

18th September 2014

Initial Modification Report

Code Modification A063

'Nominations, Imbalance Charges & Allocations: EU Network Code Implementation'

1. Introduction, Background and Related Documents

This Initial Modification Report is published further to the modification proposal form issued by the Transporter on 21st August 2014 and should be read in conjunction with the business rules document issued on 18th September 2014. Documents relating to [Code Modification Proposal A063](#) can be accessed on the Transporter's website.

In relation to background information, please refer to the business rules consultation document, Chapter 1 of which includes a synopsis of the key drivers behind this modification, outlines the modification's scope, and highlights the key features of note arising from the proposals contained within.

By way of brief summary, the scope of the modification includes the following topics:

- Information Provision
- Nominations
- Imbalance Charges and Disbursements Process
- Allocations

2. Proposed Modification

Please refer to the Chapters 3 – 6 of the business rules document for specific details relating to the proposed modification.

3. Estimated System Impacts, Costs, and Implementation Timelines

The table below provides a representation of the estimated impacts of the proposed modification with reference to the various subject areas of the proposal:

	Code Impact	IT Impact	Interaction with Adjacent TSOs
Information Provision	LOW	LOW	NONE
Nominations	HIGH	HIGH	HIGH
Imbalance Charges	HIGH	HIGH	NONE
Allocations	MEDIUM	MEDIUM	HIGH

As per Decision Paper CER/14/140 of 27th August 2014 (*'Decision on BGN Allowed Revenues and Gas Transmission Tariffs for 2014/15'*), the projected costs associated with the implementation of the European Network Codes (namely, Capacity Allocation Mechanisms

(CAM), Congestion Management procedures (CMP), Balancing (BAL), Interoperability & Data Exchange (INT&DE), and Tariffs (TAR)) over a four year period up to Gas Year 2016/17 is €6,961,632 of which €5,000,000 is IT capital expenditure to be spent between 2014/15 and 2015/16. It is estimated that approximately 120 functions on GTMS will require amendment and that a further 80 new functions will be developed.

The implementation dates in respect of each of the Network Codes relevant to this modification are as follows:

Network Code	Status	Regulation	Implementation Date
Balancing	Published in EU Journal March 2014	EU No. 312/2014	1 Oct 2015
Capacity Allocation Mechanisms (CAM)	Published in EU Journal October 2013	EU No. 984/2013	1 Nov 2015
Interoperability & Data Exchange	Currently in comitology	N/A	TBD

4. Summary of Forum discussions

- The Transporter has kept Industry abreast of the progression of the various European Network Codes throughout the respective ENTSOG development processes over the last number of years by way of regular updates at Code Modification Forum meetings.
- The Transporter held a number of Impact Assessment workshops with Industry during Q4 2013 and Q1 2014 in respect of each of the relevant Network Codes.
- At the Code Modification Forum in August 2014, the Transporter provided an introductory overview of the subject areas to be included in this modification proposal.
- The Transporter is to present the business rules associated with this modification proposal to Industry at a workshop scheduled for 24th September 2014.

5. Transporter’s Assessment of the Proposed Modification

It is the Transporter’s view that the proposed modification addresses the requirements of the Network Codes in a practical manner with due consideration given to the specific characteristics of the Irish gas market.

6. Consultation period in respect of IMR.

The consultation in relation to this Initial Modification Report is considered to be one and the same as the consultation in respect of the business rules document.

Comments in respect of the Initial Modification Report and/or the business rules may be submitted to marketarrangements@gaslink.ie no later than close of business on **9th October 2014**.