

## Code Modification Forum Meeting Minutes

31<sup>st</sup> January 2018

*Location: Ashling Hotel, Dublin*

Attendees		
	Name	Representing
1	Andrew Kelly	GNI
2	Kieran Quill	GNI
3	Catherine Philpott	GNI
4	Wayne Mullins	GNI
5	Marie O’Dea	Board Gais Energy
6	Andrew Pearce	BP
7	Henk Kreuze	Vermilion
8	Dermot O’Kane	EBI
9	Anna Gilmore	Shell
10	Keith Deacon	Tynagh
11	Diarmuid Murphy	Tynagh
12	David Mitchell	GNI
13	Kieran O’Sullivan	GNI
14	Christiane Sykes	Shell
15	James Tyrell	ESB
16	Chris George	GAZPROM
17	Anthony Foody	Electric Ireland
18	David Horan	Aughinish Alumina
19	Brian McGlinchey	IOOA/Kinsale Energy
20	Terry Burke	Statoil
21	Jag Basi	ESB
22	Richard Harper	Nepkin Energy
23	Daniel Ward	CRU
24	Sarah McCauley	CRU
25	Jack O’Connell	Advisor to CRU
26	Karen Trant	CRU
27	Derek Scully	Energia

28	PJ. McCarthy	Renewable Gas Forum Ireland
29	Bryan Hennessy	Vayu
30	Delores Sanchez (joined by conference call)	ELECTROROUTE
31	Edwin Burden (joined by conference call)	Centrica

### 1. Approval of Previous Minutes

- The [minutes](#) of the Code Modification Forum of the 6<sup>th</sup> December 2017 were agreed and approved.
  - For supporting information, to be read in conjunction with these minutes, please see the [slides](#) presented at the December meeting.

### 2. Review of Action Items

- The actions from the previous CMF Meeting of 6<sup>th</sup> December were reviewed and discussed.
- The Transporter gave an update on open actions and those completed, as per the accompanying slide.
  - It was agreed that, as proposed, action items C548, C543, C552, C554, C552 and C557 would be closed.

### 3. General Items Update

- The Transporter stated that a further revision (Version 5.02) of the Code of Operations will be released in the coming weeks, to reflect the following CRU approved modifications:
  - Code Mods A071, A079, A080, A081 and A082.

### 4. GNI Scheduled Maintenance Update

- The Transporter presented an overview of GNI's Planned Maintenance Programme for the 2017/18 Gas Year (as per Slide 12).
- The Transporter noted that there are no IT Maintenance updates to report (as per Slide 13) but reported that there had been some issues recently with the B2B communications layer between the Gemini System (National Grid), the Adjacent TSO affecting nominations at the Moffatt IP. The Transporter was taking up this matter with National Grid but Shippers were advised to contact the Transporter if they noticed that matching nominations were not being recorded on GTMS.

## **5. Code Modification A083: ‘Interruptible Capacity at Non IP Entry Points’**

- Action Item C543 provided that Industry would, within two weeks, of the December 6 CMF Meeting forward any comments they had in relation to the arrangement with the parties to the Bellanaboy Administration Agreement. The Transporter reported that no correspondence had been received and the Bellanaboy Administration Agreement Parties had been instructed to forward to the Transporter the letter of instruction.

## **6/7. Intra-day Nomination Patterns and Profiles Code Modification Proposal A083**

- The Transporter referred to Slide No.17 which details the Transporter’s inter-day nomination incentive proposal. The Transporter then referred to Slide 18 which contains details of the potential financial impact of the proposal if applied to individual Shippers in the months of November and December. It was noted that in each month in excess of 90% of the potential charges were attributable to the same three Shippers. It was reported that the potentially affected Shippers were each notified of the potential charges that could be levied on them.
- Transporter invited a representative of the EAI, who had been due to address the Meeting at Agenda Item10, to detail any proposals they wished to make arising from an EAI Gas/Electricity Meeting in the previous week.
- The EAI Representative stated that in the view of the EAI, the intra-day nomination pattern problem should be considered in a holistic manner and it should not be dealt with by introducing a kneejerk piecemeal measure which might have unintended consequences. The recent changes to the Code had invariably resulted from the requirement to comply with EU Network Codes and there was a requirement now to carry out a comprehensive review of Shipper incentives in the Code in light of the current market and the imminent changes in May arising from I-SEM. There was a question of proportionality between the proposed remedy and the problem it is supposed to address. If a nomination incentive regime was introduced it should be symmetric, Shippers should be rewarded for good nomination behaviour as well as penalised for poor behaviour. It was important that that Shippers would not incur end-of –day penalties for actions during dead-band periods. EAI had three new potential Modification Proposals and one further Proposal which would modify an existing Proposal and it was their intention to initiate them in the near future. These Modification Proposals would reflect their stated concerns together with a Proposal to remove or suspend the INFR requirement at Moffat.
- In response the Transporter stated that it was always conscious that the PowerGen Sector should not be penalised for complying with Eirgrid instructions. This ongoing problem had been discussed for two years but in that period only IOOA and the Transporter had

initiated relevant Code Modification Proposals. It welcomed the proposed EAI initiatives but pointed out that these had been mooted at a meeting with EAI three months earlier and had not yet materialised. The Transporter had taken the matter up with the errant Shippers but could not, as the present Code applies with a 'best endeavours' standard, take any further steps to target those Shippers under the Code.

- A Shipper Representative pointed out that the Balancing Gas Contracts can be used by the Transporter for their operational requirements. The Transporter responded that the Gas purchased/sold under these contracts was not at competitive market prices and incurred disproportionate costs on the Disbursement Account. In response to one Shipper Representative query the Transporter confirmed that the three errant Shippers referred to above would not, when taking into account their capacity volumes, bear a proportionate amount of the Disbursement Account Charges.
- A Shipper Representative noted that in May the effects of the I-SEM changes would become apparent and it would be unwise to agree a Transporter led initiative at this stage to try to resolve a perceived problem which might be complicated or reduced by the new I-SEM regime. As the Transporter was moving to a trading platform for the procurement of balancing gas it would seem reasonable that the Transporter would be subject to an incentive regime similar to that imposed on National Grid. For those reasons it seemed reasonable to withhold taking a Code Modification action at this stage and begin a comprehensive review of the Code of Operations and how it relates to the current gas market particularly after I-SEM. In the interim the Transporter can monitor the situation and recurring Shipper offenders can be reported to the CRU on the basis that they are not exercising 'best endeavours' in this area.
- The Transporter went through Slides 21 and 22 which summarised three responses received from Shippers in relation to the Transporter A086 Proposal. In relation to the IOOA response a Shipper Representative stated that the summary of their response which stated that IOOA were broadly supportive of the Proposal was an overstatement although it was confirmed that IOOA were committed to work with the Transporter to find a solution to resolve this problem. This Shipper Representative stated that IOOA were concerned that the Transporter Proposal would not fully achieve its objectives as it may just flatten the nomination pattern.
- A Shipper Representative raised the issue of the Residual Shipper proposal in Slide 20 in which it outlined three reasons for rejecting this proposal. The Shipper Representative expressed its disappointment at the outright Transporter rejection of the proposal stating that the Transporter should be more creative in considering solutions to operational problems.

## 8. Balancing

### **Amending 2<sup>nd</sup> Tier Imbalance Multipliers**

- The Transporter went through the Industry responses to the current multiplier levels with IOOA strongly in favour of an immediate return to pre-Code Modification A074 Second Tier Imbalance multipliers and BGE urging a cautious phased reduction in line with evidence of continued good Shipper behaviour which latter view was echoed by the Transporter. CRU stated that after updated consideration of the matter it had decided to introduce Code Modification Proposal A089 which proposes to reduce the multipliers to pre-A074 levels as and from 1 March 2018. In response to an Industry Representative query the CRU confirmed that multiplier rates would be raised gradually in response to future Shipper poor behaviour, they would not automatically readjust to the existing rates. It was decided to grant Industry two weeks to further indicate what the Second Tier Multipliers should be (with appropriate Shipper behaviour incremental adjustments e.g. 5% or 10% etc) with such responses referred to the CRU.

### **Draft Bilateral Contract (Trading Platform Transactions Agreement) between GNI and Shippers participating on the platform**

- The Transporter presented a Slide to the meeting (Slide 26) setting out the main parts of the draft Agreement which was only circulated shortly before the Meeting. In response to Shipper Representative' queries the Transporter stated that the delay in circulating the document was due to the need to complete a cross-departmental internal review process. The Transporter repeated the contents of Slide 27 which indicated that it would consider any Industry comment on the document up to COB on 16<sup>th</sup> February. A Shipper Representative requested that this two week review period be extended for a further four weeks because of the complexity of the document and the volume of documentation presently being considered by Shipper's Legal /Regulation departments particularly those of EAI Members. The Transporter responded that the document was, when examined, not very complex as Shippers were familiar with the IBP 2015 Trading Terms which formed the basis of the document with some variations. Further the Transporter was obliged to obtain Board Approval of the Agreement and intended to bring the matter before the March Board Meeting. The Transporter stated that it would review internally its Board Approval timescales and would circulate an amended end of consultation date but warned that it would not be considerably in excess of 16<sup>th</sup> February and urged all Shippers to give this document due consideration at the earliest opportunity.

### **EBI Trading Platform Activity**

- The Transporter confirmed that the various work streams were processing on schedule leading to the projected end of Q4 go-live trading projection. A Shipper Representative expressed disappointment that the Transporter had not furnished a more granulated project progress report including an intended timescale to move to trading platform market based cashout prices, tolerance reduction or reduction/removal of cashout multipliers. The Transporter responded that internal reports had been prepared and

discussed in relation to these matters which, as far as the Transporter was concerned, was dependant on a certain level of liquidity being achieved by the Trading Platform. The Transporter undertook an action to circulate a granulated project process report either in advance of or at the next CMF Meeting.

ID	Action	Responsibility	Date Raised	Delivery Date
C548	Industry to respond to Code Modification Proposal A089 to return to pre-existing Second Tier Imbalance Multipliers	Industry	22/01/2018	14/02/2018

ID	Action	Responsibility	Date Raised	Delivery Date
C553	Industry to provide feedback on draft Bilateral Agreement	Industry	06/12/2017	16/02/2018 or such later date specified by Transporter

ID	Action	Responsibility	Date Raised	Delivery Date
C539 <i>(Raised at July 2017 CMF Meeting)</i>	Transporter to further provide timelines of review and consultation process on potential amendments to cashout prices and tolerances, after commencement of transporter trading on platform	Transporter	05/07/2017	7/03/2018

## 9. Proposed Amended VRF Business Rules

- The Transporter reported that in compliance with Action item C554 it had considered any Shipper queries in relation to this matter. The only query had been received from IOOA which had been replied to. This was confirmed by the IOOA Representative who suggested that the Transporter should consider making all the technical capacity available on a day ahead basis. The Transporter stated that it would consider this proposal and invited Shippers to further engage with the consultative process which was to be left open until the next CMF meeting.

<b>ID</b>	<b>Action</b>	<b>Responsibility</b>	<b>Date Raised</b>	<b>Delivery Date</b>
C554	Industry to provide response(s) specifying any fundamental changes to the key principles of the Proposed Amended VRF Business Rules and specifying how much booked capacity would be available	Industry	06/12/2017	26/02/2018

### **10. Gas-Electricity Interaction**

- An Industry participant referred to the earlier conversation stating that any short-term continuing problems with nomination patterns should be referred by the Transporter to the CRU while the EAI drafted and submitted the proposed Code Modification Proposals. It was stated that some of the Proposals should not be finally reviewed by the CMF process until the effects of I-SEM were established. It was suggested that they could be the subject of a Workshop at a suitable date when the entire gas market could be reviewed in light of the existing Code of Operations. The current Code Modification Forum Procedures could also be reviewed.

### **11.BrExit and ROI Gas Market**

- The Transporter presented one slide which referred all developments since the last Meeting.

### **12.Transparency Data**

- The Transporter confirmed that the portal was targeted to go-live at the end of April.

### **13 Code Modification Proposal A087 –implementing a new framework for Suppliers to contract their own payment channels for PPM customers**

- The Transporter presented Slides 36-38 which detailed the Proposal. A Shipper Representative indicated that it was strongly opposing the Proposal stating that the present arrangement was ‘facilitative of all market players’ whatever their scale, either existing or intending to enter the market. It took issue with the assertion in the Proposal the market was ‘mature, open and competitive’ stating that this description was at odds with a recent report from the CRU. Another Shipper Representative stated that under the existing arrangement the globalised cost of Front Office Services was spread across the Industry relative to market share and under this Proposal smaller Industry participants would be disadvantaged. It was decided to progress this matter through the GMARG process before reverting to the CMF.

#### 14 Code Modification Proposal A088-Implementing a Capacity Conversion Service for Shippers holding mismatched Unbundled Capacity on one side of IP

- This Proposal was described as per Slide No.35. It was decided to proceed to legal drafting.

ID	Action	Responsibility	Date Raised	Delivery Date
C554	Transporter to proceed with the legal drafting of Code Modification Proposal A088	Transporter	06/12/2017	07/03/2018

#### 15 AOB

- A Slide from the CRU in relation to the main features of the Security of Supply regulation 2017/1938 was presented
- A Slide detailing the Live Code Modifications was presented

#### 16 Administration

- It was agreed that the next Code Mod Forum Meeting will take place in the **Clayton Hotel, Cork** on the **7<sup>th</sup> March 2018** commencing at **10.30am**.

Action Ref	Action	Responsible	Date Raised	Status	Response Date	Expected Delivery Date	Priority
C530	Release revision Version 5.02 of the Code of Operations which reflects any outstanding Code Modifications approved by the CER subsequent to the 1st of October 2015	Transporter	03/05/2017	Open		23/02/2018	High
C539	Transporter to further provide timelines of review and consultation process on potential amendments to cashout prices and tolerances, after commencement of Transporter trading on platform	Transporter	05/07/2017	Open		23/02/2018	Medium
C548	Industry to respond to Code Modification Proposal A089 to return to pre-existing Second Tier Imbalance Multipliers	Industry	22/01/2018	Open	14/2/2018	14/02/2018	High
C553	Industry to provide feedback on draft Bilateral Agreement	Industry	11/10/2017	Open	16/02/2018	16/02/2018 or such later date specified by Transporter	High
C554	Industry to provide response(s) specifying any fundamental changes to the key principles of the Proposed Amended VRF Business Rules and specifying how much booked capacity would be available	Industry	11/10/2017	Open	23/02/2018	7/03/2018	High
C558	Transporter to proceed with the legal drafting of Code Modification Proposal A088	Transporter	31/01/2018	Open		07/03/2018	Medium