

CODE OF OPERATIONS MODIFICATION PROPOSAL



MODIFICATION DETAILS

Modification Number: A065		Modification Title: Financial Security Policy amendments arising from introduction of Capacity Allocation Mechanisms (Regulation EU 984/2013)		
Modification Proposer:	Modification Representative:	Modification Representative Contact Details (email address):	Date Submitted:	Proposed Implementation Date:
Transporter	Kieran O' Sullivan	marketarrangements@gaslink.ie and kieran.osullivan@gasnetworks.ie	8 January 2015	1 October 2015

Rationale for Implementation Date

The requirement for this modification arises from Regulation EU 984/2013, establishing a Network Code for Capacity Allocation Mechanisms (CAM) in Gas Transmission Systems, which specifies an implementation date of 1 November 2015. It is proposed that the Financial Security aspects relating to the Regulation be implemented on 1 October 2015 in order that sufficient lead-in time is provided for Shippers to adjust Financial Security positions if required. Further information in relation to proposed rules regarding the implementation of CAM may be found as part of [Code Modification A062 'Capacity Allocation Mechanisms \(CAM\) at Interconnection Points'](#).

Proposed section of the Code to be modified:

Part C 'Capacity'

Part I 'Legal & General'

[Financial Security Policy FS01 v3.0](#)

[Short Term Product Financial Security Policy v1.0](#)

In addition there may be consequential effects on other areas of Code as a result of this modification.

MODIFICATION MOTIVATION

Intended Outcome of Proposed Modification

- Amendment of the Financial Security Policy such that the provision of Financial Security (FS) by Shippers in relation to Capacity bookings is reflective of the fundamental changes to Capacity booking methods arising from Regulation 984/2013 (CAM)
- More specifically, the arrangements should be aligned with the introduction of a new quarterly product, auctions, the associated auction calendar, and consistent with the operation of the Joint booking platform (PRISMA).
- It is expected that a Shipper will not be required to have FS in place in advance of booking Annual or Quarterly Capacity on PRISMA, but will be required to put FS in place by a prescribed date in advance of the effective date of the booking.
- A Shipper will be required to have FS in place in advance of booking monthly or daily capacity.
- Each Shipper's Financial Security holding can be tracked and evaluated against requested capacity bookings on both the Transporter's IT system and the PRISMA booking system. A process whereby a Shipper may attribute a proportion of its overall FS amount to each IT system as required (and amend such proportion according to its requirements) will be established.
- In addition to amendments to the Financial Security Policy, there may be consequential changes required to the Code of operations

Rationale for proposed Modification

It is necessary to amend existing Financial Security arrangements in order to reflect changes to existing Capacity booking arrangements which arise as a result of Regulation EU 984/2013 (CAM).

Benefits of implementing this Modification:

Financial Security arrangements are aligned with the changes to Capacity booking arrangements arising from Regulation EU 984/2013 (CAM).

Consequences of not making this modification

Relying on existing Financial Security arrangements may result in a situation whereby a Shipper is required to post Financial Security several months in advance of the effective date of such capacity, thus incurring unnecessary costs. Additionally, the existing arrangements do not cater for more than one IT System, meaning that tracking a Shipper's Financial Security status on those systems would not be possible.

Illustrative Example (Please enter a scenario where the issue to be addressed by the modification is illustrated):

N/A