

Mr Stephen English  
Premier Transmission Ltd (PTL)  
1<sup>st</sup> Floor The Arena Building  
85 Ormeau Road  
Belfast

18th May 2015

Dear Stephen

**Re:- PTL Code Modification Proposal 28**

Thank you for your recent submission of the Final Modification Report in respect of the above named modification. The purpose of the modification is to implement the requirements of the Capacity Allocation Mechanisms Regulations (EC 984/2013). It also provides for the introduction of entry capacity products into the Northern Ireland gas transmission regime.

The Northern Ireland Authority for Utility Regulation (NIAUR) has considered the issues raised by the modification and the FMR.

**PTL Conclusions**

PTL states in the FMR that the relevant objective (Condition 2.4 of the PTL Licence), would be better facilitated by the Licensee's Network Code as a result of this modification.

## **Authority Review and Conclusions**

We note that there were three third party responses received and that none of these supported the introduction of the proposed Entry Capacity Ratchet Mechanism. However we also note that none of those who opposed the introduction of this mechanism proposed an alternative to address the potential issues that could arise if the current rules were to remain in place.

The two distribution network operators who responded both raised the issue of the recovery of costs associated with the Ratchet Mechanism. We consider that this issue can be fully addressed by limited modification of the distribution network code. And is therefore not sufficient a reason to consider an alternative mechanism. The distribution network operators are presently engaged in developing modification proposals to address this issue. It is expected that they will commence formal modification process shortly.

Third party respondents made other points relating to other aspects of the modification proposal. These and other issues have been addressed by PTL as part of the process of producing the Final Modification Report.

We have also considered whether the modification would better facilitate the 'relevant objective' as defined in Condition 2.4.1 of your licence. The modification will introduce Entry Capacity products into the Northern Ireland transmission regime with this Entry Capacity at the designated Interconnection Points being allocated to network users by means of a competitive auction mechanism. This will facilitate compliance with the relevant Regulations, EC 984/2013. Consequently we consider that this will facilitate the secure, safe, reliable, efficient and economic development and maintenance of the Network.

Accordingly, we have concluded that the modifications proposed should be made.

We note the provisions of 1A.14.4 which are designed to deal with any conflict between the code and the relevant transporters rulebook and 1A.14.4(b)(ii) which requires PTL to consult with shippers and to notify shippers as to how it implements the relevant provision of the code to deal with the conflict. We also expect PTL to similarly consult with and to notify the Authority as to the outcome of its determination under 1A.14.4(b)(i). At this stage we do not consider that a code modification to this effect is necessary as we expect PTL to act transparently but we will keep this under review.

We also ask PTL to monitor the impact on the code of 1A.6.8(e) which indicates that if there is a conflict between the CPO Rules and Processes and section 1A.6, the CPO processes and rules will prevail. Code modifications may be necessary to deal with any conflict should it arise.

### **Decision**

As provided for in Condition 2.4.7 (c) of the PTL licence we direct PTL to implement the modifications set out in the Final Modification Report submitted to the Authority on 3<sup>rd</sup> April 2015.

The modifications should be implemented in May 2015 no earlier than the date of this letter. You should note that we may use the relevant powers to make changes consistent with our statutory duties in future as we believe appropriate.

Yours sincerely



**Tanya Hedley**  
**Director of Compliance & Network Operations**

