

CODE OF OPERATIONS MODIFICATION PROPOSAL



MODIFICATION DETAILS

Modification Number: A074

Modification Title: Changes to Daily Imbalance Charges: Second Tier Imbalance Price

Modification Proposer:	Modification Representative:	Modification Representative Contact Details (email address):	Date Submitted:	Proposed Implementation Date:
Gas Networks Ireland	Andrew Kelly	andrew.kelly@gasnetworks.ie	24/05/2016	01/08/2016

Proposal (including rationale):

To modify the multiplier applied to the System Average Price in the calculation of the Second Tier Imbalance Price in Part E, Section 1.6 (d) of the Code of Operations. The modification will result in a lower price being paid to shippers for Second Tier Imbalances where they have a positive imbalance at the end of a gas day and a higher charge being levied on a shipper for Second Tier Imbalances where they have a negative imbalance quantity at the end of a gas day. Gas Networks Ireland proposes that the CER, following a consultation period of 1 week would issue a direction to implement this modification.

Proposed Implementation Date:

01 August 2016

Proposed section of the Code to be modified:

Part E, Section 1.6 (d)(i)(1) – the current multiplier of 0.95 will change to 0.75
Part E, Section 1.6 (d)(ii)(1) – the current multiplier of 1.05 will change to 1.25

MODIFICATION MOTIVATION

Intended Outcome of the Proposed Modification:

To better incentivize individual shippers to ensure that their portfolio is in balance at the end of each gas day.

Benefits of implementing this Modification:

The total amount of money being spent by the Transporter on behalf of all Shippers to cashout individual shippers on a day will be reduced.

Consequences of not making this Modification:

The unnecessary costs to the disbursements account of imbalances will continue. Shippers may continue to leave significant positive imbalances in their portfolios.

Illustrative Example (Please enter a scenario where the issue and solution are illustrated):

See attached presentation.