

**COMMISSION'S INSTRUCTION**

European Union (EU) Regulation 984/2013 of October 14<sup>th</sup>, 2013 requires all EU Member States to implement harmonised Capacity Allocation Mechanisms (CAM) for natural gas transmission systems by October 1<sup>st</sup>, 2015. To this end, the CER approved Business Rules implementing CAM requirements (A062) to proceed to Legal Drafting in October 2014. The changes stemming from CAM, in particular the use of auctions for the purchase of all Entry capacity products, will impact on nearly all areas of the Gaslink Code of Operation and industry practice in Ireland. One such area of impact is the financial security obligations on Shippers to the Transporter.

The **Financial Security Policy** outlines Shippers' requirements to provide security to the Transporter for its payment obligations when purchasing capacity. Under the existing arrangements, Shippers purchase capacity directly from the Transporter via the GTMS platform. As part of the CAM requirements, Irish Shippers will now purchase capacity at IPs via the PRISMA Joint Capacity Booking Platform, necessitating changes to how the Financial Security Policy will operate.

In light of the changes necessitated by the move to the PRISMA Platform, the Transporter has undertaken significant industry consultation since the draft Business Rules were initially published in January 2015. There were three distinct consultations on the Business Rules and the changes were discussed at a number of Code Modification Fora. In response to Industry comment, the final, approved Business Rules (V. 3.0) include an additional day's grace being offered to Shippers in the event that their available financial security has been used - from 2 days to 3 days

In addition to these CAM-related changes, a number of changes had been approved in August 2014 but not implemented. These changes are also captured by these Business Rules. These changes included the merging of the primary and short-term capacity product Financial Security Policies; reviews to the Pro-Forma documents in the Appendix to ensure compliance with international banking regulations; and the addition of a pro-forma Legal Opinion to the Appendix of the Policy to facilitate banks outside of Ireland offering Financial Security Instruments to Irish Shippers.

The CER is now directing Gaslink to **develop legal drafting** changes to the Financial Security Policy, and Code of Operations where necessary, in line with the Business Rules (V. 3.0) as circulated to Industry and submitted to the CER on July, 15<sup>th</sup> 2015.

Signed:

  
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Aoife MacEivilly, Commissioner

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