

Code Modification Forum Meeting Minutes

31st August 2016

Location: The Hilton Hotel, Kilmainham, Dublin

Attendees		
	Name	Representing
1	Andrew Kelly	GNI
2	Kieran Quill	GNI
3	Gráinne Greehy	GNI
4	Karen Trant	CER
5	Colm Ó Gormáin	CER
6	Sarah McCauley	CER
7	Henk Kreuze	Vermilion
8	Kieron Carroll	Kinsale Energy
9	Brian McGlinchey	IOOA
10	Lisa Fahy	SSE
11	James Tyrrell	ESB
12	Paul Hoey	Electric Ireland
13	Mark Cosgrove	Statoil
14	Keith Deacon	Tynagh
15	Oisín Doyle	Vayu
16	Amrik Bal	Shell
17	Martin Regan	EBI
18	Kevin Murray	Bord Gáis Energy
19	Brian O'Shea	Bord Gáis Energy
20	Mike Ronan	Aughinish Alumina Ltd.
21	Karol O'Kane	ESB GWM
22	Tom Hegerty	GNI
23	Lisa Walsh	GNI
24	Derek Scully	Energia
25	Danny Mills	Electric Ireland

1. Approval of Previous Minutes

- The minutes of the Code Modification Forum of the 13th July were agreed and approved.
- For supporting information to be read in conjunction with these minutes, please see the slides presented at this meeting.

2. Review of Action Items

- The actions from the previous Code Modification Forum of 13th July were reviewed and discussed.
- The Transporter gave an update on the open actions and those completed, as per the accompanying slides.
- It was agreed that as proposed, actions C452, C484, C488, C489, C490, C491, C494, C495, C496, C497, C498, C499 and C500 would be closed.
- Concerning action items C489 and C490, industry participants questioned how learnings from the events of 9th July 2016 are going to be communicated to the wider shipper community.
 - The Regulator responded that the issues of transparency and communication are going to be discussed during Agenda Item 7.
- Regarding action item C491, an industry participant questioned if the Regulator was satisfied that there were no licencing issues for Shippers and/or the Operator associated with large positive imbalances (system long) resulting in flow restrictions and associated TSO balancing actions.
 - The Regulator responded that it had reviewed the licence conditions, which were general in nature and not specific to balancing. Even if they could be interpreted in such a way, the Regulator had no administrative powers within the licence, with revocation being the ultimate sanction, and a more appropriate route would be to work towards an enduring solution.

3. General Items Update

- The Transporter delivered updates on the following:
 - Version 5.0 of the Code of Operations has been approved by the CER and is now live on the GNI website.
 - Version 5.0 of the Code of Operations consolidates all changes approved up to the 1st of October 2015.
 - A further revision will be released shortly to reflect any Code Modifications approved by the CER subsequent to the 1st of October 2015.

ID	Action	Responsibility	Date Raised	Delivery Date
C501	Release a revision of Version 5.1 of the Code of Operations which reflects any Code Modifications approved by the CER subsequent to the 1 st of October 2015.	Transporter	31/08/2016	31/10/2016

4. GNI Scheduled Maintenance Update

- The Transporter delivered an update on planned network maintenance on the Middleton Compressor Station, as per the slide.
- An industry participant questioned if all information concerning planned maintenance in the 2016-2017 Gas Year has been shared.
 - The Transporter responded that it will share all information that effects flows.
 - The industry participant stated that they wished for the Transporter to formally indicate in writing that, at present, there is no planned maintenance for the 2016/2017 Gas Year that will impact shipper operations.
- Another industry participant noted the maintenance (cleaning of filters) that was undertaken on 18th and 19th August at Cappagh South). They stated that the party/parties to be restricted should be determined based on the contractual arrangements that have been made.
- It was agreed that legal clarity should be sought when code restrictions and/or constraints under relevant Connected Systems Agreements are to be enacted.
- The Regulator questioned how Shippers are currently notified of restrictions.
 - The Transporter indicated that impacted Shippers are contacted via phone.
 - An industry participant stressed that initial phone contact needs to be followed-up with formal written notice (for record keeping purposes).
- It was agreed that the Transporter would formally notify Shippers in writing of planned maintenance for the 2016/2017 Gas Year become the commencement of the Gas Year, as per action item C492 previously raised.
- The Transporter delivered an update on planned IT maintenance on GTMS/SCADA, scheduled to take place in September and November, as per the slide.

ID	Action	Responsibility	Date Raised	Delivery Date
C502	The Transporter will seek legal clarity on when code restrictions and/or constraints under relevant Connected Systems Agreements are to be enacted.	Transporter	31/08/2016	05/10/2016

ID	Action	Responsibility	Date Raised	Delivery Date
C503	The Transporter will communicate with each Shipper about all planned maintenance.	Transporter	31/08/2016	30/09/2016

5. Code Modification Proposal A071 ‘Alternative Capacity Arrangements in event of GNI Interruptions to Flows’

- The Regulator indicated that it is minded to accept A071 in principle, but it had not made a definite decision yet regarding the rebate.
 - The rebate rate for affected capacity for unplanned maintenance is likely to be calculated based on a pro-rata of annual capacity, e.g. if 10 days were impacted at an entry point,

- the rebate would be calculated as 10/365 days of annual capacity booked at the impacted entry point and would be automatically applied by the Transporter.
- Industry participants considered this method of rebate calculation to be unfair, stating that it would result in indigenous gas being a poorer product than imported gas.
 - Another industry participant stated that in light of the multipliers applied to the tariff, the rebate associated with the minded to position of the Regulator would have little benefit for affected shippers
 - The Regulator agreed that it would consider all proposals from industry participants in relation to the calculation of the rebate.
 - It was agreed that industry participants would respond to the Regulator’s proposed decisions on A071 within two weeks.
- Regarding the issue of planned versus unplanned maintenance, an industry participant questioned what the status of the maintenance scheduled at Inch would be in relation to A071.
 - The Regulator indicated that the first five days of scheduled maintenance would be treated as planned, and any additional maintenance days following the five day period would be treated as unplanned.
 - The Regulator elaborated that, as required under the Code of Operations, the Transporter must consult with Shippers during the months of April /May each year in relation to the intended maintenance programme for the upcoming gas year. The notice of scheduled maintenance for each Gas Year must be furnished to Shippers by 30th September.
 - An industry participant stated that it should not be the case that the Transporter is able to first notify Shippers of planned maintenance action starting on 1st October on the 30th September.
 - The Regulator agreed, and stated that notification of this eventuality should be given during the maintenance consultation process in the preceding months of April and May.
 - Another industry participant stated that it would need to be very clearly specified what is considered as planned and unplanned maintenance.
 - The Transporter stated that that there would be careful Code of Operations drafting to ensure clarity, following the Regulator’s decision on this Code Modification.
 - The industry participant wished for it to be minuted that, at present, there is no planned maintenance for the 2016/2017 gas year, and that therefore any interruptions will be classified as ‘unplanned’ and that rebates would be granted accordingly.
 - The Regulator stated that once issued, A071 may be implemented retrospectively from 1st October 2016.
 - An industry participant asked if unplanned or changes to planned maintenance occur, does a REMIT notification occur.
 - The Transporter confirmed that if the maintenance is of a nature that falls within the scope of REMIT, then the Transporter will issue a REMIT notification.

ID	Action	Responsibility	Date Raised	Delivery Date
C504	Industry participants to respond to the Regulator’s proposed decisions on A071.	Industry Participants	31/08/2016	16/09/2016

6. Code Modification A074 ‘Changes to Daily Imbalance Charges: Second Tier Imbalance Price’

- The Transporter noted that industry responses to A074 are included in the accompanying slides.
- The Transporter stated that the modified multipliers were not scientifically selected, but rather were a step to incentivise Shippers not to generate second tier imbalances.
- The Regulator stated A074 is a first step towards addressing balancing issues in the short-term, with the aim of moving to an enduring balancing arrangement solution in the future.
 - The Regulator indicated that it is currently completing a note on the rationale for its Decision on A074, which it will circulate in due course.

7. Balancing

- *Balancing Arrangements Consultation Paper*
- *Balancing related Code Modification Proposals*
 - *A075 Outline Basis for Selection and Determine the Optimum Level of the Second Tier Imbalance Multipliers*
 - *A076 New Interim Email Balancing Platform*
 - *A077 Introduction of a Daily Balancing Regime*

- Members of the IOOA presented the proposed Code Modifications A075, A076, and A077, as per the relevant slides.
- When presenting Proposal A076, the IOOA member flagged the need for greater availability of information.
 - They stated that flows to Northern Ireland are indicated as flows to ROI on ENTSOG.
 - The Transporter agreed with this assessment.
 - The Transporter concurred with the IOOA member’s statement that the TSO was the only party with real-time data on the 9th July.
 - The Transporter stated that it is working to make more real-time data widely available, including hourly flows and aggregate nominations.
 - The Transporter acknowledged that the data disseminated in its Monthly Report needs to be reported more frequently.
 - Regarding this email based approach proposed, the Transporter and Regulator both considered it best to focus on a more enduring balancing solution. The Transporter stressed the complicated contractual and financial security issues that would constrain timely implementation of such an email approach.
- A member of the IOOA stated that the reason the IOOA was proposing these Code Modifications was to gain some traction in ensuring the Transporter produces an enduring solution to balancing issues, which they consider to not be alleviated by what they perceive to be unjustified changes in cashout rates under A074.
- The Transporter detailed the Balancing Arrangement Consultation Paper that has been issued, as per the relevant slide.
 - The Transporter and the Regulator welcome industry feedback and responses to the Consultation Paper.
 - An industry participant questioned if the deadline for industry response to the Consultation could be extended by one week, considering the numerous CER Consultations underway at present.
 - The Transporter agreed to extend the Consultation deadline to the 22nd September.

- Industry participants requested that the Transporter issue timelines of when it considers each balancing option to be feasible to implement. They dates are considered important to enable provision of informed responses by industry to this Consultation.
 - The Transporter agreed to circulate proposed implementation timelines for each balancing option within one week.
 - The Transporter indicated that, subject to a variety of factors, a trading platform could potentially be implemented within 6 months and a balancing platform within 6-9 months (due to additional internal systems having to be developed for the latter).
 - The Transporter indicated that it is currently taking preparatory steps to expedite the implement process of the selected platform option, establishing and setting up the procedures and protocols that are common to both, for example IT systemisation requirements, front-end notifications to industry and necessary redrafting to the Code of Operations.
 - The Transporter confirmed that if a Trading Platform is the selected option, it will seek expressions of interest via a tender process, which would be issued via the GNI website.
 - The tendering period would be for either 28 or 45 days, depending on the tender value and would be a pan-European tender process.
 - Following receipt of tenders, consultation with the Regulator and industry would occur, prior to the selection of a trading platform operator.
 - Whichever platform option is selected, the Regulator will issue direction on: 1) proposed amendments to the Code of Operation; and, 2) contractual issues surrounding active balancing service contracts.
 - An industry participant stressed the need to expedite the choice of an enduring platform option.
- When questioned about the usage of the balancing services contract, the Transporter stated that since the removal of ZIP and the requirement of Shippers to be in balance at the end of the gas day, the Transporter is experiencing the situation of having to take balancing actions early in the day.
 - An industry participant responded that all parties are operating in a new reality that the Transporter must accept this and adopt new operational habits accordingly.
 - The Transporter stated that it recognises this and agrees that Shippers are entitled to nominate on a gas day as they see fit and that each individual Shipper can control their own (and no other Shippers') nominations/renominations.
- An industry participant questioned whether after-day trades could help Shippers to manage their portfolios. It was noted that industry participants have come together in the past to engage in bilateral trades, but that contract drafting around such trade agreements can be onerous on Shippers.
 - The Transporter indicated that it is happy to partake in discussions on this matter.
 - It would also be happy to assist Shippers in engaging in such trades in any way it could, in terms of notifications to Shippers.
 - The Transporter noted that:
 - the modified second tier multipliers would incentivise after-day trades.
 - if Shippers trade out their imbalances amongst themselves, this does not impact the disbursement account.

- The Regulator stated that further consideration of A075, A076 and A077 is on hold until the outcomes of the Balancing Arrangement Consultation Process are apparent, since many of the issues raised in these Code Modification proposals will be addressed in the Consultation.
- The Regulator noted that the events of 9th July resulted from a combination of issues, and that the focus should now be on moving forward and developing an enduring balancing solution.
 - The Transporter detailed how ongoing discussions are underway with the individual impacted Shippers about the specific events of the 9th July.
 - Industry participants requested that once these discussions are completed, the general lessons and learnings from this event should be communicated to the wider Shipper community.
 - The Transporter agreed to provide an overview of the general lessons and learnings from the events on the 9th July at Bellanaboy at the next Code Modification Forum Meeting

ID	Action	Responsibility	Date Raised	Delivery Date
C505	Industry participants to provide feedback and responses on the Balancing Arrangement Consultation Paper.	Industry Participants	31/08/2016	22/09/2016

ID	Action	Responsibility	Date Raised	Delivery Date
C506	The Transporter to circulate proposed implementation timelines for each balancing option.	Transporter	31/08/2016	08/09/2016

ID	Action	Responsibility	Date Raised	Delivery Date
C507	The Transporter to provide an overview of the general lessons and learnings from the events on the 9 th July at Bellanaboy.	Transporter	31/08/2016	05/10/2016

8. Code Modification A078 'Overrun Charges at Domestic Entry Points'

- An IOOA Member presented the proposed Code Modification A078, per the relevant slides.
- The proposer questioned whether the Regulator could force a Shipper to sell back unutilised capacity.
- An industry participant commented that they could see how this matter could impact Shippers operating in the UK gas market, but questioned if this eventuality is a 'real risk' in the ROI gas market, in light of high capacity prices.
- The proposer argued that an *ex ante* view of commercial incentives is irrelevant, and that we cannot say that this eventuality of monopoly capacity hoarding behaviour is not going to happen or that the Code of Operations is going to prevent this.

- They elaborated that it is a question for the Regulator if capacity hoarding is acceptable behaviour, and questioned what measures are in place to prevent such behaviour.
 - The Regulator responded that, in reality, the tariff is a deterrent to prevent such behaviour.
 - The proposer argued that the tariff is an insufficient deterrent.
- It was noted that this situation only arises when primary capacity is unavailable.
- An industry participant stressed that Shippers only buy capacity for commercial gain.
- They stated that other mechanisms such as a ‘ticket to ride system’, as was previously in place at the Moffat Entry Point, is an alternative option and that implementation of such a Modification could interfere with secondary capacity trading.
- Another industry participant stated that it is important that we do not confuse domestic rules with EU rules, and that this is a wider, competition issue, rather than a Code of Operations specific issue.
- The proposer stated that rules should be in place to prevent monopoly behaviour.
- Another industry participant questioned why a Shipper would want capacity in excess of their expectation of production.
- Industry participants stated that the incident of capacity hoarding had not happened in the ROI gas market to date (and thereby questioned the profitability of doing so). They also questioned why a Code Modification should be implemented for a situation that has not occurred.
 - An industry participant responded that this situation had occurred when attempting to book capacity at Corrib in the recent past, during Commissioning. However, they were unsure if this eventuality has occurred during commercial operations.
- Several industry participants commented that the secondary capacity market should work and that UIOLI exists in effect in ROI in the form of overruns - i.e. a Shipper can flow excess gas and pay the overrun rate (i.e. a default purchase price).
- It was agreed that industry participants would provide their responses to this proposed Code Modification within two weeks.
- It was agreed that the Regulator would review the powers at its disposal to prevent Shippers from engaging in capacity hoarding.

	Action	Responsibility	Date Raised	Delivery Date
C508	Industry participants to provide responses to A078 within two weeks.	Industry Participants	31/08/2016	16/09/2016

ID	Action	Responsibility	Date Raised	Delivery Date
C509	The Regulator to review the powers at its disposal to prevent Shippers from engaging in capacity hoarding.	Regulator	31/08/2016	05/10/2016

9. Virtual Reverse Flow

- A slide on VRF usage to date is included in the slide pack.

10. Gas-Electricity Interaction

- The Gas-Electricity Interaction Forum meeting, hosted by SSE on behalf of the EAI, is scheduled for 13th September 2016.
 - The focus of the meeting will be on gas and electricity market balancing and preparation for ISEM.
 - Email invitations to attend the meeting have been circulated to relevant stakeholders.

11. Data Transparency

- The Transporter provided an overview of all available GNI data from various data sources.
 - The Transporter welcomes the views of industry participants on data dissemination preferences and proposed improvements.
 - The Transporter indicated that timelines around transparency data improvements depend on data warehouse and user interface issues.
 - The Transporter stressed that associated costs of improving data transparency should be recognised when choosing how much data to disseminate in real-time.
- An industry participant requested that the Monthly Report includes (accurate) data for Inch and VRF data going forward.
- The Transporter confirmed that data on ENTSOG is reported with a time lag at present.
- The Transporter will request that ENTSOG clarify on their website that flows to Northern Ireland are indicated as flows to ROI.

ID	Action	Responsibility	Date Raised	Delivery Date
C510	The Transporter to request that ENTSOG clarify on their website that flows to Northern Ireland are indicated as flows to ROI.	Transporter	31/08/2016	22/09/2016

12. AOB

- An industry participant stated that they had contacted the Transporter via email, requesting distance data for the tariff model and that they had not yet received a response.

13. Administration

- The next forum meeting will take place in the Clarion Hotel, Cork on 5th October 2016.
 - A Balancing Workshop is proposed to take place on that afternoon.

Action Ref	Action	Responsible	Date Raised	Status	Response Date	Expected Delivery Date	Priority
C464	The Transporter will consider the concerns raised by industry in relation to credit level ratings. It will also discuss the issues directly with industry participants where necessary.	Transporter	9/12/2015	Open		27/01/2016	Medium
C478	The Transporter is to consider what the earliest possible date is for the implementation of a multi-party framework and/or a market based imbalance cash out price.	Transporter	09/03/2016	Open		20/04/2016	High
C483	The Transporter is to investigate adding further enhancements to the VRF product: <ol style="list-style-type: none"> 1. Notification if additional VRF capacity available. 2. Within-day auctions 3. Interruption time-stamping 	Transporter	20/04/2016	Open		01/06/2016	High
C492	The Transporter will communicate directly with each Shipper about all maintenance plans for the 2016/2017 gas year. The Transporter will also present an overview of their Maintenance Notification Procedures at the next Forum meeting.	Transporter	13/07/2016	Open		27/07/2016 31/08/2016	High
C493	The Regulator to review and provide feedback on proposed Code Modification A071.	Regulator	13/07/2016	Open		31/08/2016	High
C501	Release a revision of Version 5.1 of the Code of Operations which reflects any Code Modifications approved by the CER subsequent to the 1 st of October 2015.	Transporter	31/08/2016	Open		31/10/2016	Medium
C502	The Transporter will seek legal clarity on when code restrictions and/or constraints under relevant Connected Systems Agreements are to be enacted.	Transporter	31/08/2016	Open		05/10/2016	

Action Ref	Action	Responsible	Date Raised	Status	Response Date	Expected Delivery Date	Priority
C503	The Transporter will communicate with Shippers about all planned maintenance.	Transporter	31/08/2016	Open		30/09/2016	High
C504	Industry participants to respond to the Regulator's proposed decisions on A071.	Industry Participants	31/08/2016	Open	16/09/2016		High
C505	Industry participants to provide feedback and responses on the Balancing Arrangement Consultation Paper.	Industry Participants	31/08/2016	Open	22/09/2016		Medium
C506	The Transporter to circulate proposed implementation timelines for each balancing option.	Transporter	31/08/2016	Open		08/09/2016	High
C507	The Transporter to provide an overview of the general lessons and learnings from the events on the 9 th July at Bellanaboy.	Transporter	31/08/2016	Open		05/10/2016	High
C508	Industry participants to provide responses to A078 within two weeks.	Industry Participants	31/08/2016	Open	16/09/2016		Medium
C509	The Regulator to review the powers at its disposal to prevent Shippers from engaging in capacity hoarding.	Regulator	31/08/2016	Open		05/10/2016	Medium
C510	The Transporter to request that ENTSOG clarify on their website that flows to Northern Ireland are indicated as flows to ROI.	Transporter	31/08/2016	Open		22/09/2016	Medium