

Code Modification Forum

Minutes of meeting – 8th August 2018



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1 Standing Items

1.1 Approval of minutes of previous meeting

The minutes of the Code Modification Forum of 13 June 2018 were agreed and approved.

For supporting information, to be read in conjunction with these minutes, please see the slides presented at the [August 8 meeting](#).

1.2 Review of action items

The actions from the previous CMF Meeting of were reviewed and discussed.

The Transporter gave an update on open actions and those completed, as per slide 6 of this [meetings presentation pack](#).

It was agreed that, as proposed, action items C560, C562, C563, C564 C565 and C566 would be closed.

Action Items C538 will remain open.

1.3 GNI scheduled maintenance update

The Transporter reported that there were no changes to the Slides from the June CMF meeting except for the notification of upstream operator maintenance at the Bellanaboy Bridge Gas Terminal from 10/09/2018-14/09/2018.

In relation to the scheduled maintenance proposed for the Bellanaboy Entry Point on 7/3/3019 two Shipper representatives queried as to whether this work could be carried out later in the year when there would likely be less demand. The Transporter responded that it had already moved the date from February but, in light of these Shipper representations it would again look at the detailed scope of the work and would consider the feasibility of a further deferred date. The Transporter advise that the works would likely need certain minimum flow rates and that this would need to be considered in the context of the timings of the works.

The Transporter reported that, in the course of its ongoing asset inspection programme it had uncovered a corrosion problem on a section of pipe in the Curraleigh-West to Great Island line near the Cork/Limerick border. The remedial work was being scoped, but it was probable that a clamp-type repair would be employed which would likely involve restricted pressures for a 5-7 day period. This pressure restriction may impact LDMS in the Southern Region depending on conditions during the period. As soon as the Transporter had finalised its remedial programme all potential affected parties would be notified as well as wider industry.

2 Code modification proposals

2.1 A086 – Incentives for Intra-day balancing

The Transporter referred to Slides 14 and 15 and was pleased to inform the meeting that since the June Meeting the intra-day nomination behaviour had improved considerably referring to the monthly graphical illustration which reported that July was the best month since February.

Further the Transporter reported that the patterns had improved as July progressed. The Transporter had engaged with the offending Shippers and was satisfied that the mostly operational practices which gave rise to unnecessarily deferred nomination actions had been changed.

The Transporter would continue to monitor the situation and pointed out to the meeting that it was always willing, on a mutually convenient basis, to meet individual Shippers to discuss their respective operational and commercial concerns.

2.2 A087 – Implementing a new framework for Suppliers to contract their own payment channels for PPM customer

The Transporter presented Slides 19 to 22. Slide 19 contained a background to the Code Modification, Slide 20 synopsis the four written Supplier Submissions, and referred to contingency issues and the timeline for implementation. In relation to contingency issues the Transporter could report that there were two potential service providers. In relation to implementation timelines, in view of the fact that the existing contracts expire early in 2019 the Transporter would, whatever the outcome of this Proposal, be exercising its extension rights in the Contracts.

Referring to Slide 22 the Transporter restated its arguments for the Proposal and confirmed its acceptance that no matter what transpired in relation to the Proposal it would be maintaining a co-ordination role across the market. In this regard it had set up an incident management service.

The Transporter confirmed that it had referred a query in regard to possible contractual changes in a transitional period to external legal advisors and it would revert to Industry on receipt of these advices.

The representative from SSE identified SSE as Supplier No.2 in Slide 20 and stated that they were concerned that with the impact of potential procurement lead-in times and the existing contractual terms that a decision would issue on the Proposal in the near future. In response the Regulator indicated that it planned to give a decision after the next GMARG Meeting which would end the consultation process.

2.3 A091 & A093 – Biomethane Code Modifications

The Transporter reported that both Code Modifications were progressing in tandem with the Cush RNG Injection Project. A full update on the Code Modifications and the Project would be presented to the next CMF Meeting on 26 September. An Industry Representative expressed concern that there might be any

delay in the finalisation of the Code Modification Proposals which were crucial for all prospective developments in this area. The Transporter confirmed that it was its' intention that both Modifications would be in place to facilitate the projected start date of the Cush Project. The Regulator confirmed that both modifications would need to be in place before the Cush project could start. Code Modification A091 is reliant on an updated safety case soon to be submitted by the Transporter to the Regulator.

2.4 A094 –Changes to Shipper Portfolio Tolerances and A095-Adjustment of Daily Imbalance Charges

The Transporter referred to Slides 24-43 which summarised the nine Industry responses to the Questionnaire which contained five questions, two in relation to A094, and three in relation to A095. The Transporter introduced the Agenda Item, thanking Industry for its responses, stressed that the Transporter had no definitive views in this matter other than to obtain Industry input into compliance measures with the provisions of the Balancing Network Code working towards the April 2019 compliance deadline. The Transporter proposed to go through the Slides in numerical order raising each question in turn, noting the responses and taking submissions from the Meeting attendees in relation to each question.

2.4.1 Q1. What is the appropriate tolerance level for each customer category?

LDM Customers: a number of Shipper Representatives who are involved in the PowerGen Sector referred to the dead –band period when they would be subject to Eirgrid Dispatch Notices but would not be able to make corresponding trading arrangements. While it was noted that, in general, there was no tolerances across the European market, it was argued by Shipper Representatives that Ireland, at the end of the system with only one source of IP gas, could be distinguished from other countries in the internal gas market and a tolerance of 2.5% should be allowed. It was acknowledged that this tolerance effectively introduced a levy on the gas sector resulting from the requirements of another regulated utility and it was a choice between a cost being borne by either the gas or the electricity sector with no effective difference to the energy end-user.

DM Customers: a number of Shipper Representative referred to the unique difficulties of the DM sector in relation to the lack of real-time volume data and that a tolerance should be retained albeit at a lower percentage than the current 30%. The Transporter noted that its data showed nomination inaccuracy at a portfolio level to be in the 7% to 12% range across Shippers and noted that a 10% tolerance had been suggested by one Respondent which seemed a median figure. The Transporter stated that this was the smallest sector and therefore had the lowest impact on overall system imbalances. In response to an Industry Representative query as to what further information could be furnished in this area the Transporter stated that there were considerable technical difficulties for the IT systems and while incremental improvements were ongoing, particularly with mapping SCADA data for new sites into GTMS, a comprehensive solution may not be cost effective given the size of the market. It was noted by the Transporter that DM in other European countries are more typically managed by DSOs.

NDM Customers: Shipper Representatives alternatively argued that the existing 2.5% tolerance should be retained or that the tolerance should only be the difference between the nomination (at the Transporter forecast level) and the allocation. GNI highlighted that currently only two shippers book differently than the TSO forecast, and that the TSO's forecasts at an average accuracy of around 3%.

The proponents of the second argument noted that the existing tolerance might provide a commercial advantage to Shippers with large NDM portfolios as the tolerance was applied to all of an NDM Shipper's portfolio.

2.4.2 Q2. What are appropriate dates for the proposed two-step reduction?

The majority response was that the Transporters suggested implementation dates were too early and that any change would be preferable in one step with a suitably long lead-in time to allow Shippers organise any necessary IT system changes but should be well in advance of the April implementation date. The TSO highlighted that it can make the change ahead of the first of any month for the coming month. The Regulator agreed that a one-step approach was sensible given the system changes required, the time remaining before April deadline and the reduced complexity of any discussion with ACER. The Regulator stated that it work with the Transporter and ACER to work towards a minded-to decision in relation to A094 for the next CMF Meeting on 26 September 2018.

2.4.3 Q3. What should be the magnitude of the small adjustment to be used in the calculation of the marginal sell/buy price?

The Transporter stated that in general the small adjustment across the European markets was in the 2-4% range and it had suggested an initial 3.5% figure with a review after six months. There was arguments that this figure was too high and could give rise to excessive financial exposure due to possible fluctuating gas prices. SSE highlighted their response, which proposed a pence/therm approach similar to the UK, rather than a % to avoid this issue. There was general consensus that it was a highly fluid matter and should be reviewed appropriately with an initial review after 6 months. The Transporter undertook to publish data on a regular basis in relation to the IBP shadow prices and current First Tier and Second Tier Prices.

2.4.4 Q4. Are the liquidity threshold criteria provided the Transporter appropriate?

A majority of the respondents gave a positive response to the criteria, which the Transporter stated were developed to reflect the potential size of the IBP gas market. In answer to a Shipper Representative query with regard to the acceptance of an IBP reference price on a day with only one trade the Transporter stated that there was little practical potential for market manipulation. An obvious non-market price and subsequent trade would be reported to ACER by both the Transporter and EBI under their REMIT obligations and would be reported to the Regulator by GNI. A Representative from EBI confirmed that the volume of trades and number of trading participants on their platform was continuing to steadily increase. A Shipper Representative suggested that external consultants, such as EFET which advise on market metrics, be commissioned to advise on liquidity at the trading platform. Such a measurement of liquidity would need to be defined for the purpose of its use in this instance and within the context of the Irish market.

2.4.5 Q5. What is the appropriate date for implementation of new calculation methodology for cashout prices

Five of the nine responses suggested 01 October 2018 or earlier. Two of the other responses suggested 01 April 2019. The Transporter stated that it would be dependant on GTMS system changes which were currently being scoped. At this stage it was unlikely to be in a position to implement any changes before 1 January and it would update the Forum on its position at the next CMF meeting.

ID	Action	Responsibility	Date Raised	Delivery Date
C566	Transporter to publish data on regular intervals in relation to IBP System Marginal Prices	Transporter	8/8/2018	26/9/2018

2.5 Summary status of Code Modifications

Number	Proposal	Proposer	Status
A085	Profiling of Gas Flows at Entry Points	IOOA	Live/Parked
A086	Intra-day Nomination Incentive Proposal	GNI	Not yet issued
A087	New Framework for Suppliers in PPM Market	GNI	Live
A090	Proposed new Invoice Dispute Resolution Procedure	BGES	Live/Parked
A091	Modification of oxygen content limits for Renewable Natural Gas (RNG) injected from RNG Entry Points	GNI	Live
A092	Trading Platform participation	GNI	Approved

A093	RNG Outline Code Modification	GNI	Live/Legal Drafting
A094	Changes to Shipper Portfolio Tolerances	GNI	Live
A095	Adjustment to Daily Imbalance Charges	GNI	Live
A096	Data Sharing Agreement	GNI	Live

3 Other agenda items

3.1 Gas/Electricity interaction

The Transporter noted that I-SEM was due to come into force on 1 October and would leave this Agenda Item open to facilitate any representation from the PowerGen sector.

3.2 Security of Supply Regulation Regulation 2017/1938. Art.14 Information Exchange

The Regulator presented Slide 47, and outlined as per the Slide, the notices requiring gas supply contracts of more than one year with a cross border dimension which would be issuing from the Regulator to Natural Gas Undertakings in early September.

3.3 Data Sharing Agreement Update

The Transporter presented Slides 49- 51. Slide 49 outlined the progress of the Data Sharing Agreement proposal and Slide 51 contained the collated responses from Shippers in relation to the matter.

The main point of contention was whether the provisions of the proposed new agreement was to be incorporated in the Code of Operations or whether it would be in a separate bilateral agreement between the Transporter and each Shipper.

The Transporter preferred the former option as it would be very difficult to agree an identical bilateral agreement with each Shipper. The contrary view was articulated by the Representative from SSE who identified SSE as Shipper 5 on Slide 51.

It noted that the CRU was the governing body for the Code of Operations and as a result would be the authority to deal with data breaches which was the statutory remit of the Data Protection Commissioner.

The CRU wants to avoid this overlapping authority, and SSE stated that they could not put themselves in a situation of, in effect, double jeopardy, with their data protection procedures subject to sanction by two separate regulatory bodies.

The Transporter stated that it appreciated SSE's concern but had received legal advice that an amendment could be made to the Code of Operations in terms which would not grant authority oversight to the CRU. The Transporter stated that it would discuss this matter with SSE in the upcoming days.

3.4 Brexit and ROI Gas Market

The Transporter presented Slides 53-56 containing notes on up to date developments including the UK Government 'White Paper' on 12 July. The Transporter confirmed that it continues to engage regularly with all relevant stakeholders/ statutory bodies in relation to the ongoing situation. Slide 56 detailed the upcoming negotiation stages.

3.5 Transparency Data Update

The Transporter presented Slides 58-60 detailing the traffic on the Transparency Platform since go-live on 11 May 2018. It was intended to publish IBP shadow prices and current First Tier and Second Tier cashout prices on a weekly basis. These prices would be indicative only and would be subject to subsequent billing invoices .

3.6 Website Features Update

The Transporter reported that it was scoping development work to the Website with its Web Developers to make it more user friendly for Shippers. This work will include inserting a new "For Shippers" tab on the Homepage with relevant links. The Transporter confirmed that this development would become a stand alone Action Item which would be updated until completed and closed.

ID	Action	Responsibility	Date Raised	Delivery Date
C567	Transporter to carry out development work on its Website to make it more user friendly for Shippers	Transporter	8/8/2018	30/11/2018

3.7 Trading Platform Update – GNI Participation

The Transporter presented Slides 63- 68 graphically detailing its trading on the EBI Platform since 1 June. The Transporter had now concluded Trading Contracts with eight counterparty traders rather than four as specified on Slide 63.

3.8 AOB

No matters were raised under 'Any other business'.

4 Open CMF actions

ID	Action	Responsibility	Date Raised	Delivery Date
C538	Transporter to continue consultation process surrounding intra-day nomination patterns and profiles	Transporter	06/12/2017	ongoing
C567	Transporter to carry out development work on its Website to make it more user friendly for Shippers	Transporter	8/8/2018	30/11/2018
C566	Transporter to publish data on regular intervals in relation to IBP System Marginal Prices	Transporter	8/8/2018	26/9/2018

5 Calendar of meetings

CMF Date	Location
7 th March 2018 (Wednesday)	Cork
2 nd May 2018 (Wednesday)	Dublin
13 th June 2018 (Wednesday)	Cork
8 th August 2018 (Wednesday)	Dublin
26 th September 2018 (Wednesday)	Cork
28 th November 2018 (Wednesday)	Dublin

6 Attendees

	Name	Representing
1	Andrew Kelly	GNI
2	Kieran Quill	GNI
3	Catherine Philpott	GNI
4	Tom Hegarty	GNI
5	Colm O'Duibhir	GNI
6	Carol Doyle	Flogas
7	Mark Phelan	Electric Ireland
8	Kieron Carroll	Kinsale Energy
9	Richard Harper	Nephin Energy
10	Christiane Sykes	Shell
11	Brian McGlinchy	Vermillion Energy
12	Mark Cosgrave	Equinor
13	Terry Burke	Equinor
14	James Tyrell	ESB
15	Antghony Foody	Electric Ireland
16	Kirsty Ingham	ESB
17	Alan Kernan	ESB
18	P.J.McCarthy	Renewable Gas Forum Ireland
19	Andrew Pearce	BP
20	Chris George	Gazprom
21	Sinead Obeng	Gazprom
22	David Horan	Aughinish
23	Cormac Daly	Tynagh Energy
24	Keith Deacon	Tynagh Energy
25	Dermot O'Kane	Energy Broking Ireland
26	Gillian Kinsella	BGE
27	Colm O'Gormain	SSE
28	Dolores Sanchez	Electroroute
29	Johnny Byrne	CRU

30	Bryan Hennessy	Naturgy
31	Daniel Ward	CRU
32	Jack O'Connell	Advisor to CRU
33	Cahir O'Neill	CRU