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RE: EirGrid East West Interconnector (EWIC) Access Rules and Charging Methodology Consultation 2013

Dear Peter,

Bord Gáis Energy (BG Energy) welcomes the opportunity to respond to the Consultation on the East West Interconnector Access Rules and Charging Methodology 2013. The main comments herein concern the proposal to publish market participants' long-term capacity holdings on a monthly basis on the EWIC website and curtailment issues.

BG Energy welcomes EIL's intention to publish the long-term capacity holdings of market participants on a monthly basis. This publication will heighten transparency and assist secondary trading of interconnector capacity in the Single Electricity Market (SEM). However, the full benefit of transparency and secondary trading will not be achieved if some market participants decide to opt-out of publication. If market participants have the opportunity to opt-out of publication but still have the benefit of accessing other market participants' capacity information, then this would result in a competitive advantage to those that opt-out. It would also undermine the perceived benefit of publishing the information in the first instance. To mitigate the perverse incentive to opt-out of publication and in the interests of competitiveness and secondary trading, BG Energy suggests precluding those participants that opt-out from accessing the long-term capacity holding information of their competitors. Furthermore, market participants that opt for publication of their capacity holdings should be permitted access to all capacity auction outcomes regardless of whether or not they participated in that particular auction.

The statement added in Section E7.3.1 to describe the method of curtailment to apply across all Interconnector Capacity Entitlements (ICEs) (i.e. pro rata for all ICEs) is a welcomed addition to the Rules. Long-term and short-term capacity holders have various reasons based primarily on commercial risk management objectives, for purchasing long and short term capacity. It is thus correct not to discriminate in curtailment between long and short term capacity holders on the basis of decisions made for hedging reasons.

In relation to the proposed new rule under Section E7.1.3, that long-term auctions will be cancelled in the event of an NTC Reduction, BG Energy believes that both long-term and short-term auctions should be cancelled for the period of an NTC Reduction. Keeping long-term capacity rights holders as close to their original position as possible during an NTC Reduction period should be prioritised before any other type of capacity auction, including daily auctions, during an NTC Reduction period is considered. This is primarily due to the

fact that long-term capacity holders would already have taken commercial positions on the basis of purchased capacity which positions would have to be unwound when NTC Reductions occur. This is a major risk to companies' commercial hedging strategies and anything that mitigates this risk should be adopted where possible.

Finally, BG Energy welcomes the update on the progress of SO-SO countertrading arrangements and that it is intended to have procured an entity to trade on the SO's behalf by mid-October. This will allow for more competitive pricing for such trades, and reduce the level of curtailment of wind on the island assisting the achievement of renewable energy targets and benefitting consumers through lower prices.

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

Yours sincerely,

Julie-Anne Hannon
Regulatory Affairs – Commercial
Bord Gáis Energy

{By email}