracy quantity offtake at Moffat, This has proved successful to date but it is not always possible to match perfectly Allocation with Nominations.

Purpose of Proposal

The Interconnector between Ireland and the UK at Moffat is administered by an Agency Agreement between Irish and UK Shippers. The Agency handles various Nominations and Renominations between Shippers in Ireland, Northern Ireland and the UK. It also provides an Offtake Profile requirements for the Irish Transporter and Transco. It is also not possible for Irish Shippers to improve on the management the offtake at Moffat any more than is already in place. The Moffat interconnector is different in many ways to any other Interconnector due to the dependence on this source of gas by customers in Ireland both North and South, these customers include the residential market. This Zero Tolerance would only cause Irish Shippers to pay additional penal charges for gas from the UK. This effectively increases the costs of gas to Irish End users.

Nature of Proposal

Solution

There is a number of different options available to Transco,

1. No change from the present Tolerance levels at the Irish UK Interconnector operates
2. Operating Balancing Agreement between the Irish and UK transportation systems.
3. Treatment of Moffat Tolerance in a similar way to the treatment of NDM sites.
4. A reduced Tolerance allowance to recognise the fact that an Agency Arrangement is in place between the 3 transportation systems and Shippers to this exit point and has been operating successfully since it began.

5. Delay the Zero Tolerance until suitable management facilities are available i.e. Linepack Services.

Consequence of not making this change

The Implementation of this Modification is imperative as it would only discriminate Irish and Northern Ireland End users and increase their cost of gas and risks of importing gas from the UK. It would also be at variance with what occurs in the UK where residential are exempt from the tolerance but Irish and Northern Ireland residential customers would not be exempt.

Area of Network Code Concerned

Proposer's Representative:

Aidan O'Sullivan

Proposer:

Aidan O'Sullivan

Position: Energy Trading Manager

Company: Bord Gais Eireann

Signature