



GMO NI Initial Modification Report No.8

Phoenix Natural Gas Ltd. Response

17th December 2019

Introduction

Phoenix Natural Gas Ltd. (PNGL) welcomes the opportunity to respond to Initial Modification Report (IMR) No. 8 published by the Gas Market Operator for Northern Ireland (GMO NI) to update the Northern Ireland (NI) Network Gas Transmission Code. PNGL is of the opinion that GMO NI's proposal will help introduce good network design and that the proposed tolerance adjustments will incentivise good Shipper behaviour and hence reduce residual balancing costs. In addition, PNGL also appreciates the steps taken by GMO NI in the IMR to address feedback received from industry through the Imbalance Tolerance Review.

Phased Reduction of Imbalance Tolerances

PNGL accepts the need for tolerances to be reviewed to support compliance with the EU Balancing Regulation (EU 312/2014).

PNGL also welcomes GMO NI's intention to undertake an assessment of industry performance during phase 1 and to make further adjustments, should they be found to be necessary, prior to the phase 2 transition date. In particular, PNGL would encourage GMO NI to continue to explore with industry the options for implementing a methodology where tolerances are linked to the Shipper nominating according to the Distribution Network Operator's (DNO) forecast advice as we believe this would be a beneficial route for the development of the NI gas industry.

PNGL also note GMO NI's comment in their 'Summary of Consultation Responses and Proposals' paper published on 29th November 2019 regarding their ongoing discussions with the Power Generation sector to address the impact ISEM is having on the NI gas industry with regards the nomination and balancing issues being experienced. PNGL believe that it would be beneficial for the Utility Regulator to be involved in these meetings to explore how the issues being experienced can be mitigated against and to attempt to work towards solutions that would benefit both the electricity and gas industries. In addition, PNGL believes that it would be beneficial for DNOs to be represented at these meetings to help the gas industry understand the issues that are being experienced in the Power Generation sector and to contribute in any discussions towards proposed solutions.

Alignment of Tolerance Load Bands with DM/NDM Categories

PNGL appreciates GMO NI's implementation of industry feedback to align the tolerance load bands with the Daily Metered (DM) and Non-DM (NDM) classifications contained in the DNO Network Codes as different forecast and allocation processes apply to these classifications. We believe that this will

be beneficial to Shippers when balancing their daily inputs and outputs on the NI Gas Transmission Network.

PNGL also notes GMO NI's comments in the IMR that the categories for emergency load shedding in the NI Network Gas Transmission Code (Section 10.13 – System Constraints, Exceptional Events and Emergencies) referred to as the 'Priority Order' will remain unchanged. PNGL appreciate that the amendment of the Priority Order is outside the remit of this proposed Code Modification, but PNGL would encourage that future consideration is given for a specific group to be added to the Priority Order that relates only to the DM classification, in line with the DNO Network Codes, as in practice these customers are often requested to cease their gas usage early in the response to any emergency event due to the large loads associated with them.

Update to Exit Reallocations Rules

PNGL is supportive of GMO NI's proposed amendments here to reflect current operational practice and to provide clarity to the DNOs on the process.

Other Matters

From GMO NI's 'Summary of Consultation Responses and Proposals' paper, PNGL notes the conclusion from GMO NI's analysis of the impact on Shippers where meter estimates were required due to the absence of reliable TSO metering data. Although GMO NI's analysis shows that no Shippers were penalised on days where estimates were required, PNGL still believe that this is a potential risk for Shippers and would therefore encourage GMO NI to continue to monitor the situation and seek to address it should it become more persistent, as per GMO NI's response in the paper.