

COMMISSION'S INSTRUCTION

EU Regulation 312/2014 (the 'Balancing Network Code') established a Network Code on Gas Balancing of Transmission Networks. The Balancing Network Code requires all EU Member States to implement specific measures in relation to information provision, nominations, operational balancing, daily imbalance charges and neutrality arrangements. The Balancing Network Code allows for a phased implementation of these requirements via 'Interim Measures'. The areas covered by the Balancing Network Code have been the subject of extensive consultation as part of Code Modification Proposal A063 - *Nominations, Imbalance Charges & Allocations: EU Network Code Implementation*, and the current Modification proposal, A068 – *Balancing: EU Network Code Implementation*.


As part of the A063 Business Rules consultation, it was decided to amend the scope of the Business Rules, such that those proposals relating directly to 'balancing' were removed, and dealt with subsequent to Gas Networks Ireland ("GNI") preparing a report outlining the potential implementation of interim measures. GNI published the 'Interim Measures Report' for consultation in March 2015, and this was approved by the CER on April 17th, 2015.

'Interim Measures' allow for a gradual implementation of the Balancing Network Code in circumstances where low levels of liquidity exist in a Member State's short-term wholesale gas market. The measures are geared towards stimulating liquidity in the market through the amendment of tolerances and daily imbalance cash-out prices as the first step towards developing a potentially liquid short-term market over a longer period. Code Modification A068 therefore sets out the proposals (based on the Interim Measures Report) which are to be implemented in the Gas Networks Ireland Code of Operations on October 1st, 2015.

Further to considerable industry comment on issues relating to imbalance charges contained in these Business Rules, and cognisant of the major changes being made to industry practice across all areas of their business in a short period, the CER has decided upon one change from the published Business Rules. To mitigate the impact of imbalances in the immediate period after the implementation of the the various market changes stemming from the EU Network Codes, the CER directs GNI to set the multiplier for first tier imbalances to 1, from October 1st, 2015 until April 1st, 2016.

The CER is now directing GNI to **develop Legal Drafting** on these Business Rules including the change to the first tier imbalance multiplier set out above, as circulated to Industry and submitted by Gaslink to the CER on July 31st, 2015.

Signed:


Aoife MacEvilly, Commissioner

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