



# Code Modification Forum

The Clarion Hotel, Cork  
Wednesday, 3<sup>rd</sup> June 2015

# Agenda



- 1. Review of minutes from last meeting dated 22<sup>nd</sup> April 2015**
- 2. Review of Action Items from last meeting dated 22<sup>nd</sup> April 2015**
- 3. European Network Code Implementation Project Update**
- 4. Code Modification Proposals**
  - A062 – *‘Capacity Allocation Mechanisms’*
  - A063 – *‘Nominations, Imbalance Charges & Allocations: EU Network Code Implementation’*
  - A065 – *‘Financial Security Policy amendments arising from introduction of Capacity Allocation Mechanisms (Regulation 984/2013) ’*
  - A066 – *‘EU Network Code Implementation: Transitional Arrangements’*
  - A067 – *‘Congestion Management Procedures’*
  - A068 – *‘Balancing: EU Network Code Implementation’*
  - A064 – *‘Virtual Reverse Flow: Enhanced flexibility and compliance with EU Network Codes’*

# Agenda



## 5. Other EU Updates

- Regulation on Wholesale Energy Market Integrity and Transparency (REMIT)

## 6. AOB

## 7. Agree date of next Code Modification Forum Meeting

- Proposed Date Wednesday 8<sup>th</sup> July 2015 – Dublin.



- 1. Review of minutes from last meeting  
dated 22<sup>nd</sup> April 2015**



## **2. Review of Action Items from last meeting dated 22<sup>nd</sup> April 2015**

# Actions – Forum 22<sup>nd</sup> April 2015



## Completed Actions

ID	Action	Responsibility	Status
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 which 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	Completed
C408	<p>The Transporter is to update the Financial Security Business Rules with the proposed changes and issue to the CER and to Industry for consultation.</p>	Transporter	Completed

# Actions – Forum 22<sup>nd</sup> April 2015

## Completed Actions



ID	Action	Responsibility	Status
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	Completed  This will not be possible.
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	Completed  This will not be possible.
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	Completed
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	Completed

# Actions – Forum 22<sup>nd</sup> April 2015



## Ongoing Actions

ID	Action	Responsibility	Status
C259	The Transporter is to issue letters to all End Users requesting that they sign End User Agreements.	Transporter.	Ongoing. Scheduled to occur after Gas Networks Ireland (GNI) becomes the TSO.
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	Ongoing
C383	The Transporter is to consider issuing an NDM Accuracy of Forecasting Report before October 2015.	Transporter	The Transporter will deliver an 'Accuracy of Forecasting' Report by 1 October 2015.
C402	The Transporter is to plan to upgrade the existing VRF product to ensure CAM compliance by October 2015.	Transporter	In process



# Actions – Forum 22<sup>nd</sup> April 2015



## Open Actions

ID	Action	Responsibility	Status
C380	The Transporter is to proceed with the development of legal drafting for Code Modification A062 'Capacity Allocation Mechanisms at Interconnection Points'.	Transporter	In Process
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	In Process
C400	The Transporter is to provide a cost estimation to the CER for systemisation of the Enhanced VRF.	Transporter	In Process
C401	The Transporter is to identify the date that systemisation of Enhanced VRF will be complete.	Transporter	In Process

# Actions – Forum 22<sup>nd</sup> April 2015

## Open Actions



ID	Action	Responsibility	Status
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	Currently in development
C405	The Transporter is to propose the first set of interim measures for implementation in October 2015.	Transporter	Currently in development
C406	The Transporter will look at amending the formula for available VRF Capacity taking account of the comments made by the CER.	Transporter	Currently in development
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	Currently in development
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	Currently in development
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	Ongoing



# **3. EU Network Code Implementation Project Update**



## 2015 Key Dates

Activity	Jun	July	Aug	Sept	Oct	Nov	Dec
Workshops		■ Noms					
Code Mod Meetings		■	■	■		■	■
Legal Drafting Part C&F Consultation	■		■ CER approval				
Legal Drafting Part D Consultation		■		■ CER approval			
BRs A068 Consultation	■		■ CER approval				
Legal Drafting Part E Consultation			■	■ CER approval			
CMP Legal Drafting			■	■ CER approval			
Consolidation Legal Drafting			■	■ CER approval			
Transitional Capacity Amts.			■				
Updated Financial Security Policy	■	■ CER approval		■ Implementation			



## 2015 Key Dates

Activity	Jun	July	Aug	Sept	Oct	Nov	Dec
Market Assurance	■						
Moffat Agent Transition					■		
Transporter's IT Systems Update				■			
GTMS Training				■			
New Nominations Procedure					■		
Gas Day Change Implementation					■		
First PRISMA Auctions						■ ■ ■	■

■D-1 auction  
■D auction  
■Monthly auction



## Important Dates

Code Modification	Date	Where
Shippers finalise EIC with local issuing office	1 <sup>st</sup> June '15	
PRISMA Registration should be initiated by Shippers	1 <sup>st</sup> July '15	
Transitional Arrangements - extend bookings	Aug '15	at IPs
CAM – Gas Day Change	1 <sup>st</sup> Oct '15	across Network
New Nominations Process commences	1 <sup>st</sup> Oct '15	at IPs
First Day Ahead Auction on PRISMA	31 <sup>st</sup> Oct '15	at IPs
First Within Day Auction on PRISMA	1 <sup>st</sup> Nov '15	at IPs
First Monthly Auction on PRISMA	12 <sup>th</sup> Nov '15	at IPs
First Annual Auction on PRISMA	2 <sup>nd</sup> March '16*	at IPs
First Quarterly Auction on PRISMA	1 <sup>st</sup> June '16*	at IPs

\* Expected dates to be confirmed by ENTSOG



## CAM Workshop 21<sup>st</sup> April '15 – outstanding actions

### Issues

- |   |   |
|---|---|
| 1 | The change of the within-day capacity booking window to midnight – exposes power gen to overruns. If the proposed booking windows can't be amended, Shippers would like the overrun strategy to be amended to provide more flexibility. Shippers may choose between taking an overrun or imbalance charge. Overrun regime to be reviewed; |
| 2 | Interrelationship between unbundled/bundled capacity and Double/Single sided Nominations is not well understood by Shippers. Should be the focus of the next workshop in July;  |
| 3 | Concern if the PRISMA IT system is out of service. Has there been performance issues involving the PRISMA bidding process to date?  |
| 4 | If a Shipper makes a major mistake on PRISMA can anything be done to resolve it?  |
| 5 | The amended financial security proposal was welcomed by the audience. One Shipper requested that the 2 business day period to regularise FS for short term products be changed to 3 days, to ensure that adequate time was available to put the correct financial solution in place;  |



## CAM Workshop 21<sup>st</sup> April '15 – outstanding actions

Issues	
6	Is there potential to move the timing of the Transporter's NDM forecast so that it would be received by Shippers before the close of the auction window?
7	As part of the transition arrangements, Shippers sought to extend the Aug/Sept '15 booking window into the '15/'16 gas year;
8	Could the 60 day notice period required to voluntary bundle be reduced?
9	What are the legal implications if a Shipper does not specify the price of a secondary trade on PRISMA. TSO currently has no requirement to hold this information.





## **4. Code Modification Proposals**



## ***A062 – ‘Capacity Allocation Mechanism’***

# Code Modification A062:

## *Current Status*

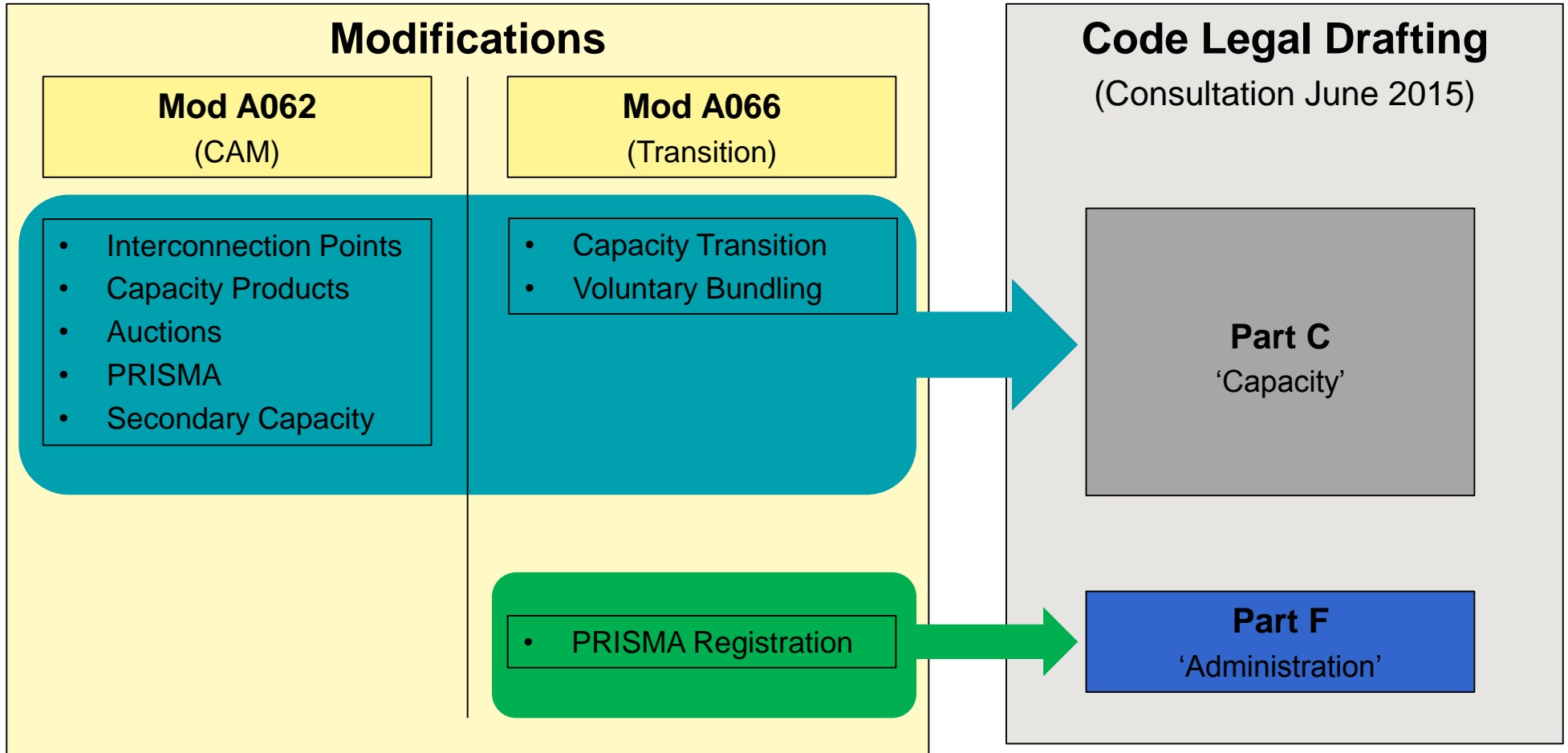
*CAM at Interconnection Points*



- Business Rules approved by CER
- Legal Drafting currently in development
- Legal Drafting to be issued for consultation by 10 June 2015.
  - Part C 'Capacity' & Part F 'Administration'
- Legal Drafting consultation also includes elements of Code Mod A066 'Transition'

# Code Modification A062: Current Status

Part C & F Code Legal Drafting



# Code Modification A062:

## *Points to note*

## *Part C & F Code Legal Drafting*



- Code Legal Drafting is based on approved business rules
- Deviations from business rules:
  - Non-IP Capacity Booking deadline stays at 03:00 (not included in A062 business rules);
  - The deadline for secondary capacity trades has been moved from 00:45 to 03:00 - now aligned with adjacent TSOs' timing.
  - 'linked auctions' process at an IP (not included in A062 business rules).



# ***A063 – ‘Nominations, Imbalance Charges & Allocations: EU Network Code Implementation’***

**&**

## **Operational balancing**

# **Code Modification A063:** *Nominations, Imbalance Charges & Allocations*

## *Current Status*



- Part D 'Nominations' legal drafting currently in development
- Consultation expected July 2015
- Further explanation of double sided and single sided nominations included under agenda item 'Code Modification A066'

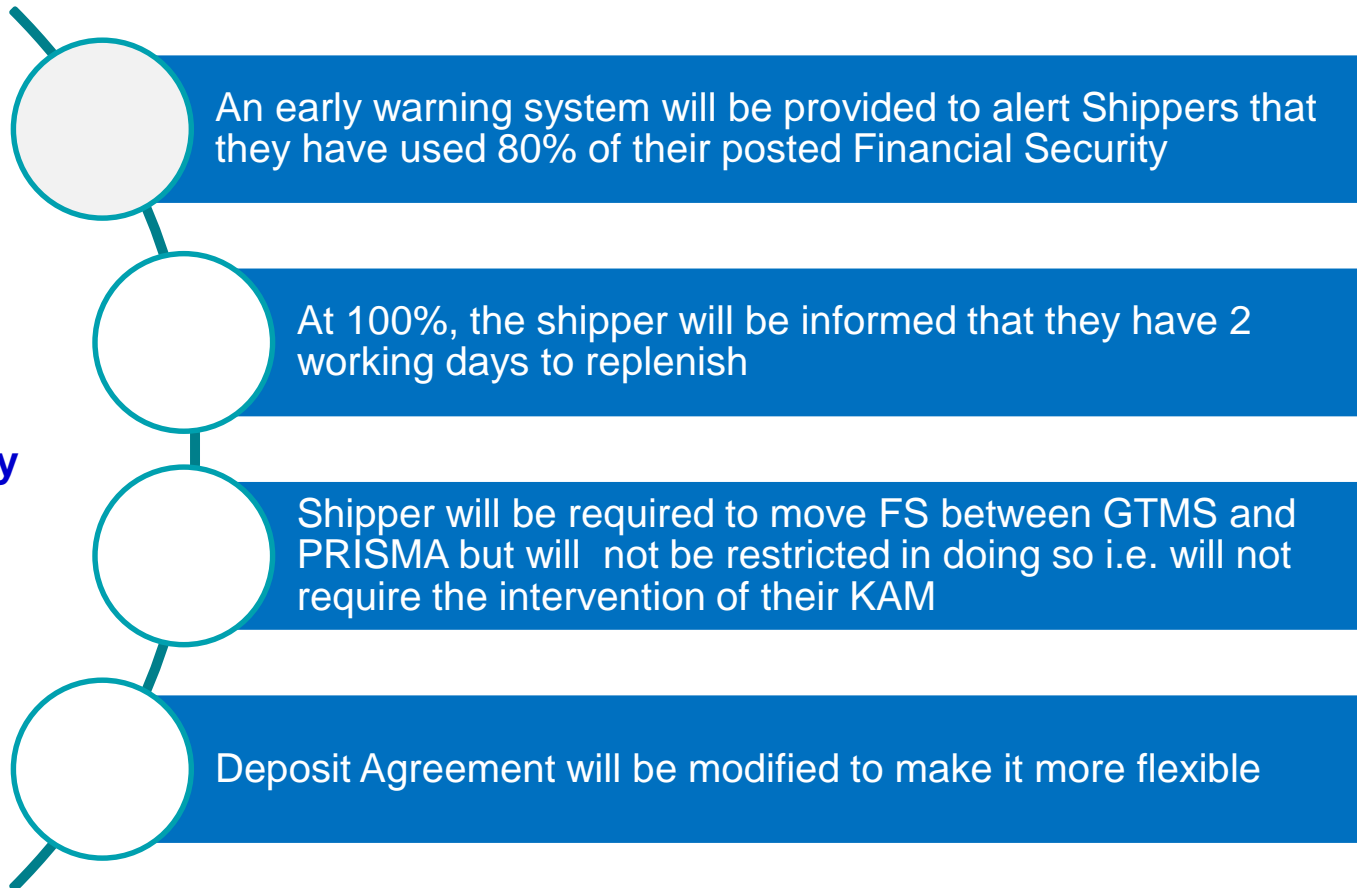


***A065 – Financial Security Policy amendments  
arising from introduction of Capacity Allocation  
Mechanisms (Regulation 984/2013)***





## Financial Security Key Changes



## Code Modification A065:

## *Financial Security Current Status*



- Financial Security Business Rules Version 2.0 were sent to Industry for consultation on Friday 22<sup>nd</sup> May;
- Consultation closes on Friday 12<sup>th</sup> June;
- Main changes to this proposal were outlined at the Workshop on Tuesday 21<sup>st</sup> April and the Code Modification Forum on Wednesday 22<sup>nd</sup> April;
- One proposal suggested at the April Code Modification Forum was that Shippers would have up to 3 business days to replenish depleted financial security. The business rules have not been changed and reflect the original proposal of 2 business days. Shippers have the right to raise this issue as part of the current consultation.

# Code Modification A065:

*Financial Security Current Status*



## Delayed implementation

- The Transporter is proposing that the implementation of the new financial security requirements will be deferred and will not occur on 1 October 2015;
- This deferral period is subject to the EU Network Codes Project's Phase 2 planning process which is currently being undertaken. The Transporter is proposing a deferral period of 6 months.

# Code Modification A065:



## Northern Ireland Financial Security Procedures



# ***A066 – ‘EU Network Code Implementation: Transitional Arrangements’***

# Code Modification A066:

## *Transitional Arrangements*



### *Current Status*

- Business Rules consultation - early April 2015
- Discussed further at EU NC Workshop (21 April) & CMF (22 April)
- Transporter has submitted Business Rules v2.0 & Final Modification Report to CER
- CER has indicated its decision to approve, Formal approval is pending.
- Minimal changes to business rules:
  - Clause 3.1.2 (a) which allowed for Shippers to request an '*extension*' to an existing booking has been removed, as it contravened Article 20 Section 5 of the CAM Regulation.
  - Instead, a new booking will be created with an effective date of the day immediately following the expiry date of the existing booking.
- Included in Part C & Part F Legal Drafting consultation - due for issue next week



# Code Modification A066:

## Final Modification Report - Summary (1)

### GENERAL

Industry Comment	TSO Response
<p>Can the <b><u>long lead time</u></b> between time of booking Capacity at IPs and the time of use of the Capacity be reviewed by the Transporter in order to maintain the current 8 day lead time for annual capacity bookings?</p>	<ul style="list-style-type: none"><li>• TSO aware of difficulties posed for Shippers</li><li>• However, explicit requirement of Regulation</li><li>• Formal change request to EC required in order to change</li></ul>
<p>Can the '<b><u>short-term multipliers</u></b>' as envisaged in the draft Tariff Network Code be considered for early implementation in order to reduce the differential between the prices of long term and short term capacity?</p>	<ul style="list-style-type: none"><li>• The Transporter is not aware of any plans for early implementation of the Tariff Network Code or to otherwise amend the short term multipliers</li></ul>



# Code Modification A066:

## Final Modification Report - Summary (2)

### Capacity Transition

Industry Comment	TSO Response
<p><b><u>Discrete 'booking window'</u></b> in Aug/Sep 2015 where Shippers can align their IP capacity with the Gas Year. Can this be extended to continue on a rolling basis throughout Gas Year 2015/16?</p>	<ul style="list-style-type: none"><li>No, as to do so would constitute the offering of unbundled capacity after the implementation date of the Regulation (1 Nov 2015)</li></ul>
<p>The option to align existing capacity bookings with the gas year is offered to Shippers at IPs only. Can a similar facility be offered in terms of Exit Capacity bookings?</p>	<ul style="list-style-type: none"><li>Not considered as part of the business rules initially (focus on IPs)</li><li>Request all Shippers to provide indication of their likelihood to use such a facility, should it be made available</li></ul>





# Code Modification A066:

## *Final Modification Report - Summary (3)*

### Agents

Industry Comment	TSO Response
<p><b><u>Does / will the Code facilitate the use of an agent</u></b> by a Shipper, in particular in an instance where that agent is not itself a Shipper.</p>	<ul style="list-style-type: none"><li>• Yes - while not explicitly dealt with in the business rules, the relevant legal drafting will be reviewed in August/September to ensure an ambiguity is removed.</li></ul>



# Code Modification A066:

## Final Modification Report - Summary (4)

### Voluntary Bundling

Industry Comment	TSO Response
<p>Can the <b><u>60 day lead time</u></b> for processing voluntary bundling requested be shortened?</p> <p>What are the <b><u>implications of a Shipper not having 'bundled'</u></b> their existing contracts by 1 Nov 2015?</p>	<ul style="list-style-type: none"><li>• 60 day lead time is fixed as agreed between adjacent TSOs</li><li>• However, the double sided and single sided nominations processes allow sufficient scope for a Shipper to adequately manage a mixture of bundled and unbundled capacity on 1 Nov 2015 - <b><i>further information at end of this agenda item</i></b></li></ul>



# Code Modification A066:

Double Sided & Single Sided Nominations: Scenarios (1)

**Scenario 1: Unbundled on one side of IP, no bundled - counterparty involved**

Shipper A holds unbundled capacity on one side of an Interconnection Point. Shipper B holds capacity at the other side of the IP. Shipper A and Shipper B have an arrangement whereby they submit separate nominations at each side of the IP which are then subject to matching rules as part of the nominations process.

Bundled or Unbundled? Capacity of:	Unbundled		Bundled
	TSO1	TSO2	TSO1 & TSO2
Shipper A	100	-	-
Shipper B	-	100	-

### Options:

<b>Option 1:</b>	Shipper A submits double sided nomination for 100 units, specifying Shipper B as counterparty
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# Code Modification A066:

Double Sided & Single Sided Nominations: Scenarios (2)

**Scenario 2: Unbundled on both sides of IP, no bundled - no counterparty involved**

Shipper A holds unbundled capacity on both sides of an Interconnection Point, but does not hold any bundled capacity at the IP.

Bundled or Unbundled?	Unbundled		Bundled
Capacity of:	TSO1	TSO2	TSO1 & TSO2
Shipper A	100	100	-
Shipper B	-	-	-

<b>Option 1:</b>	Shipper A submits single sided nomination for 100 units
<b>Option 2:</b>	Shipper A submits double sided nomination for 100 units, specifying itself (Shipper A) as counterparty
<b><u>DO NOT:</u></b>	<b><u>DO NOT</u></b> submit a combination of single sided and double sided nominations as both will be rejected by GTMS.



# Code Modification A066:

Double Sided & Single Sided Nominations: Scenarios (3)

**Scenario 3: Unbundled on one side of IP, plus bundled - counterparty involved**

Bundled or Unbundled? Capacity of:	Unbundled		Bundled
	TSO1	TSO2	TSO1 & TSO2
Shipper A	100	-	200
Shipper B	-	100	-

<b>Option 1:</b>	Shipper A submits: <ul style="list-style-type: none"><li>• a single sided nomination for 200 units; and</li><li>• a double sided nomination for 100 units, specifying Shipper B as the counterparty.</li></ul>
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<b>Option 2:</b>	Shipper A submits: <ul style="list-style-type: none"><li>• a double sided nomination for 200 units, specifying itself (Shipper A) as the counterparty; and</li><li>• a double sided nomination for 100 units, specifying Shipper B as the counterparty.</li></ul>
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# Code Modification A066:

Double Sided & Single Sided Nominations: Scenarios (4)

**Scenario 4: Unbundled on both sides of IP, plus bundled - no counterparty involved**

Bundled or Unbundled?	Unbundled		Bundled
Capacity of:	TSO1	TSO2	TSO1 & TSO2
Shipper A	100	100	200
Shipper B	-	-	-

<b>Option 1:</b>	Shipper A submits: <ul style="list-style-type: none"><li>a single sided nomination for 300 units</li></ul>
<b>Option 2:</b>	Shipper A submits: <ul style="list-style-type: none"><li>a double sided nomination for 300 units, specifying itself (Shipper A) as the counterparty</li></ul>
<b><u>DO NOT:</u></b>	<b><u>DO NOT</u></b> submit a combination of single sided and double sided nominations as both will be rejected by GTMS.



# Code Modification A066:

Double Sided & Single Sided Nominations: Scenarios (5)

**Scenario 5: Bundled capacity only - no counterparty involved**

Bundled or Unbundled? Capacity of:	Unbundled		Bundled
	TSO1	TSO2	TSO1 & TSO2
Shipper A	-	-	200
Shipper B	-	-	-

<b>Option 1:</b>	Shipper A submits: <ul style="list-style-type: none"><li>a single sided nomination for 200 units</li></ul>
<b>Option 2:</b>	Shipper A submits: <ul style="list-style-type: none"><li>a double sided nomination for 200 units, specifying itself (Shipper A) as the counterparty</li></ul>
<b><u>DO NOT:</u></b>	<b><u>DO NOT</u></b> submit a combination of single sided and double sided nominations as both will be rejected by GTMS.



# ***A067 – ‘Congestion Management Procedures’***



# Code Modification A067: *Congestion Management Procedures*



## *Firm Day Ahead UIOLI Update*

- Commission CMP Guidelines document outlined flexibility open to NRA's in applying OS & BB or FDA UIOLI mechanism;
- GNI analysis determined that OS & BB would be most beneficial mechanism;
- GNI submitted detailed proposal to CER not to implement FDA on 21 May 2015;
- CER approved non-implementation of FDA UIOLI on Friday 29 May 2015;

# Code Modification A067: *Congestion Management Procedures*



## *Current Status*

- Code Modification A067 Business Rules were issued for consultation on 14th April 2015;
- Consultation period ended on 5th May 2015 with no responses;
- The latest Contractual Congestion Report showed capacity utilisation rates at <80%;
- CER approval of Business Rules for Legal Drafting pending.



## **A068 – ‘Balancing’**

# Code Modification A068:

## *Current Status*

## *Balancing*



- Business Rules Consultation due by 10 June 2015
- Business Rules to include:
  - Interim Measures for implementation in Oct 2015:
    - Differential introduced to first Tier Imbalance Price (0.98 and 1.02)
    - Tolerances reduced (typically by 25%)
  - Confirmation of items included in initial A063 business rules
    - Disbursements, scheduling charges, trade notifications



# ***A064 – ‘Virtual Reverse Flow: Enhanced flexibility and compliance with EU Network Codes’***



## Virtual Reverse Flow – Outstanding Actions

Action	
<b>C399</b>	Investigate if more VRF Capacity could be available in advance of the Enhanced VRF and whether or not a change to the interrupt to zero rule is possible.
Response:	<p>Increased VRF Capacity – increases the risk of interruption on a manual basis by grid controllers - current VRF Capacity set at a level that would not trigger an interruption;</p> <p>Interruption to levels other than zero – not possible without a system to calculate deemed flows on a dynamic basis;</p>



## Virtual Reverse Flow – Outstanding Actions

Action	
<b>C400</b>	The Transporter is to provide a cost estimation to the CER for systemisation of Enhanced VRF.
	To produce an accurate cost estimate for Enhanced, VRF the TSO and their IT developers would need to begin development and identify the detailed system changes. The level of change taking place over the 6 months does not permit this.
<b>C401</b>	The Transporter is to identify the date that systemisation of Enhanced VRF will be complete.
Response:	The Transporter previously identified October 2016 as the date envisaged and are currently working on planning for Phase 2 of the EU NC project which will look at the workload beyond November 2015.



## Virtual Reverse Flow – Outstanding Actions

Action	
<b>C402</b>	The Transporter is to plan to upgrade the existing VRF product to ensure CAM compliance by October 2015.
Response:	The TSO has completed internal planning to identify the internal processes required to facilitate PRISMA day-ahead auctions for VRF thereby achieving CAM compliance. This is included in Part C legal drafting to be issued for consultation later this month.





## Virtual Reverse Flow – Outstanding Actions

Action	
<b>C406</b>	The Transporter will look at amending the formula for available VRF Capacity taking account of the comments made by the CER.
Response:	V3.0 of the VRF Business Rules will be amended to take account of the comments made by the CER and Shippers on the exclusion of the IOM and S/N Nominations from the Bookable VRF Calculation.



## Virtual Reverse Flow – Outstanding Actions

Action	
<b>C407</b>	The Transporter committed to reviewing and responding to IOOA on the spreadsheet they submitted proposing a methodology to implement Enhanced VRF by October 2015.
Response:	The Transporter is going to meet IOOA to discuss the submission in detail.



## **6. Other EU Updates**



# REMIT



## *Current Status*

- GNI and the CER notified Industry on 21 January 2015 that GTMS was not an Organised Market Place and therefore was not planning to provide a Registered Reporting Mechanism (RRM);
- A request was made at the last Code Modification Forum asking that Gaslink/GNI provide a RRM for Shippers;
- Industry responses were sought through a consultation process which closed on 6 May 2015.
- In addition to the original request, 6 responses were received of which 5 were broadly supportive of the request;
- One respondent was not in favour of the TSO providing a facility for market participants to report data relate to the supply of gas, while pointing out that the TSO does not have this information.
- GNI's position remains unchanged.



## 9. Any Other Business

# Market Assurance



- Market assurance gives confidence to the market that the risk of disruption arising from the implementation of the project has been mitigated
- Shipper questionnaire due to be issued in the coming week
- Questionnaire will request shippers to:
  - Confirm their understanding of the key changes
  - Outline their plans for implementing changes
  - Confirm how they plan to address specific aspects (e.g. capacity booking, nominations)
  - Provide information on planned testing of any changes to their systems/ processes
- Market Assurance consultant will liaise with each shipper to provide any additional explanations and assistance



## 9. **Date of next Code Modification Forum**

Proposed Date: **Wednesday 8<sup>th</sup> July 2015**

Location : **Dublin**





**Thank you for your participation**