

Code Modification Forum Meeting Minutes

22 April 2015

Location: The Hilton Hotel, Kilmainham, Dublin

Attendees		
	Name	Representing
1	Jack O'Connell	Advisor to the CER
2	David Horan	Aughinish Alumina
3	Kevin Murray	Bord Gais Energy
4	David Egan	CER
5	Mo Cloonan	CER
6	John Melvin (Partial)	CER
7	Barry Hussey (Partial)	CER
8	Richard Harper	Ceres for Vermilion
9	Paul Hoey	Electric Ireland
10	Danny Mills	Electric Ireland
11	James White	Energia
12	Karol O' Kane	ESB
13	Robert Flanagan	Gaslink
14	Aidan Hogan	Gaslink
15	Kieran O'Sullivan	Gaslink
16	Ken Galloway	Gas Networks Ireland
17	Douglas O'Brien	Gas Networks Ireland
18	Kevin O'Keefe	Gas Networks Ireland
19	Chris George	Gazprom M&T
20	Ed Humphreys	Gazprom M&T
21	Kieron Carroll	Kinsale Energy
22	Brian McGlinchey	Kinsale Energy
23	Paul Barnett	Manx Utilities
24	John Williams	Pöyry
Continued ...		

Attendees		
	Name	Representing
25	Martin Regan	Shannon LNG
26	Stuart Wing	Shell
27	Hamish Frost	SSE
28	Connor Powell	SSE
29	Alan Scott	SSE
30	Terry Burke	Statoil UK
31	Paul McElvanna	Tynagh Energy
32	Bryan Hennessy	Vayu
33	Henk Kreuze	Vermilion

1. Code Modification Forum Minutes, Actions & Presentation Slides

- A market participant requested that the minutes of the previous forum meeting of 4 March 2015 be modified to include reference to a question raised by a producer on the progress of a physical connection on domestic Irish production with Northern Ireland to enlarge the market for Irish production. The CER indicated at that meeting that one of the proposed PCI's for 2015 involves Physical Reverse Flow on the South North pipeline and will look at Physical Reverse Flow between Ireland and Northern Ireland.
- It was agreed between the market participant and the CER that the previous minutes would be approved as is and this reference be included in these minutes. The Code Modification Forum minutes of 4 March 2015 were then agreed and approved.
- It was agreed that Action no. 356 should be closed out while noting that metering errors will be addressed under the implementation of the Interoperability and Data Exchange Network Code (within Interconnection Agreements between TSOs).
- For supporting information to be read in conjunction with these minutes, please see the slides presented at the meeting [here](#).

2. Introduction

2.1 Introductory Comments

The CER opened the meeting by thanking Gaslink and Gas Networks Ireland for organising a successful European Network Codes Implementation on the 21 April 2015. It was noted that there was a large attendance with strong audience participation in the items being presented.

3. Project Communications and Training

3.1 Update

The Transporter reported that it had held one to one meetings with over 70% of the shippers and was working on making appointments to meet the remaining few. It also reported that a 'Frequently Asked Questions' (FAQ) had been published on the Gaslink website answering questions that had arisen as a result of the one to one workshops. It is proposed that this document will be updated on a regular basis.

The next workshop, which, it is planned, will focus on Nominations and Allocations is being planned for either late June or early July.

Gas Networks Ireland are currently holding PRISMA demonstrations for shippers at their Cork office and it is hoped that representatives of all shippers will avail of this offer to receive a demonstration of PRISMA.

4. Code Modification Proposals

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

- The Transporter informed the forum that it expects to launch a consultation on the legal drafting currently being undertaken to incorporate Code Modification proposals [A062 Capacity Allocation Mechanisms](#), [A065 Financial Security amendments arising from introduction of Capacity Allocation Mechanisms \(Regulation EU 984/2013\)](#) and [A066 EU Network Code Implementation: Transitional Arrangements](#). It is expected that the legal drafting for Code Modification proposal [A067 Congestion Management Procedures](#) will be included at a later date.
- It was reported by the Transporter that the current closing time of 03:00 on Day D for Within-Day Capacity Bookings at non IPs will remain in place and will not be moved to 02:00 as may have been anticipated with the changes to the Gas Day. The Transporter also proposed that the closing time for Secondary capacity bookings should be changed from the previously proposed time of 01:45 to 03:00 in order to align with our adjacent TSO’s. Both of these changes will be included in a revised draft of the Business Rules.

ID	Action	Responsibility	Date Raised	Delivery Date
C403	<p>The Transporter is to update the A062 Business Rules to reflect the proposed changes to times for:</p> <p>Within-Day Capacity Bookings at non-IPS will remain at 03:00 on Day D; and</p> <p>Secondary Capacity trade proposals which will close at 03:00 rather than 01:45 as was previously proposed.</p>	Transporter	22/04/15	Next Code Mod forum

4.2 Code Modification Proposal A063 ‘Nominations, Imbalance Charges & Allocations’, Interim Measures Report, and Code Modification A068 ‘Balancing’

Presentation:

- John Williams (Pöyry Energy Consulting), on behalf of the Transporter, outlined the current status and next steps in relation to the Interim Measures Report which was the subject of Industry consultation in March.
- The CER published its decision ([CER/15/085](#)) to approve the Interim Measures Report on 17 April 2015 and has notified ACER of this decision. The report establishes a roadmap of sequential measures designed with the aim of fostering liquidity at the Irish Balancing Point (IBP) between now and 2019. An assessment of progress will be carried out on an annual basis, with recommendations for the following year proposed with each iteration.
- The next steps were outlined as follows:
 - The Transporter is to carry out a Trading Platform Feasibility Study and submit its report to the CER (following Industry consultation) in September 2015; and
 - The Transporter is to propose the first set of ‘interim measures’ for implementation in October 2015. It is envisaged that this will include a reduction in imbalance tolerances and the introduction of a differential in the first tier imbalance cash-out price. The Transporter issued a Code Modification Proposal A068 ‘Balancing’ on 20 April 2015.

Discussion:

- As part of the discussion, Industry representatives made a number of comments / observations / queries:
 - An Industry representative queried if the Transporter / CER could confirm that a non-exclusive ‘framework’ arrangement for the provision of balancing services will be in place by April 2016? The representative stressed its preference that this measure be put in place as soon as possible, ideally by October 2015.
 - An Industry representative commented that the balancing services contract should ‘require’ that all balancing gas is delivered at the IBP by April 2016.
 - An Industry representative commented that the removal of ZIP presents a network security risk should the system be left substantially long in circumstances where Moffat flows are very low - has Transporter taken measures to mitigate this risk?
 - An Industry representative queried why it was proposed to reduce DM tolerances to an extent which appeared to be disproportionate to the reductions proposed in respect of other categories. The representative also highlighted that DM sites do not receive hourly metering information, and therefore require a generous tolerance. The CER noted that the Transporter was assessing options in relation to DM meter upgrades and information provision and would report to the CER shortly regarding the costs and implications of upgrades.
 - An Industry representative questioned whether the Moffat Entry Tolerance needs to be removed given that the OBA will allocate whole.

An Industry representative highlighted a potential issue which may arise (in the case of Power Generation Shippers) if a Power Station is instructed by Eirgrid to ramp up after the gas capacity booking window (and/or renominations window) closes. Depending on the action taken by the Shipper (i.e. book more capacity, renominate), imbalance charges and/or overrun

charges may arise. The representative observed that, given the current overrun multiplier of 8, in many circumstances overrun charges would represent a greater financial impact than imbalance charges.

ID	Action	Responsibility	Date Raised	Delivery Date
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	September 2015
C405	The Transporter is to propose the first set of interim measures for implementation in October 2015.	Transporter	22/04/2015	Next Code Mod Forum

4.3 Code Modification Proposal A064 ‘Virtual Reverse Flow’

- The Transporter reported that a correction had been made to Version 3.0 of the Business Rules regarding the bookable VRF Capacity formula to account for Physical Forward Flow on the South-North pipeline.
- The revised formula was defined as:
 - *Bookable VRF Capacity = (RoI Forward Flow Nominations – South-North CSEP Offtake Quantity) or 22.92mscm/d whichever is lesser.*
- A question was raised as to why, if the South North CSEP was being taken into consideration in the above formula that offtakes at the Isle of Man were not being considered. On review, the meeting agreed that the formula should be modified to include the Isle of Man offtakes. The revised formula now is:
 - *Bookable VRF Capacity = (RoI Forward Flow Nominations – South-North CSEP Offtake Quantity – IOM Offtake Quantity) or 22.92mscm/d whichever is lesser.*
- A question was raised as to why the figure 22.92 mscm/d was included in the formula when the bookable VRF capacity will be defined by the forward flow nominations. The CER stated that the reference to 22.92 mscm/d should be removed.
- Another question was raised on when the cost estimate for the development of the enhanced VRF solution will be available to which the Transporter responded by saying that as it had reported at the last Code Modification Forum, it wouldn’t have an answer before the end of April 2015. The Transporter responded stating that it was reviewing the spreadsheet, submitted by the Irish Offshore Operators Association (IOOA) on a methodology to allow for implementation of the enhanced VRF product by October 2015. The Transporter committed to responding to IOOA on their proposal as soon as possible.

ID	Action	Responsibility	Date Raised	Delivery Date
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	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	Next Code Mod Forum

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

- The Transporter reported that, based on the consultations to Version 1 of the Business Rules and the discussions held at previous Forum meetings, it was proposing some changes to the previous proposal. These proposed changes had been discussed and agreed with the CER.
- The proposed changes to Version 1 of the business rules were as follows:
 - A systemized early warning system would be developed to alert shippers to the fact that they had reached 80% of their available financial security;
 - Once a shipper reaches 100% of their available security, they would be sent an automated message informing them that they have up to 2 working days to replenish their security;
 - Shippers would continue to be able to book capacity during this 2 working day period;
 - As in the previous proposal, shippers would be required to move financial security between GTMS and PRISMA but would not be restricted in doing so. In the previous proposal, moving financial security from PRISMA to GTMS would require intervention from the shipper’s Key Account Manager (KAM); and
 - The Deposit Agreement in the Financial Security Policy would be modified to make it more flexible, allowing Shippers to add and withdraw funds as necessary. There would be two Deposit Agreements available, non-interest bearing and interest bearing which would require leaving money on deposit for a minimum period of 12 months.
 - The implementation date would be deferred to some point after 1 November 2015 to allow shippers adapt to the new capacity booking regime at interconnection points and to give the Transporter time to complete the systemisation required to implement these solutions.
- Initial reaction to these proposed changes was positive with Shippers expressing satisfaction with the fact that their concerns were taken into consideration. One shipper requested that the amount of time being asked of a shipper to replenish its financial security be increased from two to three days. The Transporter responded by saying that it would discuss this proposed change with the CER and if successful would include it in the upcoming revision of the business rules.

ID	Action	Responsibility	Date Raised	Delivery Date
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	Next Code Mod Forum

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

- The Transporter Reported that a total of four responses were received to the consultation on Version 1.0 of the Business Rules that ended on Friday 17th April 2015 and summarized the responses received.
- The main discussion points at the Code Modification Forum meeting were as follows:
 - *CAM Auctions:* Can the 7 month lead time (March to October) for CAM auctions on PRISMA be reduced?
 - The Transporter advised that while EC/ACER/ENTSOG were considering shortening this lead time to approximately 3 months, this would require a formal change to Regulation EU 984/2013 and such a change is unlikely to be implemented until 2017/18. ACER or ENTSOG is likely to issue a consultation on this issue in the coming months.
 - *Early implementation of Tariff Network Code - short-term multipliers:* Can consideration be given to the early implementation of the Tariff Network Code, particularly with respect to short-term multipliers to reduce the price differential between annual capacity and monthly/daily capacity.
 - The Transporter confirmed that there are no plans for early implementation of the Tariff Network Code in Ireland. The Tariff Network Code is currently in draft form with a target implementation date of 2017.
 - *Capacity Transition:* Noted that the period between 1 August 2015 and 23 September 2015 for extending annual capacity bookings is restrictively short and would be difficult for Shippers to gauge their capacity requirements in 2016;
 - The Transporter reiterated the rationale that to extend this window past 1 November 2015 (implementation date of Regulation EU 984/2013) would constitute the offering of unbundled capacity by the TSO, raising potential compliance issues.
 - *Alignment of Exit Capacity bookings with gas year:* Can the Transporter consider 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?
 - The Transporter stated that Exit Capacity bookings had not been considered in this context to date, but would take the request on board and report back to the Forum.
 - *Voluntary Bundling:* Can the 60 day lead time be reduced to allow for a Shipper 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? If not, are there any negative implications for a Shipper who holds a combination of bundled and unbundled capacity on 1 Nov 2015?
 - The Transporter advised that it would consider whether the 60 day lead time could be reduced, noting that this was a joint process with the adjacent TSO. The TSO committed to clarifying the nomination options available to a Shipper who holds a combination of bundled and unbundled capacity.

- *Agency Arrangements:* Does the Code of Operations allow a Shipper appoint an agent to carry out activities (make capacity bookings, submit nominations) on its behalf, in circumstances where the agent is not a licensed Shipper?
 - The Transporter advised that the Code does not preclude the use of an agent which is not licensed Shipper, and has committed to ensure that there would not be any ambiguity in this area as part of the subsequent legal drafting consultations.

ID	Action	Responsibility	Date Raised	Delivery Date
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	Next Code Mod Forum
C410	The Transporter is to review the concept of voluntary bundling to see if it would be possible for the shipper who has chosen to extend their annual bookings to modify the booking on a monthly basis until September 2016.	Transporter	22/04/15	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	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	Next Code Mod Forum

4.6 Code Modification Proposal A067 ‘Congestion Management Procedures’

- The Transporter updated the forum, stating that [Version 2.0 of the business rules](#) had been issued to industry for consultation on Tuesday 14th April and responses were due by Tuesday 5th May. It should be noted that this version is being labelled 2.0 with the business rules approved in 2013, labelled version 1.0.
- The transporter also highlighted that of the four CMP mechanisms, three have to be implemented by 1 November 2015. The final mechanism, ‘Firm Day Ahead Use It Or Lose It’ (FDA UIOLI), is due to be implemented by 1 July 2016 but National Grid and Ofgem have taken the decision not to implement it as they have already implemented ‘Over-subscription and Buy Back’ (OS & BB). The CER and the Transporter are currently considering this issue, the possible need for consistency and a decision will be made in the coming weeks.

ID	Action	Responsibility	Date Raised	Delivery Date
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 <i>Over-subscription and Buy Back</i> has already been implemented.	Transporter	22/04/15	Next Code Mod Forum

5. EU Network Code Implementation

5.1 REMIT: Regulation on Energy Market Integrity & Transparency

- The CER thanked Irish shippers for the great effort made in registering for REMIT and noted that in a recent ACER report, a total of sixty six Irish Shippers had registered for REMIT compared to a European total of six hundred and fifty.
- A CER / SEMO workshop on REMIT is being scheduled for Tuesday 26th May 2015.
- A request was made by a shipper to the Transporter asking that the Transporter offer a REMIT reporting service. This request was supported by a second shipper. The Transporter responded by saying that it had asked shippers back in 2014 whether they wanted the Transporter to act in this role and there were no expressions of interest. The CER noted that since then, it was determined that the Transporter was not an Organised Market Place (OMP) therefore was not obligated to provide this reporting service.
- An industry participant stated that TSO's have certain REMIT reporting obligations (this relates to fundamental data and to transportation contracts; ref articles 9.2, 3.1 (b) (i) and 6.3). This statement was confirmed by Gaslink.
- The CER also stated that ACER has published a list of OMP's throughout Europe and only one Transporter appeared on the list and they have been removed subsequently as they were included in error.
- The CER clarified that Secondary trading needs to be reported on REMIT.
- The CER also stated that if a reporting platform is implemented in Ireland, its operator could be required to provide this reporting service.
- The Transporter agreed to issue an email to shippers requesting that they respond within one week stating whether they would want Gaslink to act as a Registered Reporting Mechanism on their behalf.

ID	Action	Responsibility	Date Raised	Delivery Date
C414	Shippers 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	6 May 2015

Administration

- The Transporter proposed that next Forum meeting be held in Cork on Wednesday 27th May 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

C403	The Transporter is to update the A062 Business Rules to reflect the proposed changes to times for: Within-Day Capacity Bookings which will remain at 03:00 on Day D; and Secondary Capacity trade proposals which will close at 03:00 rather than 01:45 as was previously proposed.	Transporter	22/04/15	Code Mod A062 CAM		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

C410	The Transporter is to review the concept of voluntary bundling to see if it would be possible for the shipper who has chosen to extend their annual bookings to modify the booking on a monthly basis until September 2016.	Transporter	22/04/15	Code Mod A066 Transitional Arrangements		Next Code Mod Forum
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C414	Shippers 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