

Code Modification Forum Meeting Minutes

3 June 2015

Location: The Clarion Hotel, Cork

Attendees		
	Name	Representing
1	Jack O'Connell	Advisor to the CER
2	Kevin Murray	Bord Gais Energy
3	David Egan	CER
4	Mo Cloonan	CER
5	John Melvin	CER
6	Barry Hussey	CER
7	Richard Harper	Ceres for Vermilion
8	Paul Hoey	Electric Ireland
9	Karol O' Kane	ESB
10	Avian Egan	Gaslink
11	Aidan Hogan	Gaslink
12	Robert Flanagan	Gaslink
13	Kieran O'Sullivan	Gaslink
14	Ken Galloway	Gas Networks Ireland
15	Douglas O'Brien	Gas Networks Ireland
16	Kieron Carroll	Kinsale Energy
17	Brian McGlinchey	Kinsale Energy
18	Stuart Wing	Shell
19	Hamish Frost	SSE
20	Tracy O'Donoghue	Tynagh Energy
21	Bryan Hennessy	Vayu

1. Code Modification Forum Minutes, Actions& Presentation Slides

- The revised minutes of the Code Modification Forum of the 22nd April were agreed and approved.
- The open actions from the meeting of the 22nd April were reviewed and discussed with most being referred to topics later in the meeting.
- For supporting information to be read in conjunction with these minutes, please see the slides presented at the meeting [here](#).

3. Project Communications and Training

3.1 EU Network Code Implementation Project Update

- The Transporter presented a schedule of upcoming consultation dates through to October 2015 and indicated its intention to schedule an industry workshop as a half-day add on to the July Code Modification Forum.
- The Transporter summarized the key points / actions arising from the EU NC Workshop held in April and updated Industry in terms of the current status of each item.
- The CER informed the meeting that they had received a request from the Electricity Association of Ireland (EAI) to set up a working group re.Gas/Electricity interactions to facilitate more frequent Gas/Electricity meetings. The CER is considering this request and will respond to the EAI in due course.

EU Network Code Workshop (April) Actions discussed:

- The change of the within-day capacity booking window to midnight exposes power generators to overruns.
 - An industry participant raised a question on whether it would be possible to extend the within-day capacity booking window from that proposed in the Network Codes Business Rules. The CER responded by stating that it would not be possible but that the short term multipliers could be reviewed for Gas Year 2015 - 2016.
 - An industry participant sought clarification on what would happen if a Shipper did not buy Entry Capacity and did not submit an Entry nomination.
 - The Transporter responded by saying that the Shipper would not incur overrun charges at the Entry Point (given that they hold insufficient capacity relative to their actual usage and are allocated as per their entry nomination). However, assuming the Shipper is allocated fully for gas off-taken at Exit, the Shipper would incur an imbalance charge, which is likely to be less than an overrun charge, if one was applied.
 - The CER outlined its understanding that the Shipper's 'obligation' to balance their portfolio remains in the Code regardless of the removal of ZIP. The CER also mentioned the Shipper's obligation as a "Reasonable and Prudent Operator" (RPO)¹ to balance by the end of the day and stated that the CER may take the view that a Shipper is not acting as an RPO. It continued by stating that ZIP is and was an operational tool rather than a market balancing rule. It was also noted that the role of the TSO is that of a residual balancer. An

¹ Reference: Definition in Gaslink Code of Operations Part A

industry participant asked whether the CER or the Transporter could provide comparative examples to show Industry the impact of overrun versus imbalance charges. The CER responded by stating that it would not be appropriate for the CER or the Transporter to tell Shippers how they should react to the Code of Operations.

- The Transporter is to advise the specific sections of the Code of Operations that contain these obligations on Shippers.
- The Transporter agreed to consider a proposal to allow Shippers to reduce bookings made in August/September 2015 on a monthly basis after October 2015, but cautioned that it was late in the process for such a suggestion and that CER approval of the interim arrangements was imminent.
- In response to a query by the CER, an industry participant responded by stating that it did not think that retail customers would be inclined to switch suppliers as often as they may have previously done because suppliers won't be able to offer better deals.
- One participant noted that these changes would represent a big increase in risk for shippers in Ireland.
- On the issue of the legal implication for shippers not specifying the price of a secondary trade in PRISMA, the Transporter stated it currently has no requirement to view or store this information and that the requirement to enter the data is a function of the PRISMA platform.
- One industry participant expressed the view that it was a conflict of interest for the Transporter to be able to view all information on secondary trades. This participant stated that it would respond in writing to this item.

4. Code Modification Proposals

4.1 Code Modification Proposal A062 ‘Capacity Allocation Mechanisms (CAM)’

- The Transporter reported that a legal drafting consultation incorporating updates to *Part C ‘Capacity’* and *Part F ‘Administration’* of the Code is to be issued in mid June 2015. The consultation will capture the requirements of Code Modification A062 ‘Capacity Allocation Mechanisms’ and Code Modification A066 ‘Transition Arrangements’.
- The Transporter highlighted the key points Industry should note as part of the consultation, including a limited number of instances where the Code legal drafting deviates from the approved business rules.
- Those items in the legal drafting deviating from the approved business rules are:
 - The Non-IP capacity booking deadline will remain at 03:00; and
 - The deadline for secondary capacity trades has been moved from 00:45 to 03:00 to align with the adjacent TSO.

ID	Action	Responsibility	Date Raised	Delivery Date
C416	The Transporter is to issue legal drafting on Part ‘C’ and Part ‘F’ of the Code of Operations to Industry for consultation.	Transporter	03/06/2015	mid-June 2015

4.2 Code Modification Proposal A063 ‘Nominations, Imbalance Charges & Allocations: EU Network Code Implementation’

- The Transporter advised that Code legal drafting in respect of Part D ‘Nominations’ of the Code will be issued in July.
- Further explanations in terms of how double sided nominations and single sided nominations will work in practice was provided under agenda item A066 and a number of scenarios were included in the FAQ v2.0 document.

ID	Action	Responsibility	Date Raised	Delivery Date
C417	The Transporter is to clarify a shipper’s current obligations in the Code of operations with respect to balancing, now and from October 2015.	Transporter	03/06/2015	Next Code Mod Forum

4.3 Code Modification Proposal A064 ‘Virtual Reverse Flow’(VRF)

- The Transporter presented an update in respect of the outstanding Code Modification Forum actions relating to VRF.
- The Transporter advised that the business rules were being updated to include Isle of Man and South-North Pipeline flows in the calculation of VRF Available Capacity and that Part C Code legal drafting would provide for Day-Ahead VRF auctions on PRISMA to deliver CAM compliance.
- A participant stated that the current VRF process is an issue for all shippers because there may not be enough gas to allocate to forward flow shippers in the event that, for example there is a windy day and Corrib is online. In such a situation under the current VRF process, flows could be interrupted and there may not be enough gas to allocate to forward flow Shippers.
- The Transporter responded by stating that the Operational Balancing Agreement (OBA) at Moffat, currently being developed, will provide protection for forward flow Shippers in this scenario.
- A suggestion was made by an industry participant that the CER should provide a direction to Gas Networks Ireland (GNI) to implement the Enhanced VRF product at Moffat in a more timely fashion than that being proposed.
- The Transporter noted that it is assessing its priorities with respect to the next phase of the project and would report back to the forum as soon as those priorities have been determined. The Transporter stated that the VRF product being made available in Oct 2015 was fully compliant with the European Network Codes
- A number of industry participants expressed their desire to see the VRF changes implemented as soon as possible stating that VRF is of interest to all Shippers and that it will ensure a market for Corrib gas.
- An industry participant stated that VRF is needed by October 2015 but that in the event it was not available asked for a firm commitment that it would be available by April 2016.
- The CER responded, stating that it cannot be included in the programme of work for 1 November 2015, but could see it as a priority after that.
- An industry participant requested that the Transporter confirm that the delay in implementing Enhanced VRF is an IT resources constraint rather than an operational one.
- The CER stated that it will try to revert at the next Code Modification Forum with a concrete implementation date for VRF, with an aspiration for 1 April 2016.
- GNI stated that it would reply to the Irish Offshore Operator’s Association (IOOA) submission.
- A suggestion was made to the Transporter that they consider whether an entity other than GNI could operate the VRF spreadsheet as proposed by IOOA.

ID	Action	Responsibility	Date Raised	Delivery Date
C418	The CER is to revert at the next Code Modification Forum with an implementation date for VRF.	CER	03/06/15	Next Code Mod Forum
C419	The Transporter is to reply to IOOA's letter and to the spreadsheet IOOA submitted proposing a methodology to implement Enhanced VRF by October 2015.	Transporter	03/06/15	Next Code Mod Forum
C420	An Industry representative requested that the Transporter confirm that the delay in implementing Enhanced VRF is an IT resources constraint rather than an operational one.	Transporter	03/06/15	Next Code Mod Forum

4.4 Code Modification Proposal A065 ‘Financial Security Policy Amendments - CAM NC’

- The Transporter advised that version 2.0 of the business rules were currently open for Industry consultation with responses requested by Friday 12th June 2015. A brief high level summary of the proposal was presented and it was noted that a more detailed presentation on this proposal was provided at the April meeting and workshop.
- The Transporter indicated that a 6 month deferral period is currently being considered but advised that this had not yet been confirmed. The proposed new implementation date is now April 2016.
- The Transporter, with agreement of Northern Ireland TSOs, presented a summary of the NI proposals in respect of Financial Security and stated that it will circulate this material to Industry in conjunction with the slides from this meeting.

ID	Action	Responsibility	Date Raised	Delivery Date
C421	Industry to respond to the consultation on Version 2.0 of the Financial Security Business Rules.	Industry	03/06/2015	12/06/2015

4.5 Code Modification Proposal A066 ‘EU Network Code Transitional Arrangements’

- A number of topics included under this agenda item were discussed at length under the ‘EU NC Progress Update’ as they arose as action items from the April 2015 workshop.
- The Transporter advised that it had submitted a final version of the business rules and a Final Modification Report to the CER for approval. The CER has now approved these business rules, requesting the Transporter to develop Code legal drafting on the basis of the approved business rules.
- The Transporter summarised the key items included in the Final Modification Report, particularly in relation to the TSO responses to Industry consultation comments.
- The Transporter reported that there will need to be a minor change to the legal drafting that was not covered in the legal drafting. The change refers to clause 3.1.2 (a) of the Business Rules which allows shippers to request an ‘extension’ to an existing booking. This has now been removed as it was deemed to contravene *Article 20, Section 5* of the CAM Regulation. A new booking will now be created in its place with an effective date of the day immediately following the expiry date of the existing booking.
- The Transporter presented a number of scenarios explaining how a Shipper may use single sided and double sided nominations based on whether it holds bundled capacity, unbundled capacity or a combination of both. The Transporter said that these would be discussed further at the workshop, tentatively scheduled to take place after the next Code Modification Forum.
- It was reported that one shipper had responded to the presentation given at the April workshop with a request to allow the alignment of Exit Capacity bookings with the Gas Year as is offered to shippers at IP’s. Shippers were asked to respond within one week stating whether they would use such a facility if it were made available.

ID	Action	Responsibility	Date Raised	Delivery Date
C422	Industry participants are to respond on whether they would use a facility to align their exit capacity bookings with the Gas Year if it was made available.	Industry	03/06/2015	10/06/2015
C423	The Transporter is to consider a proposal to allow Shippers to reduce bookings made in August/September 2015 on a monthly basis after October 2015.	Transporter	03/06/2015	Next Code Mod Forum

4.6 Code Modification Proposal A067 ‘Congestion Management Procedures’

- The Transporter reported that the Business Rules for the Congestion Management Procedures (CMP) were issued for industry consultation on the 4th April 2015 with the consultation period closing on the 5th May 2015 without any responses.
- The CER stated that it may be requesting some wording changes and hoped to complete these in the near future.
- The Transporter informed the meeting that the CER had approved its proposal to not implement the Firm Day-Ahead Use It or Lose It mechanism on Friday 29 May 2015.

ID	Action	Responsibility	Date Raised	Delivery Date
C424	The CER is to review the A067, Congestion Management Procedures Business Rules with a view to approving same.	CER	03/06/2015	Open

4.7 Code Modification Proposal A068 ‘Balancing: EU Network Code Implementation’

- The Transporter commented that as a result of the Interim Measures report, this new Code Modification Proposal became a necessity.
- The Transporter reported that it expected the business rules for this modification to be released to industry for consultation in the coming weeks. The consultation period is expected to last for two weeks.
- The Transporter reported that the business rules are expected to reference interim measures to be implemented in October 2015, including a:
 - Differential to be introduced to the first tier imbalance price; and
 - Tolerances are to be reduced by approximately 25%.

ID	Action	Responsibility	Date Raised	Delivery Date
C425	The Transporter is to issue Business Rules to Industry for consultation on Code Modification A068 ‘Balancing: EU Network Code implementation’.	Transporter	03/06/2015	Open

3. EU Network Code Implementation

3.1 REMIT: Regulation on Energy Market Integrity & Transparency

- The CER gave an update to the forum on Phase 2 of the REMIT registration process.
- The Transporter committed to sending the responses received with respect to the industry participant request made at the last forum meeting requesting the Transporter to provide a REMIT reporting service.
- The CER is to make a decision on this request but noted that it was unlikely to request GNI to carry out any more work on this in short term. It also noted that any subsequent balancing platform might be considered an organised market place and therefore would be obliged to be able to offer a Registered Reporting Mechanism (RRM) service.

ID	Action	Responsibility	Date Raised	Delivery Date
C426	The Transporter is to send copies of industry responses to the ' <i>Industry participant request for the Transporter to act as a RRM</i> ' to the CER.	Transporter	03/06/2015	Next Code Mod Forum
C427	The CER is to review the industry Responses to the request for the Transporter to act as RRM and to issue a response.	CER	03/06/2015	Next Code Mod Forum

Administration

- The Transporter proposed that next Forum meeting be held in Dublin on Wednesday 8th July 2015.

Action Log

Action Ref	Action	Responsible	Date Raised	Title	Response Date	Expected Delivery Date
C259	The Transporter is to issue letters to all End Users requesting that they sign End User Agreements.	Transporter	29/11/12	End User Agreements		Q1 2015
C282	The CER is to provide the Forum with a high level update of CAG at the next forum meeting.	CER	14/03/13	CAG		24/09/2014
C380	The Transporter is to proceed with the development of legal drafting for Code Modification A062 'Capacity Allocation Mechanisms at Interconnection Points'.	Transporter	16/10/14	Code Mod A062 'CAM		January 2015
C383	The Transporter is to consider issuing an NDM accuracy of forecasting report before Oct 2015.	Transporter	22/10/14	Code Mod A063 'Noms, Imbalances & Allocations'		Oct 2015
C399	The Transporter is to look at the existing VRF product to identify if more VRF Capacity could be provided in the interim period before systemisation of the Enhanced VRF product is complete and whether or not a change could be made to the current situation where the Transporter interrupts to zero.	Transporter	04/03/15	Code Mod A064 VRF		Next Code Mod Forum
C400	The Transporter is to Provide a cost estimation to the CER for systemisation of Enhanced VRF.	Transporter	04/03/15	Code Mod A064 VRF		To be determined
C401	The Transporter is to Identify the date that systemisation of Enhanced VRF will be complete.	Transporter	04/03/15	Code Mod A064 VRF		To be determined
C402	The Transporter is to plan to upgrade the existing VRF product to ensure CAM compliance by October 2015.	Transporter	04/03/15	Code Mod A064 VRF		Next Code Mod Forum

C404	The Transporter is to carry out a Trading platform Feasibility Study and submit its report to the CER following Industry consultation in September 2015.	Transporter	22/04/2015	Code Mod A063 'Noms, Imbalances & Allocations'		September 2015
C405	The Transporter is to propose the first set of interim measures for implementation in October 2015.	Transporter	22/04/2015	Code Mod A063 'Noms, Imbalances & Allocations'		Next Code Mod Forum
C406	The Transporter will look at amending the formula for available VRF Capacity taking account of the comments made by the CER.	Transporter	22/04/15	Code Mod A064 VRF		Next Code Mod Forum
C407	The Transporter committed to reviewing and responding to IOOA on the spreadsheet they submitted proposing a methodology to implement Enhanced VRF by October 2015.	Transporter	22/04/15	Code Mod A064 VRF		Next Code Mod Forum
C408	The Transporter is to update the Financial Security Business Rules with the proposed changes and issue to the CER and to the CER for consultation.	Transporter	22/04/15	Code Mod A065 Financial Security		Next Code Mod Forum
C409	The Transporter is to ensure that the concept of an Agent acting on behalf of a shipper is protected in legal drafting currently in development.	Transporter	22/04/15	Code Mod A066 Transitional Arrangements		Next Code Mod Forum
C411	The Transporter is to look at facilitating the alignment of annual Exit capacity bookings with the gas year in the same way that it is proposed to do so for Entry Capacity at IPs.	Transporter	22/04/2015	Code Mod A066 Transitional Arrangements		Next Code Mod Forum
C412	The Transporter is to examine whether the 60 day lead time for voluntary bundling could be reduced to allow Shippers to book capacity on GTMS with an effective date of 1 Oct 2015 and subsequently have such capacity bundled (via voluntary bundling process) in time for 1 Nov 2015.	Transporter	22/04/2015	Code Mod A066 Transitional Arrangements		Next Code Mod Forum

C413	The Transporter and the CER are to seek legal advice and determine if they can forego the implementation of the Firm Day Ahead Use It Or Lose It mechanism because Over-subscription and Buy Back' has already been implemented.	Transporter	22/04/15	Code Mod A067CMP		Next Code Mod Forum
C414	Industry participants are to respond to the CER stating whether they would like the Transporter to act as a Registered Reporting mechanism on their behalf as part of the REMIT requirements.	Industry	22/04/15	REMIT		6 May 2015
C416	The Transporter is to issue legal drafting on Part 'C' and Part 'F' of the Code of Operations to Industry for consultation.	Transporter	03/06/2015	Legal Drafting		Mid-June 2015
C417	The Transporter is to clarify a shipper's current obligations in the Code of operations with respect to balancing, now and from October 2015.	Transporter	03/06/2015	Code of Operations		Next Code Mod Forum
C418	The CER is to revert at the next Code Modification Forum with an implementation date for VRF.	CER	03/06/2015	Code Mod A064 VRF		Next Code Mod Forum
C419	The Transporter is to reply to IOOA's letter and to the spreadsheet IOOA submitted proposing a methodology to implement Enhanced VRF by October 2015.	Transporter	03/06/2015	Code Mod A064 VRF		Next Code Mod Forum
C420	An Industry representative requested that the Transporter confirm that the delay in implementing Enhanced VRF is an IT resources constraint rather than an operational one.	Transporter	03/06/15	Code Mod A064 VRF		Next Code Mod Forum
C421	Industry to respond to the consultation on Version 2.0 of the Financial Security Business Rules.	Industry	03/06/2015	Code Mod A065 'Financial Security'		12/06/2015

C422	Industry participants are to respond on whether they would use a facility to align their exit capacity bookings with the Gas Year if it was made available.	Industry	03/06/2015	Code Mod A066 'Transitional Arrangements'		10/06/2015
C423	The Transporter is to consider a proposal to allow Shippers to reduce bookings made in August/September 2015 on a monthly basis after October 2015.	Transporter	03/06/2015	Code Mod A066 'Transitional Arrangements'		Next Code Mod Forum
C424	The CER is to review the A067, Congestion Management Procedures Business Rules with a view to approving same.	CER	03/06/2015	Code Mod A067 'CMP'		Open
C425	The Transporter is to issue Business Rules to Industry for consultation on Code Modification A068 'Balancing: EU Network Code implementation'.	Transporter	03/06/2015	Code Mod A068 'Balancing'		Open
C426	The Transporter is to send copies of industry responses to the 'Industry participant request for the Transporter to act as a RRM' to the CER.	Transporter	03/06/2015	REMIT		Next Code Mod Forum
C427	The CER is to review the industry Responses to the request for the Transporter to act as RRM and to issue a response.	CER	03/06/2015	REMIT		Next Code Mod Forum