

Code Modification Forum Meeting Minutes

13th July 2016

Location: The Clarion Hotel, Cork

Attendees		
	Name	Representing
1	Andrew Kelly	GNI
2	Kieran Quill	GNI
3	Gráinne Greehy	GNI
4	Mike Ronan	Aughinish Alumina Ltd.
5	Karen Trant	CER
6	Colm Ó Gormáin	CER
7	Sarah McCauley	CER
8	Kim Kennington	Manx Utilities
9	Paul Barnett	Manx Utilities
10	Brian O'Shea	Bord Gáis Energy
11	Kevin Murray	Bord Gáis Energy
12	Lisa Fahy	SSE
13	Danny Mills	Electric Ireland
14	Kieron Carroll	Kinsale Energy
15	Brian McGlinchey	Kinsale Energy
16	Martin Regan	EBI
17	Henk Kreuze	Vermilion
18	Terry Burke	Statoil
19	Karol O'Kane (Via Conference Call)	ESB GWM

1. Approval of Previous Minutes

- The minutes of the Code Modification Forum of the 1st June 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 1st June 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 C472, C485, C486 and C487 would be closed.
- Concerning action C488, it was agreed that the Transporter would liaise with the industry participant regarding the interpretation of the Use-It-Or-Lose-It (UIOLI) facility.

3. General Items Update

- Each attendee introduced themselves to the new representative present from the Regulator.
- The Transporter delivered updates on the following:
 - Version 5.0 of the Code of Operations has been issued to the CER for approval, and will be published on the Transporter's website once approved.
 - This version will consolidate all code modifications approved up to the 01 October 2015.
 - Compressed Natural Gas (CNG) for Transport.
 - The Transporter plans to construct 3 CNG filling stations during 2016, as per the relevant slide.
 - The Transporter has received formal approval for €7.4m of funding for the Causeway Study from the Connecting Europe Facility Transport Fund.
 - This study will examine the impact on the operation of the transportation system of large scale deployment of CNG refuelling facilities.
 - The study plans to deploy up to 17 CNG stations to serve Cork, Limerick, Dublin and Belfast.
 - An update on the CER Decision Paper concerning CNG was provided, including a background to the Decision Paper, consultation responses, key decisions made, and derogations that may apply (see relevant slides).
 - An industry participant questioned whether the excise level will move after eight years, and the Regulator responded that the budget promised this for eight years.
 - An industry participant questioned what CNG practices are applied elsewhere in Europe, for instance the requirement to have a supplier licence.
 - The Transporter responded that requirements vary by country.

- The Regulator stated it is attempting to make the process as easy as possible for Shippers to apply for derogations, and that there is a legislative requirement on the CER to issue natural gas licences.
- An industry participant questioned whether there is an incentive on forecourt operators to adopt CNG stations.
 - The Transporter indicated that there is grant aid to help incentivise and that the business case is strong for HGVs and buses (noting Ireland's 'greenest bus route').
 - It is expected that 70 stations will be rolled out by end of 2025.
 - The Regulator noted that the Alternatives Fuel Infrastructure Directive is driving CNG rollout.
 - When an industry participant queried the safety of CNG, the Regulator responded that all safety aspects will be carefully assessed.
 - An industry participant questioned the role that hydrogen plays in this arena. The Transporter responded that CNG does not exclude hydrogen from being an input to the transport fuel mix.

4. Corrib Update

- An update was delivered, as per the slides, regarding:
 - Capacity at the entry point.
 - Gas Networks Ireland certified the Maximum Operating Pressure (MOP) at 85Barg on the 30th of June.
 - Technical capacity has been raised to the maximum of **103.87** GWhs/day.
 - Commissioning Rate Tariff.
 - The 1/366th commissioning rate tariff at Bellanaboy is being applied to May billing. The standard daily, monthly, annual products and multipliers will apply with effect from the 1st of June.
 - Capacity Products.
 - The full suite of annual, monthly and daily capacity products are now available.
 - A graph was presented (see slide 18) which included total ROI system flows versus Corrib flows to date.
 - An industry participant questioned when Corrib is going to be commercial. The Transporter stated that while the Mayo-Galway pipeline was fully commissioned, it was a matter for the terminal Operator to declare its facility to be fully commercial.
- A detailed discussion was held concerning the flow restriction that took place at Bellanaboy on 9th July to reduce flows, when Shippers left in aggregate 15GWhr of gas on the network.
 - An industry participant questioned to what extent shippers are delivering gas into the system for which they do not have demand and whether there is an associated licencing issue.
 - The Transporter responded that this eventuality is an (im)balancing issue for the Transporter and a licencing issue for the Regulator.

- An industry participant questioned how long this sort of Shipper behaviour has been evident.
 - The Transporter responded that the introduction of VRF has helped to alleviate the issue of gas being left on the system. However, VRF cannot help alleviate Shippers' large imbalances on occasions when there is no ROI demand at Moffat to VRF against e.g. low demand days in the summer period.
- An industry participant voiced their annoyance that they had not been directly contacted nor instructed by the Transporter about these flow restrictions. They stated that the Regulator should be aware of their disappointment with the Transporter.
 - This industry participant described how they had presented a Communication Protocol to the Transporter, which has not yet been progressed.
 - Other industry participants perceived there to be a lack of clarity as to the procedures to be followed should/when a similar supply/demand scenario occurs, which is likely to be a high percentage of days in summer.
 - A major concern expressed by industry participants was communication responsibilities vis-à-vis Shippers. In particular, whether the Transporter or the terminal operator is responsible for notifications.
- The Regulator indicated that it wished to see improvements from the Transporter in all communications to the satisfaction of relevant stakeholders.
- The Transporter noted that the aforementioned issues raised by industry participants are valid, and that the Transporter will clarify and respond to all issues raised.
- The Transporter described how an Urgent Market Message (UMM) alert with an RSS feed is going live shortly, which should facilitate more timely communication with Shippers.
- Industry participants questioned the basis on which flows were constrained (under CSA or the Code of Operations) and what measures were taken to mitigate the need to constrain.
 - Questions raised included what the Transporter's selection criteria for entry point restrictions were.
 - An industry participant requested a profile of the gas that flowed at Moffat and Bellanaboy on the 9th July.
 - It was agreed that the relevant Transporter representatives would contact the impacted Shippers directly, as a priority, to brief them on the sequence of events.
 - The Regulator indicated that they wanted any confusions and disputes resolved and clarified.
- More generally, an industry participant stated that the Transporter should look at what they expect demand to be on a day and indicated that in their view the Transporter was best suited to determining this.
 - The Transporter responded that they do not have that information, and that timely (re)nominations from Shippers are required to keep the Transporter updated on projected demand flows.
- An industry participant also suggested that in an oversupply and imbalance situation, the operator and the 'offending' Shippers could be in breach of their CER licences.
 - The Regulator agreed to examine if there are any potential licencing issues for Shippers and/or the Operator associated with large positive imbalances (system long) resulting in flow restrictions and associated TSO balancing actions.

- This incident highlights industry participants' concerns with how the Transporter is operating and communicating with Shippers. The main concerns expressed about this particular event centred around:
 - The actions the Transporter took.
 - The Transporter's inaction to communicate decisions to relevant shippers and the rationale for these decisions.
 - The lack of an 'offender pays' approach to penalising the offending Shippers who left excessive gas on the system.
- An industry participant also queried when the commissioning of the Bellanaboy Terminal will be finished.
 - The Transporter stated that it was the Operator's responsibility to declare when commissioning is completed.
 - The Regulator indicated that it would look into associated procedural requirements, and communicate directly with the industry participant.
 - The Transporter commented that the Mayo-Galway line has been fully commissioned.

ID	Action	Responsibility	Date Raised	Delivery Date
C489	The Transporter to provide all Shippers with a profile of the gas that flowed at Moffat and Bellanaboy on the 9th July.	Transporter	13/07/2016	22/07/2016

ID	Action	Responsibility	Date Raised	Delivery Date
C490	Transporter representatives to contact the impacted Shippers directly, as a priority, to brief them on the sequence of events on 9 th July at Bellanaboy.	Transporter	13/07/2016	15/07/2016

ID	Action	Responsibility	Date Raised	Delivery Date
C491	The Regulator to examine any potential licencing issues for Shippers and/or the Operator associated with large positive imbalances (system long) resulting in flow restrictions and associated TSO balancing actions.	Regulator	13/07/2016	27/07/2016

5. GNI Scheduled Maintenance

- The Transporter delivered an update on planned network maintenance on the Midleton Compressor Station, as per the slide.

- An industry participant stated that stakeholders should be notified of any scheduled maintenance, before the start of the gas year. They flagged that maintenance is scheduled to take place at Inch in October, about which Shippers have not yet been notified.
- This participant felt that communication about the scheduling of planned and unplanned maintenance has been extremely poor, and that Shippers at entry points need to be notified directly and in a timely fashion.
 - The Transporter responded that they would communicate this matter to the Networks Operations Manager
 - The Regulator questioned whom within GNI is responsible for communicating maintenance information to Shippers.
 - The Transporter replied that Shipper Operations and Asset Operations should notify Shippers.
 - The Transporter stated that it is cognisant that longer notice periods and more co-ordinated notification procedures should be implemented.
 - It was agreed that longer notice periods should be given in the future.
 - A participant commented that Shippers are experiencing communication issues with the Transporter on a variety of levels.
 - The Regulator commented that there is a general theme of communication and lack thereof on the part of the Transporter, and that communication processes should be standardised and consistent going forward.
 - The Transporter agreed that these communication issue need to be escalated internally and resolved, as Shippers are justified in expecting a certain level of service.
 - It was agreed that the Transporter will communicate directly with each Shipper in the coming weeks about all planned maintenance.
 - It was also agreed that the Transporter would present an overview of their maintenance plans for the 2016/2017 gas year at the next Code Modification Forum, and welcomes any direct discussion with stakeholders in advance of the August Forum meeting.
- The Transporter delivered an update on planned IT maintenance on GTMS/SCADA, scheduled to take place in July, as per the slide.

ID	Action	Responsibility	Date Raised	Delivery Date
C492	The Transporter will communicate directly with each Shipper about all planned maintenance.	Transporter	13/07/2016	27/07/2016
	The Transporter will also present an overview of their maintenance plans for the 2016/2017 gas year at the next Forum meeting.			31/08/2016

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

- Industry participants’ responses to this proposed Code Modification are presented in the relevant slides.
- The Transporter reiterated its position on this Modification proposal, as per the relevant slide.
- An industry participant questioned why a Shipper would ‘pay double to get gas in’?
- Some industry participants expressed the view that the rebate should equal the number of days impacted at short-term capacity at Moffat.
- Industry participants stressed the relative additional expense for Shippers when the Transporter undertakes maintenance during the winter, when multipliers are higher.
 - The Regulator stressed that a revenue cap is in place, and that therefore there is no incentive for the TSO to over-recover.
- Concerning the rebate, the Transporter stated that a single price must be payable at a point.
- The Regulator was of the view that applying the price at the entry point does not prevent a rebate thereafter, i.e. cost neutralisation for the Shipper which could be applied at time of billing.
- The Regulator indicated that it would review the proposed modification, and revert to the Forum with its decision on the following:
 - Its views on the principle.
 - Whether the rebate will be applied to unplanned and planned maintenance.
 - The question of the replacement charge involved.
- The Regulator stated that the process needs to be clear and transparent, and that the rebate should only be provided in situations where the Shipper genuinely needs to purchase replacement capacity elsewhere.
- An industry participant stated that the principle of cost neutrality should be adhered to.
- In terms of the rebate involved and its potential calculation, the Regulator will review the following three options and decide which to select:
 - The pro-rata cost of the affected entry capacity approach, proposed by the Transporter.
 - The cost neutralisation approach discussed.
 - The approach suggested by some industry participants that every Shipper with booked capacity at that entry point on the day(s) of interruption is compensated pro-rata to the number of days interrupted, whether impacted or not.
- The Transporter reiterated that, whichever mechanism of rebate calculation is selected, transparency and simplicity are key.
- An industry participant elaborated that communication about interruptions is essential to mitigate the impact of interruptions.

ID	Action	Responsibility	Date Raised	Delivery Date
C493	The Regulator to review and provide feedback on proposed Code Modification A071.	Regulator	13/07/2016	31/08/2016

7. Code Modification A072 ‘Application of adjustments related to new Entry Points’

- The CER agreed to move to direct the charge for adjustments related to any new Entry Points be removed from the Code of Operations.

ID	Action	Responsibility	Date Raised	Delivery Date
C494	The Regulator to issue direction on A072.	Regulator	13/07/2016	28/07/2016

8. Code Modification A073 ‘SPC Charges at new LDM Sites’

ID	Action	Responsibility	Date Raised	Delivery Date
C495	The Regulator to direct approval of legal drafting for A073.	Regulator	01/06/2016	28/07/2016

9. Virtual Reverse Flow

- The Transporter delivered an update on virtual reverse flow within-day products usage to date, as per the slide.
- Industry participants expressed a desire for more frequent updates on forward and virtual reverse flows; the Transporter confirmed that hourly notifications are being developed.
- An industry participant alluded to the request that they made at the April 2016 Code Modification Forum for data on Inch flows to be included in the GNI Monthly Report. This participant reiterated this data request, in addition to their requests for the Monthly Report to be published more frequently (ideally daily), and a further explanation of the figures included.
- The Transporter indicated that it is currently exploring means of improving data transparency and availability.
 - The Transporter is engaged in efforts to make as much near real-time data available as possible.
 - Following requests from industry participants, the Transporter agreed to provide an overview of all TSO data currently available from various data sources (including a compilation of all relevant data links), at or prior to the August Forum meeting.
 - The Transporter welcomes the views of industry participants on additional data dissemination preferences.
 - An industry participant commented that the costs involved in improving data transparency should be recognised when choosing how much data to provide in real-time.

ID	Action	Responsibility	Date Raised	Delivery Date
C496	The Transporter to provide an overview of all available GNI data from various data sources by the next Forum meeting.	Transporter	13/07/2016	31/08/2016

10. Gas-Electricity Interaction

- The Transporter has been liaising with members of the Gas-Electricity Interaction Forum to arrange a meeting, to be hosted by the EAI.
 - Potential topics for this meeting were discussed, as per the relevant slide.
 - An industry participant queried why the gas and electricity day commence at different times in Ireland, and it was suggested that this could be a meeting discussion item.
 - Proposed meeting dates include 8th, 12th or 13th September, in Dublin.
 - The Transporter will circulate a Doodle Poll to establish date preference amongst Code Modification Forum participants, all of whom are welcome to attend. The Gas-Electricity Interaction Forum meeting will then be scheduled accordingly.
 - Presentations from interested parties would be welcome at this meeting, and any party interested in presenting should liaise directly with the Transporter.
 - Representatives from GNI and SSE will potentially present at this meeting.

ID	Action	Responsibility	Date Raised	Delivery Date
C497	The Transporter to circulate a Doodle Poll to establish date preference for a September Gas-Electricity Interaction Forum meeting, which will then be scheduled accordingly.	Transporter	13/07/2016	20/07/2016

11. Balancing

- The Transporter noted that an individual report has been sent to each active Shipper, which summarises their gas portfolio imbalance performance from October 2015 to May 2016.
 - Any queries concerning this report can be circulated to the Transporter directly.
- The four responses to the June Balancing Workshop were presented, as per the slides.
- The Transporter's comments to these responses were relayed.
- An industry participant reiterated their previous request at the Balancing Workshop (01/06/16) for a breakdown of the cumulative imbalance costs presented in the following Table:

SAP Multipliers	0.95/1.05	0.9/1.1	0.75/1.25	0.5/1.5
Cumulative Imbalance Cost	€1.900m	€1.823m	€1.583m	€1.183m

- The industry participant also wished to know how much the residual contract impacts price differentials across these multipliers.
 - The Transporter responded that there are commercial sensitivity issues, but that it would review the granularity of this data and revert back to industry participants regarding provision of a data breakdown.
- An industry participant flagged that the flow restrictions that took place at Bellanaboy on 9th July highlight the serious impacts of Shipper imbalances.

- Several industry participants voiced their frustration with certain Shippers leaving gas on the system and taking advantage of the cash-out / disbursements regime.
- An industry participant proposed that perhaps 2nd Tier imbalance multipliers should be 0.5 and 2.0 of SAP.
- This industry participant stated that the principle of balancing is to create good practices.
- The Transporter flagged that tolerances for LDMs are different, as highlighted in the relevant slide.
- Another industry participant believed that the flow restrictions at Bellanaboy could have been prevented if an active Trading Platform had been in operation.
- The Transporter stated that in the absence of proven liquidity, there is a need to explore other viable solutions to addressing imbalances; i.e. amendments to cash-out prices.
- A discussion took place on timelines for introducing either a Balancing or Trading Platform.
- An industry participant questioned whether the Transporter is permitted to use a Trading Platform in conjunction with a residual contact.
 - The Transporter indicated that it would look into this query, and stressed that what is clear is the need to have a balancing mechanism in place.
- The Transporter restated that we need to examine incentives to ensure balancing happens, and it was agreed that prices have to incentivise Shippers to balance.
- An industry participant felt that the two issues of cash-out prices and balancing services are separate and should be dealt with accordingly.
- It was agreed that for now, the Transporter could be seen as the market maker (with protections), but that players in a platform would establish their own market. Thus, price incentives should in theory encourage industry participants to take market actions.
- Several industry participants expressed the view that the disbursement account needs to change and that incentives in place should be set so that the actions of one Shipper do not negatively impact on others.
- The Transporter proposed to formally raise a Code Modification to modify 2nd Tier Imbalance price multipliers from 0.95/1.05 of SAP to 0.75/1.25 of SAP, as outlined at the June Balancing Workshop.
- The Transporter requested that the Regulator would direct immediate implementation of this Code Modification.
- It was noted that the proposed Modification could be implemented with minimal legal drafting or business rules.
- One industry participant wished for their objection to this proposal to be noted, commenting that they believed that the Transporter's proposal would not have the desired effect.
- Another industry participant stated that this proposed Modification was the first stage in addressing balancing issues. They questioned whether this Modification could be retrospectively implemented.

- The Regulator elaborated that this proposal could be a preventative measure to address imbalances until a trading or balancing platform is in place.
 - The Transporter agreed, stating that there are a lot of interrelated balancing issues to tackle, and that the only lever available at present is the cash-out price.
 - An industry participant agreed, stating that the first phase is incentive adjustments (as proposed) and then, evolving and developing a balancing mechanism. This second stage can continue to be explored in parallel to incentive adjustments.
- An industry participant raised the issue of the Transporter potentially compensating producers upstream of Corrib for the actions of the TSO.
 - The Transporter responded that flows in the system are based on prevailing Shipper nominations and that the TSO can only work with information provided and actual system demand.
- It was agreed that once proposed Code Modification A074 is circulated, industry participants will provide their response within one week, following which time the Regulator will make a decision on this Proposal.

ID	Action	Responsibility	Date Raised	Delivery Date
C498	The Transporter to review the availability of data on Cumulative Imbalance Costs and revert back to industry participants regarding their request for this data.	Transporter	13/07/2016	31/08/2016

ID	Action	Responsibility	Date Raised	Delivery Date
C499	Industry participants to submit their responses to Code Modification A074 within one week of circulation.	Industry Participants	13/07/2016	22/07/2016

ID	Action	Responsibility	Date Raised	Delivery Date
C500	Once industry responses have been reviewed, the Regulator will make a decision on proposed Code Modification A074.	Regulator	13/07/2016	31/08/2016

12. AOB

- No AOB items were raised.

13. Administration

- The next forum will take place in the Kilmainham Hotel, Dublin, on 31st August 2016 (*amendment to original scheduled date*).

Action Ref	Action	Responsible	Date Raised	Status	Response Date	Expected Delivery Date	Priority
C452	The Transporter committed to producing a new version 5.0 of the Code of Operations	Transporter	4/11/2015	Open		31/12/2015	Medium
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	High
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: <ul 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
C484	The Transporter to notify participants when Gas-Electricity Interaction Forum meetings are scheduled to take place and provide updates from these Forums at Code Modification Forum meetings.	Transporter	01/06/2016	Open		Ongoing	Medium
C488	The Transporter is to consider Part C, Section 1 of the Code of Operations in light of the query on UIOLI by an industry participant.	Transporter	01/06/2016	Open			Medium
C489	The Transporter to provide all Shippers with a profile of the gas that flowed at Moffat and Bellanaboy on the 9th July.	Transporter	13/07/2016	Open		22/07/2016	High
C490	Transporter representatives to contact the impacted Shippers directly, as a priority, to brief them on the sequence of events on 9 th July at Bellanaboy.	Transporter	13/07/2016	Open		15/07/2016	High

Action Ref	Action	Responsible	Date Raised	Status	Response Date	Expected Delivery Date	Priority
C491	The Regulator to examine any potential licencing issues for Shippers and/or the Operator associated with large positive imbalances (system long) resulting in flow restrictions and associated TSO balancing actions.	Regulator	13/07/2016	Open		27/07/2016	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
C494	The Regulator to issue direction on A072.	Regulator	13/07/2016	Open		28/07/2016	High
C495	The Regulator to direct approval of legal drafting for A073.	Regulator	13/07/2016	Open		28/07/2016	Medium
C496	The Transporter to provide an overview of all available GNI data from various data sources by the next Forum meeting.	Transporter	13/07/2016	Open		31/08/2016	Medium
C497	The Transporter to circulate a Doodle Poll to establish date preference for a September Gas-Electricity Interaction Forum meeting, which will then be scheduled accordingly.	Transporter	13/07/2016	Open		20/07/2016	Medium
C498	The Transporter to review the availability of data on Cumulative Imbalance Costs and revert back to industry participants regarding their request for this data.	Transporter	13/07/2016	Open		31/08/2016	Medium
C499	Industry participants to submit their responses to Code Modification A074 within one week of circulation.	Industry Participants	13/07/2016	Open		22/07/2016	High

Action Ref	Action	Responsible	Date Raised	Status	Response Date	Expected Delivery Date	Priority
C500	Once industry responses have been reviewed, the Regulator will make a decision on proposed Code Modification A074.	Regulator	13/07/2016	Open		31/08/2016	High