

Code Modification Forum Meeting Minutes

4 March 2015

Location: The Clarion Hotel, Cork

Attendees		
	Name	Representing
1	Jack O'Connell	Advisor to the CER
2	Mike Ronan	Aughinish Alumina
3	Kevin Murray	Bord Gais Energy
4	Marie O'Dea	Bord Gais Energy
5	Charles Shier	Bord Na Mona
6	David Egan	CER
7	Mo Cloonan	CER
8	John Melvin	CER
9	Keelin O' Brien	CER
10	Richard Harper	Ceres for Vermilion
11	Danny Mills	Electric Ireland
12	Derek Scully	Energia
13	Karol O' Kane	ESB
14	Robert Irwin	Flogas
15	Conor Ahern (Partial)	Gas Networks Ireland
16	Ann-Marie Colbert (Partial)	Gas Networks Ireland
17	Wilma Cullen	Gas Networks Ireland
18	Michael Durcan (Partial)	Gas Networks Ireland
19	Sarahjane Farrell (Partial)	Gas Networks Ireland
20	Ken Gorman (Partial)	Gas Networks Ireland
21	Tom Lyons (Partial)	Gas Networks Ireland
22	Douglas O'Brien	Gas Networks Ireland
23	Denis Twomey (Partial)	Gas Networks Ireland
24	Avian Egan	Gaslink
25	Robert Flanagan	Gaslink
Continued ...		

Attendees		
	Name	Representing
26	Aidan Hogan	Gaslink
27	Kieran O'Sullivan	Gaslink
28	Cenk Kuzuca	IBM
29	Kieron Carroll	Kinsale Energy
30	Brian McGlinchey	Kinsale Energy
31	Nigel Sisman	Pöyry
32	Martin Regan	Shannon LNG
33	Amrik Bal	Shell
34	Connor Powell	SSE
33	Nahed Cherfa	Statoil (by Phone)
35	Paul McElvanna	Tynagh Energy
36	Bryan Hennessy	Vayu
37	Henk Kreuze	Vermilion

1. Code Modification Forum Minutes, Actions & Presentation Slides

- The Code Modification Forum minutes of 21 January 2015 were agreed and approved.
- For supporting information to be read in conjunction with these minutes, please see the slides presented at the meeting [here](#).

2. EU Network Code Implementation Project Update

2.1 Project Communications and Training

The Transporter reported that it had appointed a contact person for communications related to the Network Code Implementation project. This person is:

- Robert Flanagan
- Telephone: (021) 453 4233
- Robert.Flanagan@gasnetworks.ie

Robert's function will be to coordinate communications to shippers and to act as a single point for shipper enquiries. As part of this brief he has commenced one to one meetings with shippers and aims to have met with all shippers by the end of April 2015.

Workshops are also being organised to coincide with forthcoming Code Modification Forum meetings around topics such as CAM, Financial Security, Nominations & Allocations, Balancing and PRISMA. A Frequently Asked Questions (FAQ) document is also being prepared based on perceived and actual questions being posed by various stakeholders in the project.

1. Market Assurance Process for the Irish Gas Market

1.1 Market Participant Induction Meeting

A representative of IBM presented the Market Assurance (MA) Process that will be implemented over the coming months to ensure that market participants will be ready for the system changes required by the European Network Codes implementation later this year. This presentation was described as an introductory meeting to explain how the process will work over the coming months and what will be required of shippers. The MA team will visit all shippers but will not request any new documents, only asking to review existing plans.

Through analysis and testing of Shipper’s systems over the coming 6 months, this process will ensure that market participants’ systems can interface with the market systems post implementation of the EU Network Codes.

The presenter informed the forum that a customised re-qualification form will be sent to Shippers in early May but one shipper asked that the standard form be sent to shippers now to allow them to prepare. The Transporter agreed to arrange delivery of this form to Shippers. The Transporter also agreed to check on whether validation will be required for each shipper location in multi-location operations.

A query was raised on the need for this process and its associated cost to which the Transporter responded by saying that it will be covering the cost. The CER confirmed that it was of the opinion that this is a worthwhile process and will give both Shippers and the Transporter comfort around their implementation project.

The output of this process, a final assurance report will be sent to both the CER and Gas Networks Ireland.

ID	Action	Responsibility	Date Raised	Delivery Date
C395	The Transporter is to arrange for a standard copy of the market assurance re-qualification form to be sent to shippers now to allow them to prepare for the actual form in May.	Transporter	04/03/15	Next Code Mod forum
C396	The transporter is to check on whether validation will be required for each shipper location in multi-location operations as part of the Market Assurance process.	Transporter	04/03/15	Next Code Mod forum

2. Code Modification Proposals

2.1 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.
- The Transporter reported that it had submitted an assessment to the CER in November 2014 on the potential alignment of CAM at non-IPs. The CER have made the decision that no alignment is proposed at present but that the decision will be reviewed periodically as the current focus is on the implementation of CAM at the IPs.
- A question was raised by a member of the forum on the latest time for approval of secondary capacity trades. The issue raised by the shipper is that there is a ‘dead band’ between 2AM and 5AM where trades cannot be approved. This may affect power generators who are requested to start generating during this period and don’t have the necessary Capacity bookings. A question was also raised on the alignment with National Grid and the latest time for secondary capacity, the Transporter agreed to review this for the next meeting.

ID	Action	Responsibility	Date Raised	Delivery Date
C397	The Transporter is to check with National Grid on the alignment with National Grid and the latest time for completion of secondary Capacity trades.	Transporter	04/03/15	Next Code Mod forum

2.2 Code Modification Proposal A063 ‘Nominations, Imbalance Charges & Allocations – EU Network Code Implementation’ & Operational Balancing

- The Transporter reported that Version 3.0 of the Business Rules have been completed and submitted to the CER with approval pending. The main changes in this version of the business rules are:
 - References to ‘Daily Imbalance Charges’ have been removed;
 - Rules have been amended to clarify that the expected volume of gas in the system will be updated on an hourly basis throughout the day; and
 - There will be a minimum of two within day updates and possibly more provided to shippers in respect of their metered flows at Entry.
- A question was raised by a Shipper with respect to the closing of the Renomination window at 2AM. Their concern was that the window is closed between 2AM and 5AM and their power station may be called on during this time. In the event that they don’t have adequate Capacity booked, they may incur overruns. The CER responded that they were engaging in talks with Eirgrid and GNI to investigate any particular issues relating to capacity bookings and dispatch schedules and to see if there may be other interface issues between the Gas Network Codes and the ISEM and to put in place mitigation measures if necessary. The CER requested that the Transporter ensure that metering errors are addressed as part of the Interconnection Agreement to be completed under EU Network Code requirements, and this would be included in the Interconnection Agreement (IA) consultations which are scheduled for June 2015.
- A representative of a firm of external consultants, Poyry, presented an introduction to the Interim Measures Report (IMR) they are preparing on behalf of the Transporter. Chapter X of the Balancing Network Code allows the Transporter to declare an illiquid market and to request interim measures. Because of the relatively few trades taking place at the IBP, the Irish market can be considered to be illiquid giving Ireland a legitimate case to use interim measures. The key points of the discussion on the interim report were as follows:
 - Evolution of TSO Balancing Tools:
 - The balancing tools developed need to introduce market mechanisms that allow shippers to carry out their own balancing actions.
 - Tolerances:
 - Tolerances will need to be reduced and ultimately eliminated by 2019.
 - Cash out:
 - It was proposed that where an imbalance occurs, Shippers will be incentivised to cash out by buying or selling gas at a set percentage above or below the SAP.
 - Trading Platform Feasibility Study:
 - An assessment will be carried out to determine if the viability of an Irish trading platform, and also the the TSO accessing the UK NBP trading platform for short term balancing products. In the absence of a viable trading platform a balancing platform may need to be developed.
- A suggestion was made by a shipper that the most appropriate way for shippers to balance is on an intra-day basis. It was also mentioned that the Transporter may need to buy gas in winter to build linepack and sell it in summer. The costs associated with this mechanism will not be related to balancing.

- Several industry parties expressed the view that they may like to the ability to sell gas to the Transporter for balancing actions at prices lower than the UK.
- The CER is required to communicate its decision on interim measures to ACER by 15 April 2015.
- Industry participants were invited to comment on the Interim Measures report (which would be circulated following this meeting) by 24th March 2015.
- A member of the Gas Networks Ireland Trading & Settlements Department discussed the upcoming tender process for the shrinkage and balancing contracts for gas year 2015-2016. It has been agreed with the CER to put contracts in place for Gas Year 2015-2016 and to consider Gas Year 2016-2017 later. One of the main changes in this contract is the addition of a monthly fee payable to the balancing gas buy and sell suppliers.
- A shipper raised a question on why Gas Networks Ireland did not go out to tender for each balancing action rather than a single tender once a year. As there are a limited number of balancing actions over the course of a year it was felt that it would be more cost effective and would benefit more than one shipper which the current process does today.

ID	Action	Responsibility	Date Raised	Delivery Date
C398	The Transporter is to issue draft Balancing Interim Measures Report to Industry.	Transporter	04/03/15	24/3/2015

2.3 Code Modification Proposal A064 ‘Virtual Reverse Flow’

- The enhanced version of the VRF Business Rules version 2.0 was issued to Industry for consultation on 16 January 2015 with no responses received by the due date of 30 January 2015.
- Based on an action from the January Code Modification Forum, the Gas Network’s Ireland Asset Management team presented their findings on their review of the minimum flow requirement at the Beattock compressor station.
- Asset Management stated that following the introduction of full Corrib flow, the operation of the South West Scotland Onshore System (SWSOS) will change with the introduction of the batching of flows and switching on and off the compressors during the gas day. Based on these changes and no minimum flow requirement, the VRF Capacity at Moffat will not be restricted, assuming that there is full systemisation. VRF Capacity may be offered at Moffat up to the maximum of the RoI Entry Capacity and subject to a maximum of 22.92 mscm/d, which also means that there may be periods where VRF availability will be zero due to a lack of forward flow RoI nominations on a day because of the introduction of Corrib full flow. The Enhanced VRF Business Rules Version 2.0 will be amended to reflect this change.
- The Transporter advised that it plans to update the Code of Operations to reflect the Enhanced VRF business rules with a delayed implementation date and, from 1 November 2015, VRF Capacity will be auctioned on PRISMA but until the Enhanced VRF product is fully systemised, the existing product will remain in place. It is expected that the Enhanced VRF product will be fully systemised on or before 1 November 2016.
- Shippers welcomed the proposal to not restrict the available VRF Capacity at Moffat but expressed strong disappointment with the fact that the implementation date will not be 1 October 2015, stating that they believe that they are entitled to have it by this date. It was further stated that the current product is not suitable as it can be interrupted mid-flow leaving the Shipper long on the system because they failed to reverse flow the pre-arranged quantity.
- The Transporter committed to try to implement the enhanced product sooner than the implementation date of 1 October 2016 but stated that it cannot move forward systemisation until Gas Networks Ireland’s IT department can commit time to fully scoping the costs and resources required to implement enhanced VRF. The IT department is currently fully committed to implementing the requirements of the EU Network Codes and the Transporter emphasised that it is not willing to put the implementation of the EU Network Codes at risk by diverting resources to the enhanced VRF product.
- The CER asked the Transporter 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.

ID	Action	Responsibility	Date Raised	Delivery Date
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	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	To be determined
C401	The Transporter is to Identify the date that systemisation of Enhanced VRF will be complete.	Transporter	04/03/15	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	Next Code Mod Forum

Code Modification Proposal A065 *Financial Security Policy Amendments - CAM NC*

- The Transporter reported that there had been two responses to the Industry consultation on the Financial Security business rules.
- One of the respondents had no comment to make on the business rules while the other raised a number of issues that it would like to have considered as follows:
 - Requested a dedicated workshop which Gaslink agreed to host. It was proposed at the forum that adjacent TSO's be invited to take part in this workshop;
 - Shippers run the risk of losing out in a Capacity auction even though they have enough financial security in place because sufficient security has not been transferred to the PRISMA platform; and
 - The process will introduce a new risk and added complexity in that shippers will now have to manage their financial security position across two systems.
- A number of Shippers voiced strong concern with the new proposals specifically in relation to Daily Products where it is proposed that Shippers have full financial security in place prior to taking part in a PRISMA auction. They pointed out that this was not a requirement of the CAM NC and the risk to the Transporter was minimal as Shippers would not be able to book Capacity two days after failing to put security in place for a daily booking. The Transporter responded stating that the current process of auto approving daily bookings was inserted into the Financial Security Policy as a temporary measure that was expected to last for one year but has endured. The CER stressed the need for flexibility in the process. There was a proposal from another shipper to consider providing shippers with an unsecured credit limit based on performance with payments.
- The Transporter informed the forum that details of the GB Financial Security policy had been provided by National Grid and would be provided to members of the forum after the meeting.
- In summary, the process consists of two processes for financial security with respect to the transportation of Gas and Balancing. In each case, Shippers are not allowed to exceed 85% of a Transporter assigned credit limit and in the event that they do, will have to reinstate their position within 10 business days.
- The Transporter informed the forum that in Northern Ireland, PTL determine a Shipper's credit limit based on a Shipper's forecasted activity.

Code Modification Proposal A066 ‘EU Network Code Transitional Arrangements’

- The Transporter proposed that transitional booking arrangements will be put in place to allow shippers with unbundled capacity on either side of an IP to voluntarily bundle this capacity where the capacity booking period ends between 1 October 2015 and 1 October 2016. The shipper will be able to advise the Transporter between 1 August 2015 and 24 September 2015 of its intention to bundle such Capacity. The Transporter also stated that the Shipper will have the option to extend any annual products ending within this period to 1 October 2016.
- A member of the forum asked what the tariff would be for this extended period to which the Transporter responded that it would be the Annual tariff.
- A question was asked on whether Shippers would be able to book unbundled Capacity in the UK where the technical Capacity at the Moffat IP is greater than on the Irish side of the point. The Transporter responded that unbundled capacity could only be booked where there is a corresponding match on the Irish side of the IP.
- The Transporter informed the forum that it intends to issue the transitional arrangements business rules for CER consultation on the 23rd March 2015 and industry consultation will follow thereafter.

Code Modification Proposal A067 ‘Congestion Management Procedures’

- The Transporter presented this new modification proposal, the proposal form for which was submitted by the Transporter on 23 February 2015.
- The purpose of this proposal is to modify the existing Congestion Management Procedures (CMP) to ensure compliance with the CAM NC which will introduce bundled products at the Interconnection Points (IP), a new quarterly product and auctions for Capacity via a joint web based Capacity booking platform (PRISMA).
- This proposal does not intend to change either the activation test for contractual congestion or the merit order in which products are offered for booking. The proposed changes to the four mechanisms that CMP offers to be implemented in the event of contractual congestion are as follows:
 - Surrender of contracted Capacity:
 - Shippers will submit Surrender offers through PRISMA and make changes to these offers via GTMS;
 - Surrender requests for bundled products will need to be validated by both TSOs; and
 - The submission deadline for surrender offers will be 5 business days prior to the publication of available Capacity at a PRISMA auction.
 - Oversubscription and Buy-Back:
 - The transporter will advise its neighbouring TSO of its intention to implement this mechanism in the event of contractual congestion.
 - Long Term Use It or Lose It (LT UIOLI):
 - The transporter will advise its neighbouring TSO of its intention to implement this mechanism in the event of contractual congestion.
 - Day Ahead Use It or Lose It (DA UIOLI):
 - The Transporter advised that it is not proposing to implement this mechanism until 1 July 2016 as is allowed under the CMP Network Code.
- The Transporter advised that it is currently working on the Business Rules for this modification which will be released for consultation upon completion.

3. EU Network Code Implementation

3.1 Interoperability & Data Exchange Network Code -Reference Conditions

- The Transporter reported that, along with the adjacent TSO's National Grid and PTL, they are proposing to submit a joint letter to their respective regulators seeking approval to continue with the existing reference conditions as provided for under Article 13(3) of the Code.
- There were no objections from the members of the forum to this proposal.

4. EU Network Codes in Development & Other EU Updates

4.1 REMIT: Regulation on Energy Market Integrity & Transparency

- The CER advised that Phase 1 of the REMIT registration process is open on the CER's website and needs to be completed by market participants on or before Friday 13th March.
- The CER reported that very few had registered to date and encouraged participants to register prior to the above date as it is required to submit its register of Irish market participants to ACER by 17 March 2015.
- Phase 2 of the registration process will commence post March 2015 and the CER will update Shippers in due course.

4.2 Regulation 994

- The CER notified the Code Mod Forum that the EU Commission has launched a public consultation on the revision of Regulation (EU) 994/2010. The deadline for submitting responses is 8 April 2015, and responses should be submitted via [email](#).
- The CER recommended that Code Modification Forum participants review the EU Commission's consultation document, and respond if they wish.
- The link to the consultation document can be found [here](#).

4.3 Projects of Common Interest

- The CER advised that consultation CER\14\14795 had closed on the 31st January with a total of six responses. This consultation related to the twinning of the South West Scotland Onshore System (SWSOS) and the possibility of European grant funding.
- Of the six respondents, only Gas Networks Ireland was in favour of the approval of expenditure with some raising issues as to whether the project will be required.
- Some respondents also questioned the accuracy of Gaslink's Network Development Plan (NDP) which indicated that the project would be required in Gas Year 2020–2021 arguing that factors such as Shannon LNG or satellite fields being developed at Corrib would mitigate the Security of Supply risk. The impact on end-customer's bills was also highlighted.
- The CER reported that it would be publishing its decision in the coming weeks.

5. Northern Ireland European Development

5.1 Northern Ireland European Development (NIED) Project Update

- BGE (NI) as a Northern Irish TSO informed the forum that in addition to the EU Network Code implementation project currently underway, a Cooperative Joint Venture (CJV) between the TSO's needs to be put in place to establish a single transmission code, a single IT system and a single TSO to represent Northern Ireland.
- The goals for 2015 were outlined as being:
 - NI transmission system is to move from a Point to Point System to an Entry-Exit System;
 - CAM Network Code is to be implemented; and
 - The change to the gas day is to be completed.
- The code modifications for these changes are being developed jointly by all TSO's with one TSO taking the lead and the others reviewing and contributing to the work being done.

6. Administration

- The Transporter proposed that next Forum meeting be held in Dublin on Wednesday 15th April 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
C356	The CER is to endeavour to ensure that metering errors will be addressed under the implementation of the Interoperability and Data Exchange Network Code.	CER	02/07/14	Moffat Metering Error		Ongoing
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
C387	The Transporter is to report to the next Code Modification Forum regarding the status of trading platform options.	Transporter	10/12/14	Code Mod A063 'Noms, Imbalances & Allocations'		03/04/2015
C395	The Transporter is to arrange for a standard copy of the market assurance re-qualification form to be sent to shippers now to allow them to prepare for the actual form in May.	Transporter	04/03/15	Market Assurance		Next Code Mod Forum
C396	The transporter is to check on whether validation will be required for each shipper location in multi-location operations as part of the Market Assurance process.	Transporter	04/03/15	Market Assurance		Next Code Mod Forum

Action Ref	Action	Responsible	Date Raised	Title	Response Date	Expected Delivery Date
C397	The Transporter is to check with National Grid on the alignment with National Grid and the latest time for completion of secondary Capacity trades.	Transporter	04/03/15	Code Mod A062 'CAM'		Next Code Mod Forum
C398	The Transporter is to issue draft Balancing Interim Measures Report to Industry.	Transporter	04/03/15	Code Mod A063 'Noms, Imbalances & Allocations'		Next Code Mod Forum
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