

Mr Stephen English
Gas Market Operator (NI),
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The Arena Building,
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Ref: NET/G/JF/740
23 October 2023

Dear Stephen,

RE : NI Network Gas Transmission Code (the Code) – Final Modification Report for Modification No 17

Thank you for your submission of the Final Modification Report (**FMR**) No 17 dated 28 June 2023 and entitled “Introduction of Mechanism to Enable Booking of Exit Capacity for Commissioning”. The FMR relates to a modification to the Code proposed by EP Ballylumford (the **Proposer**), that would introduce a new form of Exit Capacity¹ in the Code which would be available to purchase on a daily basis at a daily price, not be subject to Exit Capacity Ratchet and would only be applicable for the commissioning of a power station up to the point when the power station is declared fully commercially available.

The Proposer states that the proposed modification would better facilitate the Relevant Objective (in condition 2.4D.2 of the relevant licences) as it will support the efficient and economic development of the NI Network and promote effective competition by removing economic barriers to potential new Shippers.

UR consideration of the FMR

The Utility Regulator (**UR**) has considered the information provided in the FMR. We note that the Transporter received three responses to the Initial Modification Report (**IMR**) and that the Transporter has addressed the points raised in these responses. One response, which was provided by the Proposer’s parent company, EP UK Investments (**EPUKI**), was in support of the proposed modification while the other two were not in support of it.

The Transporter and all the responses referred to UR’s consultation on seeking views on the potential impacts of introducing short term exit capacity products. The Transporter

¹ Condition 3.1.2(a) of the NI Network Gas Transmission Code states:
“Exit Capacity” means Firm capacity at an Exit Point which a Shipper may apply for, be allocated and registered as holding”

notes that the proposed modification would represent a limited introduction of a Daily Exit Product, which UR notes would precede the completion of that consultation process.

The Transporter also notes that the proposed modification would only apply at one Power Station Exit Point and considers that this may provide an unfair advantage to the shipper at the new point.

The Transporter notes that the Proposer is looking to reduce costs during the period of commissioning the new power station and that Modification 16, which was developed following engagement with the Proposer, has already made available a reduction, which the Proposer acknowledges.

We note that any implementation of the proposed modification would require IT changes which have not been costed and which would take 6-9 months to complete.

We further note that the Transporter has developed additional text in the proposed modification in order to meet the stated aims of the Proposer, so that it could be operable, should UR decide that it should be implemented. This followed its engagement with the Proposer to address the deficiencies outlined in the IMR. It would have been preferable had the proposed modification been made in an operable manner and UR notes the additional input from the Transporter to improve the proposed modification.

We note the Transporter recommends that the proposed modification should not be implemented.

Decision

Having considered the information set out in the FMR, together with other matters and ongoing work relating to exit capacity products, we are of the opinion that the proposed modification will not better facilitate the achievement of the Relevant Objective as outlined in condition 2.4D.2 of the applicable licences.

UR therefore informs the Transporter (by way of this letter) of its determination that the proposed modification will not, in its opinion, as compared with the existing provisions of the Code, better facilitate the achievement of the Relevant Objective.

Accordingly, UR does not give a direction pursuant to paragraph 2.4D.9(c) of the gas conveyance licences held by each of the Individual Transporters (as that term is defined in the Code) and/or pursuant to section A9.2 of the Modification Rules in respect of the Code.

Yours sincerely,



Jillian Ferris
Head of Networks