

Code Modification Forum Meeting Minutes

5th October 2016

Location: The Clarion Hotel, Cork

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	Brian McGlinchey	IOOA/ Kinsale Energy
9	Terry Burke	Statoil
10	Amrik Bal	Shell
11	Kevin Murray	Bord Gáis Energy
12	Grace Kingston	GNI
13	Chris George	Gazprom Marketing & Trading
14	Dermot O' Kane	EBI
15	Martin Regan	EBI
16	Derek Scully	Energia
17	Bryan Hennessy	Vayu
18	Keith Deacon	Tynagh Energy
19	James Tyrell	ESB
20	Karol O' Kane	ESB
21	Lisa Fahy	SSE

1. Approval of Previous Minutes

- The amended minutes of the Code Modification Forum of the 31st August 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 31st August 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 C492, C502, C503, C504, C505, C506, C507, C508, C509 and C510 would be closed.
- Concerning action items C510, it was noted that a breakdown of data flows from the Interconnection Point (ROI versus flows to NI, and Isle of Man) should be possible to determine based on transparency data made available by the Transporter.

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.

4. GNI Scheduled Maintenance Update

- The Transporter delivered an update on planned network maintenance, stating that there is no planned maintenance in the 2016/2017 gas year that will impact Shipper Operations. Therefore any maintenance that is undertaken will be considered ‘unplanned’.
- A discussion was held concerning the draft “*Notifications to Shippers in the event of Transportation System Issues*” document circulated.
 - The Transporter welcomed feedback on this draft Notification Procedure document.
 - Industry participants welcomed the Notification Procedure document, but felt that the ‘lessons learned’ by the Transporter from the events of 9th July are not clearly specified in this document.
 - The Transporter agreed to circulate a slide outlining the ‘Lessons Learned’.
 - The Transporter recognised that a balancing sell should have occurred earlier on the day of 9th July.

- Industry participants questioned whether the notification procedures outlined would have prevented the events of 9th July at Bellanaboy from occurring.
 - The Transporter outlined how notification procedures would have been taken as per Section 2.3 (Supply Exceeding Demand) of the Notification Procedure document.
 - Industry participants commented that notifications to Shippers about supply exceeding demand may not have changed what happened on 9th July.
 - More generally, some felt that relevant timelines detailing when notifications should be communicated and actions taken should be included in the Notification Procedure document.
 - It was however recognised that these timelines would depend on the urgency of the issue and other factors (such as the location from which gas is flowing).
 - It was agreed that an element of discretion is needed in establishing timelines and intervals (i.e. when and how frequently notifications should be circulated).
 - It was agreed that the Transporter needs to send notifications out as soon as possible, to prevent a situation of over/undersupply from developing.
 - An industry participant questioned where in the Code of Operations is it stated that it is a requirement of Shippers to use reasonable endeavours to balance their portfolio.
 - In response to this question (for information purposes, following the CMF meeting), Part E (Section 1.1.1) of the Code of Operations (Version 5) states:

“Each Shipper shall use reasonable endeavours to ensure that, in respect of each Day, its Initial Inputs and Final Inputs are equal to its Initial Outputs and Final Outputs respectively”.
 - In addition, Chapter II (Article 4) of EU Regulation No. 312/2014 states:

“The network user shall be responsible to balance their balancing portfolios in order to minimise the need for transmission system operators to undertake balancing actions set out under the Regulation”.
 - The industry participant questioned whether a constraint notice can be issued between operators.
 - The Transporter stated that it would depend on the specific arrangements between operators.
- An update on IT maintenance was presented, as per the relevant slide.

ID	Action	Responsibility	Date Raised	Delivery Date
C511	Transporter to issue a slide detailing the ‘lessons learned’ from the events of 9 th July at Bellanaboy.	Transporter	05/10/2016	20/10/2016

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

- The two industry responses to the Regulator’s minded to position to accept A071 in principle (which the CER indicated at the previous CMF meeting) were presented, as per the relevant slides.
- The Regulator indicated that it was minded to decide that:
 - the applicable rebate would be a pro-rata refund commensurate with the capacity product purchased that had been affected.
 - the rebate would be applicable whether the affected Shipper was required to purchase additional replacement capacity at an alternative entry point or not (with no requirement to produce evidence of being impacted).
 - the first five days of scheduled maintenance would be treated as planned where notified to Shippers, and any additional maintenance days following the notified five day period would be treated as unplanned.
 - any planned maintenance will have to be communicated by the Transporter to Shippers by the end of May (Code of Operations currently states the end of September, when the new gas year commences).
- The Regulator stated that the Transporter should try to schedule maintenance so as to minimise its commercial impacts, in so far as is possible.
- The Regulator also indicated that it had taken on board industry concerns regarding the timing of maintenance and that it would consider an incentive mechanism for the Transporter as part of the forthcoming Price Control.
- An industry participant questioned whether the Regulator had considered the issue of a buy-back scheme
- The Regulator indicated that a Commission Instruction concerning A071 will be issued shortly and that the implementation date will most likely be November 2016 (and not retrospective to the start of the gas year).
- The Regulator indicated that its rationale for implementing A071 and A074 will be circulated shortly.

ID	Action	Responsibility	Date Raised	Delivery Date
C512	Commission Instruction on A071 to be issued.	Regulator	05/10/2016	23/11/2016

ID	Action	Responsibility	Date Raised	Delivery Date
C513	Regulator’s rationale for implementing A071 and A074 to be circulated.	Regulator	05/10/2016	23/11/2016

6. Code Modification A078 ‘*Overrun Charges at Domestic Entry Points*’

- The five responses received from industry to A078 were presented, as per the relevant slides.
- The Transporter’s view on A078 was then presented, as per the associated slide.
- The Regulator indicated that it is in favour of A078 in principle, stating that mechanisms to prevent capacity hoarding need to be explored.
- The Code Modification Proposer commented that we cannot have a situation where there is a provision in the Code of Operations concerning capacity hoarding and not give an indication as to how this provision is to be enforced.
 - The Proposer commented that they are disappointed that this issue had been raised previously and the Transporter has not provided an indication as to how this Code provision is to be enforced.
 - The Proposer also questioned what actions the Transporter would take if capacity hoarding occurs.
 - The Proposer commented that safeguards should be put in place in ROI to prevent this eventuality, in light of the new entry point (Corrib).
 - Another industry participant responded that the Code of Operations is clear in indicating that it will not permit capacity hoarding. However, preventative measures to ensure that this does not occur are not clearly stated.
 - An industry participant argued that in addition to stating that it should not occur, the Code should also state the measures to be enforced to prevent it from happening.
 - The Proposer stated that A078 is their attempt to suggest how capacity hoarding could be prevented, and that they welcomed alternative suggestions as to how this issue could be addressed.
 - Another industry participant stated that it recognises the Transporter’s view and comments on operational issues (as per the relevant slide).
- It was suggested that some of the principles of CMP (Congestion Management Procedures) could be relevant to domestic entry points.
- The Regulator indicated that it would review the work undertaken at a European level on the issue of capacity hoarding, where the issue has been more current.
- It was agreed that capacity hoarding may be categorised as long-term and short-term capacity hoarding, and that the latter appears more likely to occur, given capacity costs, and to therefore be the main concern.
- The Code Modification Proposer indicated that they would send relevant documentation on measures adopted by other TSOs/NRAs to deter/prevent capacity hoarding to the Transporter.
- The Regulator commented that the Tariff Network Code will include rules on interruptible products which will need to be considered.
 - On this point, it was argued that rules need to be implemented for the current gas year.

- An industry participant questioned whether technical capacity at Bellanaboy could be increased beyond the current maximum level, as technical capacity at Inch is three times greater than the amount that can currently actually flow at Inch.
- The extent to which secondary trading of capacity at Corrib takes place was questioned.
 - It was argued that how secondary trading is facilitated is a separate issue to preventing capacity hoarding.
 - The question of whether the potentially impacted Shippers should set-up bilateral agreements was posed.
- The extent to which this is a commercial versus operational issue for Shippers/Producers was also raised.
 - A comment was made that attempts to optimise capacity bookings involve commercial risks.
 - It was felt that if capacity hoarding is an operational issue, it can be overcome.
- Some felt that further assessment needs to be undertaken to establish if capacity hoarding is a barrier to trade. To this end, an industry participant questioned whether analysis can be undertaken to establish whether capacity hoarding is apparent within the ROI gas market.
 - It was agreed that the Transporter will circulate relevant capacity data to the Regulator, to facilitate assessment of the likelihood of this eventuality occurring and, subject to the Regulator’s approval, disseminate this anonymised data to the Shipper community.
- An industry participant commented that the issue of capacity hoarding has the potential to become more serious during the winter months.
- Another industry participant commented that there are many options and differing views among the Shippers in attendance about this proposed Code Modification, and that there are Shippers who do not support A078 as it is currently proposed.
- It was agreed that the Transporter would provide details on the specific actions that it would propose to take in the event of capacity hoarding by Shippers.

ID	Action	Responsibility	Date Raised	Delivery Date
C514	Regulator to review European work on the issue of capacity hoarding.	Regulator	05/10/2016	23/11/2016

ID	Action	Responsibility	Date Raised	Delivery Date
C515	Transporter to circulate capacity data to the Regulator, to facilitate assessment of the likelihood of capacity hoarding occurring and, subject to the Regulator’s approval, disseminate this anonymised data to Shippers.	Transporter	05/10/2016	23/11/2016

ID	Action	Responsibility	Date Raised	Delivery Date
C516	Transporter to provide details on the specific actions that it would propose to take in the event of capacity hoarding by Shippers.	Transporter	05/10/2016	23/11/2016

7. Gas-Electricity Interaction

- The Gas-Electricity Interaction Forum meeting, hosted by SSE on behalf of the EAI, took place on 13th September 2016.
 - Issues covered at this meeting were outlined, as per the relevant slide.
- An industry participant brought up the issue of the Transporter reviewing the issues of deemed flow and INFR (Implied Nomination Flow Rate).
- The issue of the timing of nominations was discussed.
 - An industry participant commented that Shippers are likely to nominate later in the gas day as a result of the implementation of A074, as there is an incentive on Shippers to be conservative in their flow estimates.
 - The Transporter commented that greater system imbalances earlier in the gas day have become evident recently.

8. AOB

- An industry participant questioned the purpose of the email circulated to the CMF in September 2016 concerning VRF.
 - The Transporter clarified that this email related to the Legal Drafting for the amendment of the Tripartite Agreement and does not result in any changes to the existing VRF product and Business Rules in place, i.e. there are no changes to Shipper operations.
- The participant referred to a letter that they had circulated to the Transporter on the 3rd October concerning clarification sought on data contained in GNI's July Monthly Report.
 - The Transporter responded that they would look into the specific query raised and revert back to the industry participant in due course.
- The participant then referred to a query that they had previously posed to the relevant department within GNI concerning the Tariff Model (explicitly, the pairing of entry and exit distance data within the Model).
 - The Transporter asked the participant to circulate this query to them directly for follow-up.

ID	Action	Responsibility	Date Raised	Delivery Date
C517	Transporter to review and revert concerning data query about GNI July Monthly Report.	Transporter	05/10/2016	20/10/2016

9. Administration

- The next forum meeting will take place in the Kilmainham Hotel, Dublin on 23rd November 2016.
 - It was agreed that a Balancing Workshop will take place that afternoon.

Action Ref	Action	Responsible	Date Raised	Status	Response Date	Expected Delivery Date	Priority
C464	The Transporter to 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	09/12/2015	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
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 1st of October 2015.	Transporter	31/08/2016	Open		31/10/2016	Medium
C511	Transporter to issue a slide detailing the ‘lessons learned’ from the events of 9 th July at Bellanaboy.	Transporter	05/10/2016	Open		20/10/2016	High
C512	Commission Instruction on A071 to be issued.	Regulator	05/10/2016	Open		23/11/2016	Medium
C513	Regulator’s rationale for implementing A071 and A074 to be circulated	Regulator	05/10/2016	Open		23/11/2016	Medium
C514	Regulator to review European work on the issue of capacity hoarding.	Regulator	05/10/2016	Open		23/11/2016	High
C515	Transporter to circulate capacity data to the Regulator, to facilitate assessment of the likelihood of capacity hoarding occurring and, subject to the Regulator’s approval, disseminate this anonymised data to Shippers.	Transporter	05/10/2016	Open		23/11/2016	High

Action Ref	Action	Responsible	Date Raised	Status	Response Date	Expected Delivery Date	Priority
C516	Transporter to provide details on the specific actions that it would propose to take in the event of capacity hoarding by Shippers.	Transporter	05/10/2016	Open		23/11/2016	High
C517	Transporter to review and revert concerning data query about GNI July Monthly Report.	Transporter	05/10/2016	Open	20/10/2016		Medium