



Gas
Networks
Ireland

Code Modification Forum

Ashling Hotel,

Dublin

Wednesday, 29 January 2020

Agenda

1. Review of minutes from last meeting
2. Review of open actions
3. Update on Maintenance Activities
4. Brexit and ROI Gas Market (for mention)
5. Code Modification Proposal A087- New Framework for Suppliers in PPM Market (for mention)
6. Code Modification Proposal A096/A096A – Data Sharing Agreement/Model Clauses to address a Hard Brexit (for mention)
7. Code Modification A099- CNG Supply Point Capacity Setting
8. Status of Code Modification Proposals
9. Shipper IP Nomination Behaviour
10. GNI Shrinkage Gas Procurement discussion
11. Gas and Electricity Interaction
12. GNI Presentation on proposal to increase the oxygen content at biomethane entry points to 1% on Transmission Network
13. AOB Items/ Meeting Schedule for 2020

1. Review of minutes from last meeting

- Minutes of CMF meeting of [11 December 2019](#) were issued on 14 January 2020.
- No comments were received

2. Review of open actions

ID	Action	Responsibility	Status	Priority
C572	Transporter to monitor on ongoing basis the adequacy of the initial 25% tolerance for RNG Entry Points	Transporter	Open	Medium
C574	Shippers to forward Submissions to CRU of their post I-SEM experiences of dead-band LDM capacity booking	Shippers	Open	High

3. Update on Maintenance Activities-2019/2020 Maintenance Days

Maintenance Programme Gas Year 2018/2019			
Date	Duration	Entry Points	Commentary
20 th May 2020	1	Bellanaboy	Station testing, valve check and validations at Cappagh South. Proposed to cancel this as the work will be carried out during the planned entry point outage in June/July.
17 th June 2020	1	Inch	Odourant injection system planned maintenance. Proposed to cancel this as unit will be decommissioned once flows at the entry point cease in Q2.
9 th Sep 2020	1	Bellanaboy	ESD testing at the Corrib Terminal (will be coordinated with the annual Corrib planned maintenance) Proposed to cancel this as the work will be carried out during the planned entry point outage in June/ July.

4. Brexit and ROI Gas Market

- **Update**

5. Code Mod A087- New Framework for Suppliers in PPM Market

- On 21st November, 2018 the CRU issued instruction approving A087 and implementation of a new framework.
- The key change is that rather than GNI procuring and negotiating front office service agreements, suppliers will procure their own front office services as of 1st July 2021.
- Working Group, set up under GMARG Terms of Reference, is reviewing the operational and contractual arrangements in advance of the implementation date
- GNI have, at Workgroup Meeting on 23 January, presented their proposed contractual pathway

6. A096 Data Sharing Agreement/A096A Model Clauses to address a Hard Brexit

- A096 -Transporter Proposal – To provide for an updated data sharing regime between Transporter and Shippers to comply with provisions of Data Protection Act 2018 (implementing the General Data Protection Regulation (GDPR) (EU) 2016/679) and to reflect the reality of personal data transfers between the Transporter and the Shippers – **REMAINS UNDER REVIEW**
- A096A –Transporter Proposal – To provide for the transfer of personal data between the Transporter and Shippers based outside the European Economic Area(EEA) through the introduction and application of Model Clauses under a Model Clause Procedure. It is proposed to come into effect on or before the Brexit deadline of 31 October 2019 – **THIS HAS BEEN COMPLETED**

7. Code Modification Proposal A099- CNG Supply Point Capacity Setting

- Currently CNG in transport and CNG offtake sites are in an early developmental stage in Ireland. Gas volumes are low and highly variable
- CNG offtakes are classified as Daily Metered (DM) sites, regardless of actual consumption and, under this category, the SPC is set at the highest gas usage during the review period
- This may result in CNG becoming cost prohibitive as capacity costs are based on the highest consumption day in a year and hinder the development of the CNG market, a significant driver in decarbonizing the transport sector
- Under this Code Modification Proposal it is proposed
 - that the SPC setting process for existing and new CNG offtakes will be reset on a three (3) monthly basis, based on a retrospective calculation of the peak (7) day rolling average for the 3 month review
 - that a Shipper at CNG Offtakes will not be liable for SPC Overrun Charges or ratcheting

Code Modification Proposal A099- CNG Supply Point Capacity Setting - Industry Submissions

1. Bord Gais Energy Ltd (BGE) consider that;

- the emerging CNG market should be treated as a special case within the gas market. CNG facilities are in a developmental stage in Ireland with low volumes and during start up phase are more representative of NDMs. As CNG facilities are classified as DMs, the SPC is set at the highest gas usage day over the previous.
- CNG gas usage is reliant on suitable trucks with limited availability and infrastructure resulting in ad-hoc, unpredictable demand, a high consumption day could be an outlier but will dictate CNG costs. Averaging out consumption initially will make charges more representative of the costs incurred and it will encourage new entrants into this developing market
- This Modification will enable CNG Suppliers to forecast costs on a more stable basis. It provides a more equitable cost for distribution, will aid the promotion of the CNG market in ROI, and provide a new source of demand on the natural gas network in ROI.

Code Modification Proposal A099- CNG Supply Point Capacity Setting - Industry Submissions – cont.

2. Electric Ireland

ESB Customers Solutions welcomes the publication of the proposal which raises some interesting issues which are being separately reviewed in the context of ongoing work in the EV space

3. Shipper A

- Is broadly supportive of the measure intended to support whole system decarbonisation.
- It notes that the justification provided that using abnormal single-day usage to set the SPC make it impossible for a site to be cost competitive could be used for other newly operational site beyond CNG
- It would support the Proposal at a principles level, noting that electric vehicle charging stations face similar challenges but that was outside the remit of this proposal

8. Status of Code Modification Proposals

Number	Title of Proposal	Proposer	Status
A087	New Framework for Suppliers in PPM Market	GNI	Live/ Implementation process review
A096	Data Sharing Agreement	GNI	Live/Under review
A099	CNG Supply Point Capacity Setting	GNI	Live/ Under review

9. Recent Shipper IP Nomination Behaviour

- **Update**

10. Shrinkage Gas

Review of Shrinkage Gas Procurement Policy and Industry Submissions on Trading Platform Procurement Timelines

Shrinkage Gas Procurement Approach 2020/21

- GNI and CRU met to discuss the approach to procuring Shrinkage in 2020
- Agreed procurement for 2020 to continue with public competitive tender process with a market based pricing mechanism
- GNI are about to commence the procurement process and welcome the participation of all Shippers
- Under the current contract, GNI issues a weekly instruction to the service provider for the Shrinkage gas required for week ahead.
- The current pricing mechanism is based on the SAP daily price of gas plus or minus a premium or a discount plus pass through costs.
- GNI initiating a project to consider the transition of the Shrinkage Gas procurement to the Trading Platform for 2021.

Shippers Responses to timing of GNI proposed Shrinkage Gas procurement on Gas Trading Platform –Part 1

- **1. IOOA** – consider that GNI Shrinkage purchases should move onto the trading platform as soon as possible. By doing so it will allow all market participants the opportunity to sell shrinkage gas to GNI on screen, giving GNI access to the best available price.
- IOOA's members are baffled that GNI has suggested that it needs another 16-18 months before it can move the shrinkage purchases to the Marex screens (assume that GNI need to be able to purchase shrinkage before the Moffat closing window).
- This is unacceptable and GNI should progress with moving the shrinkage purchases for Gas Year 2020/21. GNI has all of the trading relationships set up to purchase and sell to industry parties onscreen. Marex have just launched its Heren DA screen service which can facilitate GNI purchasing its shrinkage requirements from WD/DA to gas yearly products.
- GNI has six months to finalise its trading strategy for purchasing shrinkage onscreen before the Moffat auction in July 2020 which is ample time – IT systemisation cannot be a driver for this delay.
- **2. Vermillion** – fully support the IOOA response which articulate all of the issues that Vermillion would raise

Shippers Responses to timing of GNI proposed Shrinkage Gas procurement on Gas Trading Platform-Part 2

- **BGE- Bord Gais Energy Ltd** are in favour of moving shrinkage to the IBP platform for October 2020 just as long as it does not increase costs for the whole gas market. Moving the implementation forward would enable all suppliers to bid for shrinkage which should give GNI more favourable prices
- **Nephtin Energy** is of the view that GNI should switch to purchasing shrinkage gas from the Marex trading platform as soon as possible. This will allow all market participants the opportunity to sell shrinkage gas to GNI via the platform, ensuring that users of the system, and ultimately consumers, are exposed to market related costs. Nephtin is surprised that a move to such an approach will, according to GNI, take 16-18 months. This is clearly unacceptable and GNI should move the purchase of shrinkage gas for Gas Year 2020/21 to the Marex platform. GNI has existing trading relationships set up to purchase and sell to industry parties onscreen. In addition Marex have just launched its Heren DA screen service which can facilitate GNI purchasing its shrinkage requirements from WD/DA to gas yearly products. GNI still has six months to finalise its trading strategy for purchasing shrinkage onscreen before the scheduled Moffat auction in July 2020, that is more than enough time to implement a change

Shippers Responses to timing of GNI proposed Shrinkage Gas procurement on Gas Trading Platform – Part 3

- **Shipper A** supports the future purchase of shrinkage gas via wholesale trading (e.g. EBI platform) rather than tender. GNI has highlighted on many occasions that it does not have energy trading and risk management skill and expertise, nor as TSO is it currently expected to have such capability. Shipper A therefore does not support GNI trading the forward curve, fixing prices in the long-term or hedging. It would support GNI buying at an indexed price (IBP or NBP) and making some prompt buys; we would not support GNI taking all volume, or large volumes, to the prompt due to the risk of exposure to price spikes and short-term volatility, as well as liquidity and physical supply shortfalls. GNI's intended purchasing mix should be transparent and understood, perhaps approved, by Industry and the NRA ex-ante. It should be reviewed regularly for achievement of best value for the consumer and may develop over time

Shippers Responses to timing of GNI proposed Shrinkage Gas procurement on Gas Trading Platform-Part 4

Shipper A (cont.) Shipper A notes that in GB National Grid's shrinkage gas regulatory incentive is based on the price it secures, which is intended to gain best value for consumers. National Grid performance against this incentive has been favourable and it achieves this via a range of trading and hedging techniques. This is clearly not appropriate to duplicate in its entirety for GNI in Ireland, although Shipper A supports consideration of a shrinkage incentive and transparency and accountability mechanisms. It is important that GNI is accountable for value for money to consumers in both price and volume terms

11. Gas and Electricity Interactions

Submissions in relation to post I-SEM experiences of dead-band capacity LDM capacity booking

12. Proposal to increase the oxygen content at biomethane entry points to 1% on Transmission network

- Biomethane injection sites planned for GNI's Transmission Network requiring further Code Modifications
- GNI to engage a 3rd Party to conduct an analysis /impact assessment of oxygen limit increase (1%) on the Transmission Network
- GNI invite Industry to advise areas they would like to be considered during the analysis- response received from one party
- GNI to engage with stakeholders at Code Modification Forum again when assessment starts to be progressed
- GNI plans to keep informed , and to solicit feedback from, stakeholders during the assessment period

13. AOB

Review of VRF Tariff

13. AOB (2)

Code of Operations Version 5.03

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

Code Modification Forum Meetings in 2020

Next Meeting



CMF Dates 2020	Location
29 th January (Wednesday)	Dublin
25 th March 2020 (Wednesday)	Dublin
17 th June 2020 (Wednesday)	Cork
19 th August 2020 (Wednesday)	Dublin
21 st October 2020 (Wednesday)	Dublin
16 th December 2020 (Wednesday)	Dublin



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Thank you for your participation