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RE: Auction and Curtailment Approach on EWIC and Moyle Interconnectors

Dear Sirs,

Bord Gáis Energy (**BG Energy**) welcomes this opportunity to comment on this “Report on Curtailment Approach” to apply on the Moyle and East West interconnectors (**the Consultation**).

As articulated in the Consultation, the 2009 Electricity Regulation’s Annex 1¹ stipulates that each capacity allocation procedure shall allocate a prescribed fraction of the “available interconnection capacity”. In BG Energy’s view, given the direct applicability status of EU Regulations, this provision is clear in its objective. There is no room for interpretation of the obligation and interconnector capacity auctions can only auction capacity known to be available at the time of auction. The current Moyle and EWIC Access Rules are in BG Energy’s opinion appropriately worded to reflect this obligation. Any sale of capacity on the Moyle and EWIC interconnectors above that available at the time of auction would contravene the Regulation’s objective as well as potentially introduce additional unnecessary costs of curtailment to the ultimate detriment of the consumer.

In relation to the approach to curtailment of interconnector capacity, where capacity that has been sold in an auction subsequently becomes unavailable for reasons such as an outage, it is rational to curtail capacity holders on a pro-rata basis regardless of whether holdings are long- or short- term. BG Energy believes that there is no just cause for discriminating between long and short term capacity holdings. Market participants have varying commercial reasons for trading using long and short term capacity, particularly for hedging reasons. To discriminate between long and short term holders may interfere with market participants’ competitiveness as compared to their European counterparts. This may incidentally impact efficient cross-border trading in contravention of the 2009 Electricity Regulation.

¹ EU Regulation No 714/2009

In conclusion, BG Energy believes that the auctioning of *available* capacity only, on interconnectors, is necessary to comply with the 2009 Electricity Regulation and interconnector operator licensing obligations. Furthermore, there is no just reason to discriminate between long term and short term capacity holders and curtailment of interconnector capacity should only occur on a pro-rata basis. To do otherwise may be seen as an indirect interference with the competitiveness of market participants as compared to their European counterparts.

I hope you find the above comments helpful and please do not hesitate to contact me should you have any queries thereon.

Yours faithfully,

Julie-Anne Hannon
Regulatory Affairs – Commercial
Bord Gáis Energy

{By email}