

# CODE OF OPERATIONS MODIFICATION PROPOSAL



## MODIFICATION DETAILS

<b>Modification Number:</b> A081		<b>Modification Title:</b> Amendments to Capacity Auction Timelines to Comply with EU Capacity Regulations (CAM NC)		
<b>Modification Proposer:</b>	<b>Modification Representative:</b>	<b>Modification Representative Contact Details (email address):</b>	<b>Date Submitted:</b>	<b>Proposed Implementation Date:</b>
Gas Networks Ireland	Market Development (GNI)	MarketDevelopment@gasnetworks.ie	21/02/2017	01/04/2017

### Proposal (including rationale):

This Proposed Code Modification seeks to facilitate compliance with forthcoming amendments to the EU Capacity Allocation Mechanism (CAM) Regulation (EU 984/2013) in relation to auction timelines, which will result in changes to the ENTSOG Auction Calendar.

Following a review of the requirements of the CAM Amendment, the Transporter concludes that, in order to ensure compliance with EU rules, the following changes are required to the Code:

- A move in the Annual Yearly IP Capacity Auction from March to July, with effect from 2018 onwards.
- A change in the way in which quarterly capacity is to be auctioned, from August 2017 onwards. Four rolling quarterly auctions are to be held each Auction Year, with specific default dates.

According to [ENTSOG](#), the new rolling quarterly auctions are being applied, following "*strong preference of stakeholder to have 4 auctions of quarterly capacity during a year instead of only one auction as defined in EC 984/2013 CAM NC*".

The Reserve Price for each Annual Quarterly IP Capacity Auction will be based on the appropriate monthly multipliers for each quarter, and the timelines for publication of indicative transmission Tariffs will move accordingly.

### Proposed Implementation Date:

Dependent on when the CAM Amendment comes into force (but envisaged to be 1<sup>st</sup> April 2017).

### Proposed section of the Code to be modified:

**Part A** [Definitions and Interpretation]: Amended definitions to be included as appropriate.

**Part C** [Capacity] Amended text to be included to address the changes to the Annual Yearly IP Capacity Auction and Annual Quarterly IP Capacity Auctions.

The following amendments to CAM code will be added to the Code of Operations:

- The Annual Yearly IP Capacity Auction to start in July each year, from 2018 onwards, unless otherwise stated by the ENTSOG Auction Calendar. (*The Annual Yearly Capacity Auction will be held in March in 2017*).
- Four Annual Quarterly IP Capacity Auctions are to be held during each Gas Year, from August 2017 onwards, for each IP, on the following days, or as otherwise varied in the annually published ENTSOG Auction Calendar:
  - First Quarterly Capacity Auction
    - Held on the first Monday of August (GY-1)
    - Offering capacity for Q1-Q4 for Gas Year (GY)
  - Second Quarterly Capacity Auction
    - Held on the first Monday of November (GY)
    - Offering capacity for Q2-Q4 for GY
  - Third Quarterly Capacity Auction
    - Held on the first Monday of February (GY)
    - Offering capacity for Q3-Q4 for GY
  - Fourth Quarterly Capacity Auction
    - Held on the first Monday of May (GY)
    - Offering capacity for Q4 for GY

Each Annual Quarterly IP Capacity Auction will be for capacity at an IP for the remaining quarters of the relevant Gas Year. For each Annual Quarterly IP Capacity Auction, Shippers shall be able to participate in all of the concurrent auctions.

The change in the timing of the Annual Yearly IP Capacity Auction is straightforward, and will also result in a change to the definition of the Auction Year in Part A of the Code (commencing in July, as opposed to commencing in March).

Relevant text to be added, to indicate that the Transporter will publish the relevant Transporter Reserve Price 30 days prior to the commencement of the annual auction.

Legal Code text to be drafted accordingly.

## **MODIFICATION MOTIVATION**

### **Intended Outcome of the Proposed Modification:**

Implementation of the proposed changes will introduce changes to the auction calendar and replace the current Annual Quarterly IP Capacity Auction with four Annual Quarterly IP Capacity Auctions. Doing so will align the Code of Operations with updated EU CAM rules.

These changes, resulting from compliance with the EU CAM NC amendments, will principally impact the shipping community. Such changes will facilitate Shippers in better profiling their capacity bookings in line with usage.

### **Benefits of implementing this Modification:**

Making the aforementioned changes to Part A and Part C of the Code of Operations concerning auction definitions and timelines will ensure compliance with the Amendment to the EU CAM Network Code. These changes should also be of benefit to Shippers in terms of: 1) quarterly auctions taking place closer to the actual timeframe of the quarterly capacity product being purchased, and 2) the annual capacity auction being closer to the commencement of the Gas Year to which it pertains.

### **Consequences of not making this Modification:**

If this Code Modification is not implemented, the Transporter will not be compliant with amendments to the EU CAM Network Code.