

Initial Modification Report

Code Modification A067:

‘Congestion Management Procedures’

24 April 2015

Issued to CER for Approval

Issued to Industry for Information



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1 Introduction, Background & Related Documents

The requirements of Regulation EC 715/2009, ('the Regulation') and amended by the European Commission Decision of 24 August 2012, relating to Congestion Management Procedures (CMP) were incorporated into the Code of Operations in 2013 (see [Code Modification A058](#)). However with the introduction of CAM Network Code Regulation 984/2013 it is necessary to modify the previously implemented CMP mechanisms.

The aim of CMP is to address the issue of contractual congestion at Interconnection Points between adjacent gas transmission systems, where Shippers cannot gain access to Capacity in spite of the physical availability of such Capacity. CMP mechanisms aim to maximise the Capacity which is available to Shippers and bring unused Capacity back to the market to be resold through regular Capacity booking procedures.

Accordingly, while the Transporter incorporated the CMP mechanisms in the Gaslink Code of Operations (the Code) by 1 October 2013, it does not anticipate that the mechanisms will be operational until contractual congestion arises. Analysis suggests that this will not arise in the short to medium term therefore systemisation of the mechanisms will not be developed by 1 November 2015. An annual review of Capacity bookings at each Interconnection Point (Moffat Entry Point and South North Connected System Exit Point), and demands for Capacity at those Points, will determine whether CMP mechanisms are to be activated. The first such annual review was conducted in April 2014 and showed no Contractual Congestion at either Moffat or the South North Interconnection Point.

CMP involves a suite of four distinct mechanisms:

1. Surrender of Contracted Capacity;
2. Long Term Use It or Lose It;
3. Oversubscription and Buyback; and
4. Firm Day Ahead Use It or Lose It.

The first three mechanisms listed above were required by the Regulation by 1 October 2013, while the Firm Day Ahead Use It or Lose It mechanism is not required in the Code until October 2016.¹

The purpose of modification proposal A067 is to amend the existing procedures such that they are consistent with the changes arising from the implementation of the Capacity Allocation Mechanisms (CAM) Network Code in November 2015 (see [Code Modification A062](#) for further information). Effectively, this means that the congestion management procedures in the Code are to be amended to be compatible with bundled capacity, PRISMA auctions and quarterly capacity.

¹ TSO & CER are currently considering whether FDA UIOLI is required given the implementation of OS & BB.

2 Proposed Modification

The proposed modification is described in detail in the [Business Rules Document](#). However a higher level detail is given here.

The majority of changes will be made to the Surrender of Contracted Capacity mechanism, with minimal changes to the Long Term Use It Or Lose It and Oversubscription & Buyback mechanisms. These changes are outlined below.

2.1 Surrender of Contracted Capacity

<u>Pre CAM</u>	<u>Post CAM</u>
Shippers submit & Update Surrender Requests through GTMS.	Shippers submit Surrender Requests through PRISMA.
Surrender Request validated by TSO	Shippers update/withdraw requests via TSO's I.T. systems (GTMS).
Shippers retain rights and obligations to surrendered capacity until such capacity is resold.	Surrender Request for Bundled Capacity validated by both TSO's.
Submission deadline is 15 days prior to start of Time Period specified for Surrender.	Submission deadline is 5 days prior to publication of Available Capacity at an auction.
Shippers will lose rights and obligations to the portion of Surrendered Capacity that has been resold only.	Shippers will lose rights and obligations to the portion Surrendered Capacity that has been resold only.

Table 1: CMP Surrender Mechanism

2.2 Oversubscription & Buyback

The Oversubscription & Buyback (OS &BB) mechanism that was proposed in Code Modification A058, and approved by the CER in November 2013, has not been affected by the alignment of the CMP mechanisms with the CAM Network Code.

However, it is proposed that to reflect the bundled nature of capacity at IP's, the TSO will notify adjacent TSO when OS & BB mechanism is to be implemented at an IP.

2.3 Long Term Use It Or Lose It

The Long Term Use It Or Lose It mechanism that was proposed in Code Modification A058, has not been significantly affected by the alignment of the CMP mechanisms with the CAM Network Code.

However, it is proposed that to reflect the bundled nature of capacity at IP's, the TSO will notify adjacent TSO when OS & BB mechanism is to be implemented at an IP.

2.4 Firm Day Ahead Use It Or Lose It

A decision on whether or not to implement FDA UIOLI is to be undertaken by the CER in consultation with the Transporter. This decision will take into consideration the likelihood of contractual congestion as well as the effectiveness of the OS & BB scheme.

3 Estimated System Impacts, Costs, and Implementation Timelines

It is not envisaged that there will be contractual congestion at an Irish IP in the short to medium term future. As such it is not proposed that these mechanisms will be systemised, until such time as it is deemed necessary that they should be so.

Accordingly the system impacts, and the associated costs to implementing this Code Modification will be minimal.

It is proposed that this Code Modification will be approved and Legal Drafting be completed by June 2015.

4 Summary of Forum discussions

This Code Modification was presented initially at the Code Modification Forum on 4 March 2015. No substantial comments were received on the day.

5 Transporter's Assessment of the Proposed Modification

It is the Transporter's view that the proposed modification addresses the requirements of the Network Codes in a practical manner with due consideration given to the specific characteristics of the Irish gas market.

6 Consultation period in respect of IMR

Business Rules v1.0 were issued on 14 April 2015, with the consultation period due to end on 5 May 2015. Any comments in relation to this Initial Modification Report will be accepted from the date of issue of this report and until the closing date of the associated business rules consultation.

Comments in respect of the Initial Modification Report and/or the Business Rules may be submitted to marketarrangements@gaslink.ie.