

SEM Committee

Gas Market Operator for NI
Fourth Floor
85 Ormeau Road
Belfast
BT1 7SH

3rd July 2025

RE: Modification Proposal CMC_08_25: Ensuring robust, transparent and objective qualification criteria in the Capacity Market

Dear SEM Committee

The Gas Market Operator for Northern Ireland ("GMO NI") is a joint arrangement between the 4 gas transmission operators in NI, and is responsible for carrying out gas market related activities on their behalf in NI. This includes among other things the administration of the NI Network Gas Transmission Code which governs the rules on the acquisition and utilisation of gas transmission capacity.

GMO NI welcomes the opportunity to respond to this proposed code modification, and in general supports the strengthening of pre-qualification criteria related to gas connections, however would have the following specific points relating to the proposed modification:

1. The proposal to implement this modification in advance of the upcoming T-4 auction would feel as too soon, baring in mind the gas connection offer process can take up to 9 months and longer if wider network considerations need to be assessed.
2. It is important to recognise that a connection offer to the gas transmission network only indicates the ability of the network to flow a volume of gas at that connection point at an indicative pressure and therefore does not entitle the user to flow gas on the network. The entitlement comes with the booking of both entry capacity to the NI gas network and exit capacity from the NI gas network, both of which are booked separately in accordance with the NI Network Gas Transmission Code, and therefore it cannot be stated at the pre qualification stage if the party has "sufficient capacity" to cover their bid for generation capacity in the T-4 auction.
3. The ability to book exit capacity (which is the entitlement to flow gas at the new proposed connection or exit point from the gas network) under the NI Network Gas Transmission Code is not possible until at the earliest 2 years in advance of the proposed gas flow date, and only at that time will the new exit point be available for capacity to be booked at.
4. It is possible to book annual entry capacity (for flowing gas into NI) up to 15 years into the future however this would present a clear commercial risk for the participant as they would be liable for any capacity purchased even if they failed to obtain generation capacity in the T-4 auction.

5. It may be likely that the participant will utilise a third party in the future to book their required gas capacity through a supply contract, however the same points noted in 3 and 4 would apply to that party also.

In summary, at the time of the T-4 capacity auction it cannot be stated that the applicant will have as drafted "sufficient capacity" on the gas network to meet the proposed bid into the capacity market, as this will be subject to the booking arrangements and terms & conditions as set out in the NI Network Gas Transmission Code.

Therefore I would suggest the following updates to the proposed legal drafting:

Amend the legal drafting in E.7.5.1(i):

where the New Capacity is to be connected to the gas transmission system, the Participant possesses a connection offer or letter of offer or connection agreement from the relevant gas system operator with sufficient exit capacity to accommodate the New Capacity.

to:

where the New Capacity is to be connected to the gas transmission system, the Participant possesses a connection offer or letter of offer or connection agreement, within its period of validity from the relevant gas system operator. ~~with sufficient exit capacity to accommodate the New Capacity.~~

and update the legal drafting in Appendix D: Qualification Data Section 5(i):

in the case of Candidate Units that are proposed to connect to the gas transmission system, a copy of either the connection agreement or the connection offer / letter of offer from the relevant gas system operator (sufficient to accommodate the increased capacity);

to:

in the case of Candidate Units that are proposed to connect to the gas transmission system, a copy of either the connection agreement or the connection offer / letter of offer within its period of validity from the relevant gas system operator. ~~(sufficient to accommodate the increased capacity);~~

The above updated drafting to the proposed modification removing the capacity reference, and including that the connection offer is still within its period of validity compliments the already existing engagement between the gas TSOs and SONI in advance of any auctions and will strengthen further the process of pre-qualification for generation capacity auctions under the SEM.

Should you wish to discuss any element of this response please do not hesitate to get in contact with me.

Yours Faithfully,

A handwritten signature in black ink that reads 'Mark Raphael'.

Mark Raphael (General Manager)