

# Code Modification Forum

Minutes of meeting – 29 January  
2020



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# 1 Standing Items

## 1.1 Approval of minutes of previous meeting

The minutes of the Code Modification Forum (“**CMF**”) Meeting of 11 December 2019 were agreed and approved.

For supporting information, to be read in conjunction with these minutes, please see the slides presented at the [29 January meeting](#).

## 1.2 Review of action items

The actions from the previous CMF Meeting of 16 October were reviewed and discussed.

The Transporter gave an update on open actions as per slide 4 of this [meetings presentation pack](#).

Action Item C572 would remain open, the Transporter confirmed that it would monitor, on an ongoing basis, the initial 25% Tolerance for RNG Entry Point.

Action Item C574 required Shippers to forward Submissions to CRU in relation to their post I-SEM experiences of dead-band LDM capacity booking. The CRU confirmed that one such submission had been received. The Transporter stated that they had now received a total of three claims, two from one Shipper, all of which were processed. The Transporter referred to the CRU notification to the last Meeting that the remaining Tolerances, which are regarded as an Interim Balancing measure, are the subject of a query by ACER to the CRU who were being asked to justify this measure. Given that only a few other countries had retained tolerance measures it was fair to say that the CRU’s position on the partial retention of tolerances was being scrutinised and may be difficult to maintain. In response to a Shipper query as to whether further submissions from Shippers would support the CRU in its discussions with ACER. The CRU stated that it was already fully briefed on the arguments for the tolerance retention but would ask for further Submissions if it felt it was necessary. The Action Item would remain open.

Action Items C572 and C574 would remain open.

## GNI Scheduled Maintenance Update

The Transporter referred to Slide 5. One of the three planned maintenance items, the maintenance at Inch was being cancelled as flows at Inch were ceasing in Q2. The other two planned maintenance items at Bellanaboy scheduled for May and September respectively were both being rescheduled to align with the planned System Operator outage in June/July

### **1.3 Brexit and ROI Gas Market**

The Transporter noted that since the last Meeting (on the eve of the British General Election) The Conservative Party were the elected government in the United Kingdom and had passed the Withdrawal Agreement Bill which contained a provision that the UK government could not exercise the right to seek an extension of the transition period which expires on 31 December 2020. The new customs declaration provisions referred to by the Customs Officials at the last Meeting would therefore apply from 1 January 2021

## **2 Code Modification Proposals**

### **2.1 A087 – New Framework for Suppliers in PPM Market**

The Transporter reported that at a meeting of the Working Group on 23 January it had produced its contractual pathway to effect the legal framework for the new Front Office Operator procurement regime. In the next two weeks the Transporter would be circulating to the Workgroup a draft Deed of Covenant which would be the legal lynchpin of this pathway

### **2.2 A096 – Data Sharing Agreement/ A096A- Model Clauses to address a Hard Brexit**

The Transporter reported that A096 would remain under review. Most of the provisions of the Proposal were included in the recent composite legal drafting for A096 and A096A now incorporated in the new version of the Code. In relation to A096A the required model clauses and ancillary provisions were now included in the specified updated version of the Code and the Proposal was finalised

### **2.3 A099 - CNG Supply Point Capacity Setting**

The Transporter referred to Slides 10 and 11 detailing Shipper Submissions, which were all positive, in relation to the Proposal where the Transporter proposed to change the SPC setting process for CNG offtakes and preclude Shippers at CNG Offtakes from ratcheting and SPC Overrun Charges.

The CRU stated that it had not yet been convinced of the overall benefit of the Proposal, and, while the Proposal would remain under review, it was now informing the Forum that it was minded not to approve it. The Transporter stated that it would continue to press the merits of the Proposal at a high level and advocated for Industry submissions in relation to this particular Proposal or some alternative other proposed initiatives in the area.

## 2.4. Summary Status of Code Modification Proposals

The Transporter summarised the present position in relation to Code Modification Proposals. There were now three live current Modification Proposals.

Number	Proposal	Proposer	Status
A087	New Framework for Suppliers in PPM Market	GNI	Under review
A096	Data Sharing Agreement	GNI	Under Review/Legal Drafting for part finalised
A099	CNG Supply Point Capacity Setting	GNI	Under review

# Other Agenda Items

## 2.4 Shipper Nominations

The Transporter stated that Shipper nomination behaviour had continued to be satisfactory in the period since the last Meeting. GNI was consistently using the trading platform in trading out Shipper imbalances, both positive and negative. These interventions were assisting Shippers in making decisions about their positions.

## 2.5 Shrinkage Gas Discussion

This Agenda Item continued the review of the Transporters Shrinkage Gas Procurement Policy from the previous meeting with a consideration of further Industry Submissions on timelines for Transporter commencing Shrinkage Gas procurement on the trading platform.

The Transporter summarised the Industry submission response to the last Meeting where six of the eight responses were in favour of GNI procuring Shrinkage Gas on the Trading Platform, with one opposed and another reserving its position until clarification of certain issues.

The Transporter then referred the Meeting to Slides 16 to 19 which detailed five Shipper responses to the proposed timeline of the Transporters participation on the trading platform for Shrinkage Gas procurement (the Transporter had initially indicated that it would not be in a position to do so until Gas Year 2021/22.)

All five responses confirmed their support for the proposition that GNI should commence Gas Shrinkage procuring from the trading platform with four of the five questioning why GNI could not finalise their systemisation requirements to enable commencement of trading by the start of the forthcoming Gas Year. The fifth response did not make any reference to the proposed timeline but highlighted the Transporters lack of trading expertise and would not favour the Transporter trading the forward curve, fixing prices in the long term or hedging. Once established this Shipper would favour consideration of a shrinkage incentive and allied transparency and accountability mechanisms for the Transporter.

The Transporter responded that;

- 1 .While internal approval was not yet received it could inform the Meeting that Industry support for the proposal was noted and the Transporter was doing its utmost to achieve the stated industry timelines to procure Shrinkage Gas on the trading platform. The formal approval decision was expected in next 4/6 weeks

2. At the request of the Transporter, Marex Spectron had canvassed all the Transporter's Counterparty Traders on their platform as to whether they would advance credit to the Transporter for such Shrinkage Gas purchases (as with Balancing Gas the Transporter does not provide financial security) and to date had received a unanimously positive response
3. The Transporter had scoped out all its associated IT billing requirements and it was anticipated that it would receive confirmation of the work specification and associated timelines in the coming weeks.
4. The Transporter had arranged receipt of the ICIS feed which would inform its purchase strategy
5. The Transporter would issue and circulate an enabling Code Modification Proposal in advance of the next Code Modification Forum Meeting which at a minimum will give effect to the CRU decision to move cost recovery for Shrinkage Gas to allowed revenues
6. The term of the current Shrinkage Gas Contract expires on 30 June next with two possible extensions to 30 September 2020 and to 31 December respectively. If the Transporter was in a position to commence trading on the platform either at or before the start of the Gas Year it can exercise its option to avail of one or both extensions instead of procuring a further Shrinkage Gas Contract.

The CRU stated that it noted the submissions and the Transporter's response. It was supportive of the proposal to move Shrinkage Gas procurement to the trading platform particularly as it would give many more Shippers the opportunity to participate in the Transporter's Shrinkage Gas purchase transactions. In addition, the CRU said it needed to see further information on the costs associated with the possible approaches to procurement of shrinkage gas.

## **2.5 Gas and Electricity Interaction**

The Transporter again confirmed that two Shippers in the Power Generation Sector had made a submission in relation to the LDM deadband tolerance exemption which was under continual review. This particular provision was now under discussion with ACER as reported above. The Transporter indicated that it expected a Shipper to introduce a Code Modification Proposal modifying the existing Exit Capacity booking regime which was motivated by the ongoing uncertainty of Eirgrid instructions to power generators

## **2.6 Potential to increase the oxygen content at biomethane entry points to 1% on Transmission Network**

The Transporter referred to the ongoing review assessment of the impact of a proposed oxygen limit increase to 1% on the Transmission Network. It would continue to engage with stakeholders at the Code Modification Forum as the assessment is progressed. The Transporter's HSQE team would be presenting on the matter at the next Forum meeting.

## **2.7 AOB Item No.1 – Review of VRF Tariff**

The Transporter stated that there had only been two capacity VRF bookings since the introduction of the tariff on 1 October. The Transporter questioned whether the meeting participants were aware of the recent OFGEM decision with a postalised tariff replacing the existing shorthaul tariff from start of new Gas Year.

The CRU indicated that it was monitoring the effect of the VRF tariff and expected to receive some data from GNI. CRU aims to publish a consultation in March as part of tariff network code Article 28 requirements. GNI stated that this data would in due course be circulated to Industry and suggested that industry could anonymously share info with CRU on cost and use.

GNI stated that it was going to add information on intra day nominations to the dashboard.

## **2.8 AOB Item No. 2 – GNI Publications**

The Transporter had now issued and uploaded to its Website a new version 5.03 of the Code of Operation at

<https://www.gasnetworks.ie/corporate/gas-regulation/service-for-suppliers/code-of-operations/index.xml>

The next CMF meeting is taking place at the Ashling Hotel Dublin on Wednesday, 25<sup>th</sup> March starting at 10.30pm

### 3 Open CMF actions

ID	Action	Responsibility	Date Raised	Delivery Date
<b>C572</b>	Transporter to monitor the ongoing basis the adequacy of the initial 25% Tolerance for RNG Entry Points	Transporter	27/3/2019	Ongoing
<b>C574</b>	Shippers to forward Submissions to CRU of their post-I-SEM experiences of dead-band LDM capacity booking	Shippers	14/8/2019	Ongoing

## 4 Calendar of meetings for 2020

CMF Date	Location
29 <sup>TH</sup> January 2020 (Wednesday)	Dublin
25 <sup>th</sup> March 2020 (Wednesday)	Dublin
17 <sup>th</sup> June 2020 (Wednesday)	Cork
19 <sup>th</sup> August 2020 (Wednesday)	Dublin
21 <sup>st</sup> October 2020 (Wednesday)	Dublin
16 <sup>th</sup> December 2020 (Wednesday)	Dublin

Next Meeting

## 5 Attendees

	Name	Representing
1	Andrew Kelly	GNI
2	Kieran Quill	GNI
3	Ike Udobi	GNI
4	Liam Murphy	GNI
5	Stephen O'Hare	GNI
6	Eoin McGurk	BGE
7	Richard Harper	Nephin Energy
8	Anders Nicolaysen	Equinor
9	Peter Colleran	Nephin Energy
10	Mark Cosgrave	Equinor
11	Dermot O'Kane	Marex Spectron
12	Colm O'Gormain	SSE
13	Vivion Grisewood	Aughinish Alumina
14	Keith Deacon	Tynagh Energy
15	Bryan Hennessy	Naturgy
16	Nicholas Lincoln	Nephin Energy
17	Brian McGlinchey	Vermilion
18	James Tyrell	ESB
19	Daniel Ward	CRU
20	Christiane Sykes (by telco)	Shell