



Power Generation  
27 Lower Fitzwilliam Street  
Dublin 2

Phone: 01-676 5831 (switch)  
Phone: 01-702 7439 (direct)

Robert Hull  
Director of Transportation  
Ofgem  
9 Millbank  
London SW1P 3GE

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## **RE: Transmission Price Control review 2007 -2012 Third Consultation**

Dear Robert

Electricity Supply Board (ESB) operates both as a UK Shipper and an Irish Shipper, solely to supply our suite of gas fired plants within our electricity generation portfolio. We welcome the opportunity to comment on Transmission Price Control Review 2007 -2012 Third Consultation.

We are primarily concerned with the current proposals affecting the NTS Enduring offtake arrangements within the context of the Transmission Price Control review 2007 - 2012 Third Consultation document. Our response to this document is focused on the NTS Transitional and Enduring Arrangements.

ESB is totally opposed to the Ofgem proposed changes currently being discussed in the Enduring Offtake working group and outlined in Chapter 5 – Gas Offtake Incentives and in Appendix 12 – Gas Offtake Technical Details. We fully support the positive endorsement of maintaining the Status quo (Option 1Ex) and converting the current NTS Interim offtake arrangements into the Enduring Offtake arrangements.

The Status Quo (Option 1 Ex) is simple, clear, understandable, transparent, and cost effective to operate. It gives sufficient signals for investments, does not negatively impact competition, complies with EU legislation, does not have a negative impact on other EU member states dependant on the UK Gas Transport Network, and preserves security of supply.

The current arrangements have worked exceedingly well for nearly a decade. NGG receive investment signals from the ARCA's, which are accepted by industry participants as giving NGG the required investment signals. There is no documentary evidence of stranded assets within the network under this mechanism.

We see the Ofgem preferred option of Ex. 2a as having significant negative impact on the efficiency and effectiveness of the gas market and transportation system supplying the island of Ireland, with the possibility of substitution giving opportunity to threaten the security of supply to the three downstream jurisdictions.

We accept that Ofgem does not have an obligation to promote competition within the adjoining dependant EU member states, but does have an obligation to ensure that it does not negatively impact competition and the development of markets within these countries. We feel that the proposed NTS reform will have this impact and as such will do nothing to help the development of overall competition in Europe.

If the system is not broken we do not understand why you wish to change it and have been endeavouring to do so for quite a number of years. We see no net benefit to the industry for significant capital investment (IT systems, consultants, software, additional manpower costs) which all of these costs to be borne by the industry with no return and the potential for significant risk exposure that will ultimately passed on the system end users.

In summary, we feel that the current proposals will leave us with unknown risks related to meeting the fluctuations in our customer demand in future years, will add additional, unnecessary and significant costs at shipper, supplier and transporter level. These costs will have to be absorbed by gas and power customers downstream of Moffat. The proposals will also threaten the security of supply, and will negatively impact competition in our markets.

Therefore ESB, as part of the UK gas industry, and the Irish gas industry, do not support any changes to the current arrangements.

ESB trust that our comments will be given due consideration and should you wish to discuss any aspect of this response further please contact me on the above number.

Yours sincerely

Conor Purcell  
**Manager Gas Regulation**  
**Energy Trading & Regulation**

***(This message is sent electronically and is therefore not signed)***