



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

CER Overview of Bord Gáis Transmission's Financial Security Policy

**23rd of April 2004
CER/04/153**

Introduction

The Shippers Conditions Precedent of a Bord Gáis Standard Transportation Agreement (STA) for both Transmission and Distribution connected sites provides that the Shipper shall be required to have obtained and provided to the Transporter financial security as described in Schedule 2 of the STA. Financial Security is also required for Connection Agreements between Bord Gáis (as the Transporter and their counter party).

To date Bord Gáis has required Shippers to provide security cover equivalent to three months Transmission Capacity. The Transporter has now applied to the Commission for an amendment to this policy on the following basis:

1. Further market opening on 1st February 2004 included a large number of Distribution connected sites becoming eligible for Third Party Access and accordingly Bord Gáis wish to propose a change to the security cover policy to oblige Shippers to provide financial security for both the Transmission and Distribution capacity tariffs, where applicable.
2. The Transporter wishes to extend the period of security cover provided from three to four months' capacity. The Transporter proposes that this is necessary as Section 18.4.1 of Code of Operations provides it may take up to 60 days to receive payment for capacity provided, and in the event of non payment a further 63 (42+21) days under section 18.6.2 before the Transporter is allowed to suspend all obligations to the Shipper under the Code. This is a total of 123 days at which point BGE are owed 4 months tariff capacity payments.

Next Steps

The Commission welcomes comments from interested parties on any aspects of this paper. Comments may be forwarded to Elaine Wallace (ewallace@cer.ie) at the Commission, no later than Friday, 21st of May 2004.

