

## Code Modification Forum Meeting Minutes

23<sup>rd</sup> November 2016

*Location: Hilton Hotel, Kilmainham, Dublin*

Attendees		
	Name	Representing
1	Andrew Kelly	GNI
2	Gráinne Greehy	GNI
3	Kieran Quill	GNI
4	Karen Trant	CER
5	Colm Ó Gormáin	CER
6	Sarah McCauley	CER
7	David Lindsay	CER
8	Jag Basi	ESB GWM
9	Anthony Foody	Electric Ireland
10	Paul Hoey	Electric Ireland
11	Lucy Manning	Gazprom
12	Amrik Bal	Shell
13	Terry Burke	Statoil
14	Martin Regan	EBI
15	Keith Deacon	Tynagh Energy
16	Kevin Murray	Bord Gáis Energy
17	Lisa Fahy	SSE
18	Henk Kreuze	Vermilion
19	Brian McGlinchey	Kinsale Energy/ IOOA
20	Warren Deacon	ESB GWM
21	James Tyrell	ESB
22	Lisa Walsh	GNI

## **1. Approval of Previous Minutes**

- The minutes of the Code Modification Forum of the 5<sup>th</sup> October were agreed and approved.
  - For supporting information, to be read in conjunction with these minutes, please see the slides presented at the October meeting.

## **2. Review of Action Items**

- The actions from the previous Code Modification Forum of 5<sup>th</sup> October 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, action items C493, C511, C514, C515, C516, and C517 would be closed.

## **3. General Items Update**

- The Transporter delivered updates on Version 5.0 of the Code of Operations.
  - Version 5.0 of the Code of Operations consolidates all changes approved up to the 1<sup>st</sup> of October 2015.
  - A further revision will be released shortly to reflect any Code Modifications approved by the Regulator subsequent to the 1<sup>st</sup> of October 2015.

## **4. GNI Scheduled Maintenance Update**

- The Transporter delivered an update on unplanned network maintenance impacting the Bellanaboy Entry Point from 21<sup>st</sup> November to 23<sup>rd</sup> November inclusive.
  - 21<sup>st</sup> November: Corrib Terminal Operator issued a Curtailment notice.
  - 22<sup>nd</sup> and 23<sup>rd</sup> November: GNI issued a Constraint notice (Restricted Capacity Days).
- The Transporter noted that impacted Shippers were notified of the unplanned maintenance and resultant implications on their operations the week prior to the commencement of the unplanned maintenance.
  - The Transporter hopes that timelier notifications being issued to impacted Shippers are an indication of improved communication from the TSO.
- An update on IT maintenance was presented, as per Slide 11.

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

- The Regulator provided an update on A071, noting that this Code Modification needs to go through internal processes to ensure sign-off by the Commission.
  - The Regulator noted that the implementation date for A071 will be decided by the Commission.
- Action Items C512 and C513 remain outstanding.

ID	Action	Responsibility	Date Raised	Delivery Date
C512	Commission Instruction on A071 to be issued.	Regulator	05/10/2016	18/01/2017

ID	Action	Responsibility	Date Raised	Delivery Date
C513	Regulator's rationale for implementing A071 and A074 to be circulated.	Regulator	05/10/2016	18/01/2017

## 6. Code Modification A078 'Overrun Charges at Domestic Entry Points'

- The Code Modification Proposer presented Slides (15-18), which included their proposed alternative approach concerning A078, which involves GNI selling in excess of 103.87 GWh/d entry capacity, with:
  1. no change in the physical amount of gas that could flow onto the network, and,
  2. no impact on GNI's operation of the network.
- The Proposer considers this alternative approach to require less redrafting to the Code of Operations.
- They also stressed that capacity overselling by GNI is currently possible at the Inch entry point.
- The Regulator stated that it is in favour of A078 in principle, and that mechanisms should be in place to ensure gas can enter the market.
- An industry participant commented that several questions (such as the potential impact on the Tariff K factor) would have to be reviewed and answered in order to effectively manage a principle.
  - They questioned what, if any, limited (Transporter and Regulator) resources should be taken up by evaluating potential capacity hoarding. They stressed the need to effectively manage, prioritise and balance the use of resources, given priority areas for the shipping community in broad terms and the need to ensure value for money for domestic customers.
  - The Proposer responded that they consider this suggested alternative approach to be relatively easy to implement, and consequently not to put a strain on resources.
  - An industry participant noted that relatively is subjective.
- The Transporter commented that from 1<sup>st</sup> November, all capacity at the Bellanaboy Entry Point has been bought on an annual basis, and that, since then, capacity trading on the secondary market has been occurring on a daily basis.
- The Transporter confirmed that the proposed capacity overselling approach would be possible to implement on GTMS.

- The Transporter stated that if this approach was to be adopted: 1) the Corrib Operator, as the agent, would have responsibility for the allocation of gas molecules, and 2) the Transporter would not be involved in the allocation process.
- An industry participant considered the Corrib Operator to be the most appropriate party to allocate gas molecules.
- The Transporter noted that the situations at Inch and Corrib are different, in that capacity at Corrib has a physical maximum threshold whereas Inch is not currently producing/exporting from storage at their historic maximum levels.
- An industry participant questioned whether it is worthwhile to examine the secondary capacity trading market, in the first instance.
  - The Proposer indicated that their preference is for a proactive approach to preventing capacity hoarding and suggested that secondary capacity trading can be examined in tandem.
  - The Proposer restated their views that: 1) there is a need to take action concerning the relevant provisions in the Code, and, 2) that secondary capacity trading is a separate issue to potential capacity hoarding.
- An industry participant reiterated that there is no evidence of capacity hoarding at present.
  - The Proposer responded that their concern is what happens when the secondary capacity market does not work.
  - The industry participant stated that the current process in place (use of the secondary market) should, in the first instance, be examined to establish the extent to which it is being used by Shippers to acquire capacity.
  - The Proposer felt that if there is a provision in the Code, it is reasonable to expect clarity on how the provision is going to be adhered to.
- The Transporter presented the mechanisms at its disposal (under the Code) concerning potential capacity hoarding (Action Item C516), as per Slide 19.
- The Transporter stressed that there is no evidence of capacity hoarding by Shippers at present.
- The Regulator commented that in the context of A078, it considers the terms ‘capacity oversubscription’ and ‘underutilisation of booked capacity’ to be more appropriate terms to use, rather than ‘capacity hoarding’.
  - The Proposer agreed, stating that they are focused on more efficient utilisation of capacity.
- An industry participant questioned the extent to which the proposed overselling approach would impact pricing/tariffs (in particular, the K factor).
- The Regulator also questioned whether the proposed approach would be considered a buy-back.
  - The Transporter stated that it would be considered as oversubscription, without a buy-back.
  - The Regulator commented that if the Transporter was offering a FIRM capacity product, then it would need to understand the implications for nominations and potential effects on GNI and Linkline revenue.

- The Proposer commented that the proposed approach would involve the same procedures as are currently in place at all entry points - each Shipper will provide the Transporter with a profile of the capacity that they will book at each entry point.
- An industry participant mentioned that, twice during summer 2016, they were unable to book capacity at Corrib, and that this issue needs to be addressed.
- Some participants felt that any potential risks involved in this proposed approach need to be determined and quantified.
- It was agreed that industry will provide feedback on this proposed alternative (capacity overselling) approach to the Transporter within two weeks, who will then forward all feedback to the Proposer for consideration.

ID	Action	Responsibility	Date Raised	Delivery Date
C518	Industry to provide feedback on the proposed alternative (capacity overselling) approach to A078 within two weeks.	Industry	23/11/2016	12/12/2016

#### 7. Financial Security Update

- The Transporter provided an update on Financial Security implementation (A065), as per Slides 21-26.
  - The Transporter summarised the new process involved and associated steps.
- When asked, the Transporter confirmed that the availability of credit extensions is dependent on Shipper specific circumstances and the credit instrument(s) in place (which can impact how quickly an extension is secured).

#### 8. Gas-Electricity Interaction

- An industry participant voiced concerns about how quickly required changes can be made to align with I-SEM implementation timelines.
- The Regulator noted that it expects industry to be proactive in proposing appropriate Code Modifications as a result of I-SEM implementation
  - The Transporter stated that it supports the Regulator's view in this regard, and is agreeable to meeting with the EAI to discuss I-SEM progress at any stage.

#### 9. Entry Exit Pairing Data

- The industry participant (who raised this agenda item) referred to a query that they had previously posed to the commercial department within GNI concerning the Tariff Model (explicitly, the pairing of entry and exit distance data within the Model).
  - GNI's commercial department has previously informed this party that if they sign-up to the relevant license agreement, the Transporter would then discuss the Model data with them.

- They described how they consider the Transporter’s unwillingness to discuss the relevant data unless the party has signed-up to the license to be unacceptable.
- The Regulator stated that it would consult with GNI’s commercial department, whom they believe should provide an adequate explanation of how the pairing of entry and exit distance data is determined to the party in question.

ID	Action	Responsibility	Date Raised	Delivery Date
C519	Transporter to provide the relevant party with an explanation of how the Tariff Model pairing of entry and exit distance data is determined.	Transporter	23/11/2016	18/01/2017

**10. Transparency Data**

- The Transporter indicated that following a query from industry on the data included in the Monthly Reports, the following data will be included in these reports going forward:
  - Inch data
  - VRF allocations.
  - Shrinkage data (on a daily basis).
- The Transporter indicated that it plans to update previous Monthly Reports, which are currently published on the Website, to include this additional data.
- The Transporter stated that although the Monthly Report will continue to be circulated on the Website in PDF format, an Excel version will be circulated to the CMF mailing list each month, to facilitate data analysis/collation by recipients.
- The Transporter mentioned that it intends to make available hourly updates (in GTMS) on the network’s aggregate imbalance position, in the near future.
- An industry participant asked whether the Monthly Report can be published in a timelier manner, following the end of each reporting period.
  - The Transporter responded that the reason for the delay in issuing the Monthly Report is waiting until the monthly billing process has been finalised. However, the Transporter indicated that it would look into manually scheduling the Monthly Report to run sooner.
  - The industry participant also questioned if an Excel file with more up-to-date data could be circulated (in between Monthly Reports).
  - Another industry participant questioned whether uncleansed D+1 data could be provided, to the shipping community.
- The Transporter provided a progress update concerning the redesign of the GNI Data Transparency Website.
  - The Transporter indicated that in terms of project delivery timelines, balancing and data transparency are joint priorities from an IT systemisation perspective.

- Following a request from industry, the Transporter agreed to circulate a list of the metrics/indicators on which it is proposing to report data on the new transparency Website, for industry feedback.
- An industry participant questioned whether allocation data could be published more frequently than D+12, and question if there are any measures that can be taken to expedite the billing process.
  - The Transporter indicated that it would look into this matter.
- The Transporter commented that although within day Shipper imbalances are a concern at present, end of day Shipper imbalances appear to have improved in recent months (since A074 was implemented).
  - The Transporter noted that it may have to consult with the Regulator, if the issue of within day Shipper imbalances worsens.
- It was agreed that Data Transparency will remain an agenda item for Code Modification Forum meetings for the next few months.

<b>ID</b>	<b>Action</b>	<b>Responsibility</b>	<b>Date Raised</b>	<b>Delivery Date</b>
C520	Transporter to circulate an Excel version of the Monthly Report to the CMF mailing list.	Transporter	23/11/2016	Ongoing

<b>ID</b>	<b>Action</b>	<b>Responsibility</b>	<b>Date Raised</b>	<b>Delivery Date</b>
C521	Transporter to circulate a list of the metrics it is proposing to include on the new transparency Website, for industry feedback.	Transporter	23/11/2016	18/01/2017

## **11. AOB**

- The Transporter mentioned that the GNI Winter Outlook 2016/17 will be published on 24<sup>th</sup> November.
  - The Transporter provided an overview of the key messages included in this report, as per Slide 31.
- The Regulator provided an update on the CER's implementation of the Gas Security of Supply Regulation in Ireland, as per Slides 32-50.
- When asked, the Regulator stated that it looks likely that the status quo will prevail concerning the Second Fuel Consultation.
- An industry participant questioned what currently happens in terms of Code of Operation arrangements in an Emergency Situation.
  - The Regulator responded that the Emergency Manager takes over and operational issues take precedence over commercial ones.

- It was noted that compensation measures (in Emergency Situations) are due to be released next year.
- Industry participants commented that procedures around price guarantees and allocations in emergency situations are unclear at present, stating that ENTSOG/ACER will have to look into this issue.
- The Regulator responded that new regulation is being finalised in 2017.
- The Regulator also noted that the Republic of Ireland and Northern Ireland are classified by Great Britain as protected customers.

## 12. Administration

- It was agreed that the next Code Mod Forum Meeting will take place in the **Ashling Hotel**, Dublin on 18<sup>th</sup> January 2017 (*instead of 14<sup>th</sup> December 2016*).
  - A Balancing Workshop will take place that afternoon.
  - A tele-conference call may take place on the 14<sup>th</sup> December, to discuss A078 (depending on a decision by the Regulator to proceed with this). Notifications will be circulated accordingly.
- The tentative Code Modification Forum Meeting Dates for 2017 were referenced, as per Slide 52.

Action Ref	Action	Responsible	Date Raised	Status	Response Date	Expected Delivery Date	Priority
C464	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	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	Transporter is to investigate adding further enhancements to the VRF product: <ol style="list-style-type: none"> <li>1. Notification if additional VRF capacity available.</li> <li>2. Within-day auctions</li> <li>3. Interruption time-stamping</li> </ol>	Transporter	20/04/2016	Open		01/06/2016	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
C512	Commission Instruction on A071 to be issued.	Regulator	05/10/2016	Open		18/01/2017	Medium
C513	Regulator's rationale for implementing A071 and A074 to be circulated	Regulator	05/10/2016	Open		18/01/2017	Medium
C518	Industry to provide feedback on the proposed alternative (capacity overselling) approach to A078 within two weeks.	Industry	23/11/2016	Open	12/12/2016		High
C519	Transporter to provide the relevant party with an explanation of how the Tariff Model pairing of entry and exit distance data is determined.	Transporter	23/11/2016	Open		18/01/2017	High
C520	Transporter to circulate an Excel version of the Monthly Report to the CMF mailing list.	Transporter	23/11/2016	Open		Ongoing	Medium
C521	Transporter to circulate a list of the metrics it is proposing to include on the new transparency Website, for industry feedback.	Transporter	23/11/2016	Open		18/01/2017	High