



## **NI Network Gas Transmission Code – Initial Modification Report No.3 – Credit Section Update**

### **Phoenix Natural Gas Ltd. Response**

**8<sup>th</sup> May 2018**

Phoenix Natural Gas Ltd. (PNGL) welcomes the opportunity to respond to the Initial Modification Report issued by the Gas Market Operator for Northern Ireland (GMO (NI)) which proposes to update the credit section of the NI Network Gas Transmission Code.

Having reviewed the modification proposal PNGL believes the arrangements could be enhanced by the Transporter notifying the Distribution Network Operators (DNO) of any Termination Notice that has been issued to a Shipper that holds Capacity on the DNO's network. This would mirror the arrangements in the Distribution Network Codes which allow the DNOs to notify Transmission Operators when they have given a Termination Notice to a gas supplier that holds System Capacity on the Transmission networks (section O5.14). We note that a similar arrangement exist in the NI Network Gas Transmission Code when the Transporter will notify the Adjacent Transporter of a Terminating Shipper with whom it holds Bundled IP Capacity with (paragraph 21.8).

PNGL appreciate that under the current arrangements they would be a Shipper member of the Credit Committee that would meet to assess any Shipper Termination Default as PNGL currently hold Transmission Exit Capacity as per Condition 2.13 of its Conveyance Licence. However, we feel it would be more appropriate if PNGL was formally advised by GMO (NI) in its role as a network operator to allow it to assess implications of a potential termination of a gas supplier from its own network and allowing Code arrangements for this type of event to be initiated. We also believe that the inclusion of the additional clause would future proof the regime in the event that the current Licence Condition to hold Exit Capacity was ever to change. For completeness we have detailed below the relevant clause from the PNGL Distribution Network Code as suggested text for any new NI Network Gas Transmission Code clause.

Section O, paragraph 5.14<sup>1</sup>:

*Upon the occurrence of a User Default or where the Operator has given Termination Notice it shall be entitled to inform such persons as it thinks fit that it has done so, including but not limited to the Authority, Distribution System Operators, the Delivery Facility Operator in relation to any System Entry Point at which the Defaulting User held System Capacity, and any person from whom the Operator believes the Defaulting User to have purchased gas for delivery to the System, or with whom the Operator believes the Defaulting User has arranged for the conveyance of gas directly or indirectly to the System.*

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<sup>1</sup> Text reflects proposed amendment to paragraph for Supplier of Last Resort Code Modification that is soon to be published to industry for consultation.