

Nominations, Imbalance Charges & Allocations:

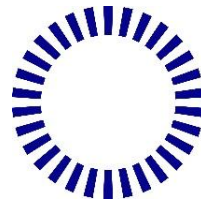
EU Network Code Implementation

Code Modification No. A063

Business Rules for Industry Consultation

2 March 2015

Version 3.0



**Gas
Networks
Ireland**

VERSION CONTROL

Version	Date	Description
1.0	18 th September 2014	Initial version for Industry Consultation
2.0	27 th November 2014	Revision to reflect Industry responses to business rules version 1.0 consultation <ul style="list-style-type: none">• Please note that business rules v2.0 should be read in conjunction with Annex 1: 'Accompanying Notes'
3.0	2 nd March 2015	For CER Approval: Note: Chapter 5 'Daily Imbalance Charges' as included in version 2.0 removed from version 3.0 - this topic is now to be addressed via the 'interim measures report' Effectively, this means that CER approval of this business rules v3.0 is an approval of the Information Provision, Nominations & Allocation chapters only, and is <u>not</u> an approval of the Daily Imbalance Charge chapter.

Please read this business rules document in conjunction with the associated Final Modification Report which provides a summary of the Code Modification process to date

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Supporting Documentation:

Date	Source	Reference
2 March 2015	Gaslink Website	Final Modification Report
Sep 2014 - present	Gaslink Website	All documents relating to Code Modification A063 , including proposal form, Initial modification Report, previous versions of business rules and consultation responses.
2009 (updated in 2012)	European Commission	Regulation (EC) No 715/2009 on conditions for access to the natural gas transmission networks, updated to reflect Commission Decision 2012/490/EU of 24 August 2012
April 2013	Gaslink	Consolidated Gaslink Code of Operations v4.0 as of 1 April 2013
October 2013	European Union	Regulation EU 984/2013 , Capacity Allocation Mechanisms (CAM) Network Code
December 2013	ENTSOG	Draft Interoperability & Data Exchange Network Code as issued by ENTSOG to ACER on 18 December 2013 ¹
March 2014	European Union	Regulation EU No. 312/2014 establishing a Network Code on Gas Balancing of Transmission Networks
June 2014	Gaslink	Code Modification Proposal A062 'Capacity Allocation Mechanisms (CAM) at Interconnection Points' Business Rules
July 2014	Joint Office of Gas Transporters	UNC Modification No. 0493 'EU Gas Balancing Code – Daily Nominations at Interconnection Points'
August 2014	Joint Office of Gas Transporters	UNC Modification No. 0510 'Reform of Gas Allocation Regime at GB Interconnection Points'

¹ Note that this is not yet formalised as an EU Regulation. The draft Interoperability & Data Exchange Network Code as published in December 2013 is subject to change as it progresses through the European Commission's comitology process.

1. INTRODUCTION

1.1. Background

Regulation EC 715/2009 (on conditions for access to the natural gas transmission networks) established a list of Network Codes to be developed, including in the area of *'balancing rules including network-related rules on nominations procedure, rules for imbalance charges and rules for operational balancing between transmission system operators' systems'*. Accordingly, the Network Code on Gas Balancing of Transmission Networks (Balancing Network Code) was developed, approved, and ultimately published in the form of Regulation EU No. 312/2014 (to be referred to as *'the Regulation'* hereafter) in March 2014. The Regulation includes topics such as information provision, nominations, operational balancing, daily imbalance charges, and neutrality arrangements and has an implementation date of 1 October 2015.

While the Balancing Network Code forms the basis for the majority of this business rules document, elements of the Capacity Allocation Mechanisms (CAM) Network Code (Regulation EU No. 984/2013) and the draft Interoperability & Data Exchange Network Code are also incorporated. The business rules reflect the concepts of bundled capacity and *'single'* nominations at Interconnection Points as required by the CAM Network Code. Likewise, the business rules incorporate those aspects of the draft Interoperability & Data Exchange Network Code which relate to nominations and allocations. This Network Code has not yet been formalised as an EU Regulation, does not have a confirmed implementation date and still remains subject to change. However, it is considered prudent to include its provisions insofar as it overlaps with the requirements of the Balancing Network Code, such that delivery of Balancing Network Code compliance is not unduly compromised.

Further to the proposal form in relation to Code Modification A063 *'Nominations, Imbalance Charges & Allocations: EU Network Code Implementation'* which was issued to industry on 21 August 2014, this business rules document sets out the proposed amendments to the Gaslink Code, such amendments considered necessary for the implementation of the various Network Codes mentioned above.

1.2. Purpose and Scope of Document

1.2.1 The Scope of this document includes:

- Information Provision
- Nominations
- Allocations

Chapter 5 'Daily Imbalance Charges' has been consulted on as part of version 1.0 and version 2.0 of this business rules document. However, as per the Transporter's presentation to the Code Modification Forum meeting on 21 January 2015, any further consultation in relation to daily imbalance charges (and indeed other topics relating to operational balancing) will be carried out via the 'interim measures report' which is expected to be issued for consultation during March 2015.

- 1.2.2 The principal focus of this business rules document is to outline the Shipper–Transporter processes (involved in nominations & allocations) solely in respect of points currently identified in the Gaslink Code, and the business rules will subsequently be translated into legal drafting to amend the Code of Operations.
- 1.2.3 However, in order to develop a more general understanding of the overall processes involved, it is considered necessary to include certain processes, information flows and interactions between other parties (e.g. Transporter – Adjacent Transporter etc.). It should be noted, therefore, that only those process steps and information flows which relate directly to the Shipper – Transporter relationship will be reflected in the Code legal drafting.
- 1.2.4 Similarly, this business rules document is in draft form only and is intended to prompt discussion rather than present the final position of the Transporter. Accordingly, the Transporter reserves the right to modify these proposals as appropriate either as a result of industry responses to the consultation, CER direction, subsequent European Network Codes, or further and more detailed development of the draft processes contained within the document.
- 1.2.5 Furthermore, it should be noted that this business rules consultation represents only one element of a wider EU Network Code implementation project involving a number of other business rules consultations in respect of distinct areas such as Capacity Allocation Mechanisms (CAM), Congestion Management Procedures (CMP) etc.

1.3. Key Features of Note

The most notable features included in business rules document are summarised below, with further detail in relation to each of these provided in the main body of the document.

- 1.3.1 As previously advised in the CAM business rules, the Gas Day will be 05:00 to 04:59 as and from 1 October 2015.
- 1.3.2 The time periods during which Shippers may submit Nominations and Renominations in relation to all points (note: this is not limited to Interconnection Points) on the Gaslink system are amended to align with timings prescribed in the Regulation².
- 1.3.3 The requirement for a Shipper to achieve a Zero Imbalance Position (ZIP) as a mandatory pre-requisite to approval of a Nomination or Renomination is to be removed.
- 1.3.4 Renomination Effective Times (as currently provided for in Part D, Section 1.8 of the Code) will no longer be considered as a criterion for discretionary rejection of Renominations.
- 1.3.5 Nominations at Interconnection Points may be of the following two types:
- Single Sided Nominations as a means to facilitate the submission of a ‘single nomination’ at an Interconnection Point, primarily in respect of bundled capacity; and

² The timings applied to the submission of Virtual Reverse Flow Nominations may differ from the general timings included in this business rules document. Please refer to the Virtual Reverse Flow business rules for specific details relating to VRF Nomination timings.

- Double Sided Nominations as a means to facilitate the submission of nominations at an Interconnection Point, primarily in respect of unbundled capacity
- 1.3.6 The processing and matching of Nominations and Renominations at Interconnection Points is to be performed jointly by the respective Transporters at either side of the Interconnection Point. This means that the Moffat Agent, which currently performs this function at the Moffat Entry Point will no longer do so.
- 1.3.7 The introduction of operational balancing accounts (OBAs) at the respective Interconnection Points (subject to agreement with adjacent Transporters), the outcome of which is likely to result in Allocations at Interconnection Points being made ‘whole’ to the Shipper’s Confirmed Quantity³ in normal circumstances, with proportional allocation applying otherwise.
- 1.3.8 As a result of the abovementioned changes to the Allocation process at Interconnection Points, the following will be discontinued in respect of Interconnection Points:
- Scheduling Charges;
 - Entry Allocation Adjustment Requests⁴;
 - the facility for two or more Shippers, upon mutual agreement, to request a change to their respective Initial Allocations⁵.

1.4. Moffat Agent

Article 3 of the draft Interoperability and Data Exchange Network Code requires that adjacent TSOs establish an Interconnection Agreement (which will replace and expand on any existing Connected System Agreement) at each Interconnection Point to include, among others, rules relating to the processing of Nominations / Renominations and the Allocation methodology. Article 8 further defines specific roles for each Transporter in the Nomination process (‘initiating’ and ‘matching’ Transporter), requiring a direct relationship between the Adjacent Transporters in terms of processing Nominations / Renominations. Similarly, Article 9 envisages the use of an operational balancing account as part of the Allocation methodology, again requiring direct interaction between the adjacent Transporters.

Given that the processing of Nominations and the Allocation methodology are to be administered directly by the Adjacent Transporters at the Moffat Interconnection Point, it follows that the Moffat Agent does not have an enduring function with respect to these activities. It is in this context that it is proposed to withdraw the Transporter’s approval of the Moffat Agency Agreement pursuant to the Code of Operations. Following the withdrawal of such approval, default Code rules relating to functions previously performed by the Moffat Agent will apply. It is anticipated that any amendments to current Code rules as proposed in this business rules document will become effective coincident with the withdrawal of the Transporter’s approval of the Moffat Agency Agreement. Further detail in relation to this transition will be communicated at a later date.

In terms of amendments to the Code, the current provision which allows for the establishment of an Entry Allocation Agent⁶ is to be amended to distinguish between:

³ See 1.1.1d) for definition

⁴ See Part D, Section 2.5.4 of the Code

⁵ See Part D, Section 2.5.3 of the Code

⁶ See Part D, Section 2.3.1 & 2.4 of Code

- a) Interconnection Points, at which it is proposed that an Agent may not be appointed; and
- b) Entry Points which are not Interconnection Points, at which it is proposed that an Agent may be appointed.

Similarly, Entry Point Procedures⁷ will be amended as appropriate to reflect the proposed new Nominations and Allocations processes.

Note that further detail in relation to the transition from the Moffat Agent to new nomination and allocation processes is being addressed via [Code Modification A066 'EU Network Code Implementation: Transitional Arrangements'](#).

⁷ See Part H, Section 3.8 of Code

2. DEFINITIONS & INTERPPRETATION

In reading this document, please note the following:

- ‘the Code’ refers to the Gaslink Code of Operations (version 4.0)
- ‘the Regulation’ refers to the Balancing Network Code (Regulation EU No. 312/2014)
- References to the Capacity Allocation Mechanisms (CAM) Network Code (Regulation EU No. 984/2013) and the draft Interoperability & Data Exchange Network Code shall be explicit.
- **Capitalised Terms in Bold Italics** indicate the first occurrence in the document of a term which has not previously been defined elsewhere. As such, these terms are defined in the body of the document as opposed to being included in a list of definitions in this section.
- Any such newly defined terms have been defined with the sole purpose of aiding the understanding of this business rules document. Accordingly, the Transporter reserves the right to alter such terms when developing Code legal drafting at a later date.
- Capitalised terms other than those referred to above signify existing terms from the Code of Operations or previous business rules documents.

3. INFORMATION PROVISION

3.1. Introduction

- 3.1.1 Chapter 8 (Articles 32 – 42) of the Regulation outlines the information flows required to support the daily balancing regime as described elsewhere in the Regulation. It sets out the minimum information which should be available to a Shipper to allow it make informed decisions in respect of balancing its own portfolio and minimising the risk of the Shipper's actions contributing to a system imbalance.
- 3.1.2 The current arrangements in the Code meet most of the requirements of the Regulation in respect of information provision, and in some cases exceed the requirements.
- 3.1.3 The following section outlines the specific requirements of Articles 32 – 38, and Article 42 of the Regulation and identifies where additional information provision is required over and above the existing provisions of the Code.
- 3.1.4 It should be noted that the requirements of Articles 39 - 41 have not been considered for inclusion in this business rules document as they relate to information flows between a transmission system operator, distribution system operator, and a 'forecasting party'. As the Transporter performs all three aforementioned functions as a single entity it is not necessary to consider such information flows.
- 3.1.5 Certain requirements of Chapter 8 of the Regulation are dependent on the type of 'information provision model' which is applied. It should be noted that the information provision model applicable to the Transporter is the 'base case' as defined in Article 3.19 of the Regulation. Therefore, Chapter 8 of the Regulation should be read in this context.

3.2. System Status Information

- 3.2.1 In accordance with Article 32.1 of the Regulation (by means of reference to the Transparency obligations outlined in Regulation EC 715/2009, Annex 1, 3.4 (5)), the Transporter shall publish, on its transparency site, at 06:00 on each Gas Day:
 - a) the amount of gas in the system at the start of the gas day; and
 - b) the amount of gas forecast to be in the system at the end of the Gas Day (this figure will be updated on an hourly basis throughout the day).

3.3. NDM Forecasts & Metered Information

- 3.3.1 Article 42 describes an outline methodology for the creation of NDM forecasts and requires that the forecasting party publishes a report in respect of the accuracy of the forecasting methodology every two years.
- 3.3.2 The current NDM forecasting methodology as prescribed in the Transporter's Forecasting, Allocation, Reconciliation (FAR) Procedures document exceeds the requirements of the Regulation. Therefore, no changes are proposed to the FAR procedures.
- 3.3.3 The Transporter will publish a report every two years in respect of the accuracy of the NDM forecasting process in respect of a given two year period.
- 3.3.4 Article 36 of the Regulation requires, in respect of non-daily metered offtakes (NDM), that the Transporter provide each Shipper:

- a) no later than 12:00 D-1, with a day-ahead forecast of its NDM consumption for Gas Day D; and
 - b) with a minimum of two further within-day forecasts of its NDM consumption for Gas Day D, the first such forecast to be issued no later than 13:00 D, and the second such forecast to be issued at a time approved by the national regulatory authority.
- 3.3.5 The Transporter's current information provision exceeds the minimum requirements of the Regulation in this respect, with a Shipper receiving the following NDM forecasts:
- a) Day-ahead: 09:00 D-1; and
 - b) Within-day: 11:00 D, 15:45 D, 20:45 D, 00:45 D.
- 3.3.6 It is proposed that the frequency and timing of forecasts is maintained as per current arrangements
- 3.3.7 Article 34 of the Regulation requires the Transporter to provide a Shipper with a minimum of two updates of their measured flows for their intraday metered inputs and offtakes.
- 3.3.8 Currently, in respect of LDM Offtakes, a Shipper may access hourly updates of the indicative metered consumption throughout the Gas Day at each of its LDM Offtakes individually, and in aggregate in respect of all of the LDM Offtakes in its portfolio, thus meeting the requirements adequately.
- 3.3.9 In respect of inputs (entry points), the Transporter shall provide a minimum of two updates of the Shipper's measured flows at the Entry Point.

3.4. Allocations & Daily Imbalance Quantities

- 3.4.1 This section addresses the timing of the communication associated with Allocations and Daily Imbalance Quantities solely. It does not consider the respective methodologies applied in their derivation, which can be found in Sections 5 and 6 of this document.
- 3.4.2 Article 37 of the Regulation requires the Transporter to inform a Shipper of its:
- a) Initial Allocations and Initial Daily Imbalance Quantity for Gas Day D by no later than the end of Gas Day D+1; and
 - b) Final Allocations and Final Daily Imbalance Quantity for Gas Day D within a period of time approved by the national regulatory authority.
- 3.4.3 Currently, the Code requires the Transporter to inform a Shipper of its:
- a) Initial Allocations for Gas Day D by no later than 16:00 D+1;
 - b) Final Allocations for Gas Day D by no later than 16:00 D+5;
 - c) Initial Daily Imbalance Quantity for Gas Day D by no later than 17:30 D+1; and
 - d) Final Daily Imbalance Quantity for Gas Day D by no later than 17:30 M+7.
- 3.4.4 The current arrangements as outlined in 3.4.3 are considered sufficient to meet the requirements of the Regulation. It is therefore not proposed to alter such arrangements, save for the following exception:

- a) In the event that a Shipper's Final Allocation is equal to its Initial Allocation, no further communication will be issued to the Shipper and the Shipper's Initial Allocation is deemed to be its Final Allocation as of 16:00 on Gas Day D+1.

3.5. Summary of Information Provision

3.5.1 The table below outlines the information provision arrangements required by the Regulation and provided by the existing Code as they relate to 3.33 and 3.4 above. In summary, the core requirements of the Regulation in terms of information provision are currently catered for in the Code, with no change required or proposed. As per 3.3.3 above, it is however proposed to publish a report on the accuracy of NDM forecasts every two years.

Time	Info Type	BAL NC	BAL NC Ref	Gaslink Code (currently)	Code Ref	Compliant?
D-1	NDM forecast	No later than 12:00	36.1 (a)	09:00 D - 1	Part D 1.6	YES
D (1 st)		No later than 13:00	36.2	11:00 D	Part D 1.6.3	YES
D (2 nd)		As per national rules (min requirement of two forecasts)	36.3	15:45 D		YES
D (3 rd)				20:45 D		YES
D (4 th)				00:45 D		YES
D+1	Initial Allocation	No later than end of D+ 1	37.1	No later than 16:00 D+1	various	YES
D+2, 3, 4....	Final Allocation	As per national rules	37.3	No later than 16:00 D+5		YES
N/A	NDM Forecast Accuracy	Publish report every two years	42.3	None	N/A	NO
D+1	Initial Daily Imbalance Quantity	No later than end of D+ 1	37.1	No later than 17:30 D+1	Part E 1.5.1	YES
D+2, 3, 4....	Final Daily Imbalance Quantity	As per national rules	37.3	No later than 17:30 M+7	Part E 1.5.3	YES

3.5.2 Article 38 of the Regulation requires that the Transporter, within two years from the entry into force of this Regulation (i.e. April 2016), conducts a review of the costs and benefits of:

- increasing the frequency of information provision to Shippers;
- reducing the related timelines of information provision; and
- improving the accuracy of the information provided.

3.5.3 The Transporter shall consult with Shippers in respect of this review and, on the basis of the consultation results, the CER shall decide on any relevant changes to the provision of information.

4. NOMINATIONS

4.1. General

- 4.1.1 Chapter 4 (Articles 12 -18) of the Regulation outlines a set of minimum requirements in relation to nomination and renomination processes. It does not preclude a national regulatory authority or transmission system operator from prescribing additional requirements in accordance with the specific needs of the transmission system operator.
- 4.1.2 Nomination rules in the Regulation shall apply to both bundled and unbundled capacity. In the same way, the rules outlined in this business rules document shall address nominations and renominations made in respect of both bundled and unbundled capacity.
- 4.1.3 The primary focus of the Regulation is in terms of nominations and renominations at interconnection points, however Article 18 provides some guidance in relation to points other than interconnection points.
- 4.1.4 The Network Codes prescribe that the processing of Nominations and Renominations at Interconnection Points is conducted by the respective Transporters at the Interconnection Point, with one Transporter adopting the role of initiating Transporter and the other the role of matching Transporter.
- 4.1.5 The Transporter will confirm to Industry in due course the specific role which the Transporter will adopt in respect of each Interconnection Point. However, given that the roles are not confirmed at this point, the rules which follow are generic in nature and are non-specific in terms of which Transporter performs each role.
- 4.1.6 The Nomination matching rules which will be applied at Interconnection Points (and which are currently administered by the Moffat Agent in the case of the Moffat Entry Point) are not included in this business rules document, but will instead be included in the Interconnection Agreements (formerly referred to as Connected System Agreements) established between the respective Transporters at each Interconnection Point.
- 4.1.7 Please note the following in relation to this Chapter 4:

*The rules proposed in this Chapter 4 refer solely to Interconnection Points and do not propose changes to the existing nomination / renomination rules in the Code in relation to Entry or Exit Points which are not Interconnection Points, **with the following exception:***

- *The proposed Nomination Period and Renomination Periods⁸ as outlined in 4.2.1 and 4.2.5 respectively are to be applied in respect of ALL points on the network in the interest of consistency regarding the deadlines for submission of nominations and renominations across the system.*

⁸ The timings applied to the submission of Virtual Reverse Flow Nominations may differ from the general timings included in this business rules document. Please refer to the Virtual Reverse Flow business rules for specific details relating to VRF Nomination timings.

4.2. Nomination / Renomination Periods

- 4.2.1 Nominations in respect of a Gas Day shall be submitted no earlier than 31 days prior to the Gas Day (D-31) and no later than 13:00 on the day immediately preceding the Gas Day (D-1), the **Nomination Period**.
- 4.2.2 Multiple Nominations may be submitted within the Nomination Period, with each subsequent Single Sided Nomination (or Double Sided Nomination in respect of the same combination of counterparties) superseding the previous Nomination, such that the last valid Nomination received by the Transporter before the end of the Nomination Period is the Nomination which is processed by the Transporter.
- 4.2.3 Where a Shipper has not submitted a Valid Nomination by 13:00 D-1, the Shipper shall be deemed to have submitted a Nomination of 0 (zero) kWh/d.
- 4.2.4 The time period during which Nominations are processed (**'the Nomination Cycle'**) shall commence at 13:00 D-1 and end at 15:00 D-1 and the Transporter shall communicate the outcome of the Nomination Cycle in respect of the Shipper's Nomination to the Shipper no later than 15:00 D-1.
- 4.2.5 Renominations in respect of a Gas Day shall be submitted no earlier than 15:00 D-1 and no later than 02:00 D (the **'Renomination Period'**) and the Transporter shall process Renominations from the commencement of the hour immediately after the hour in which the Nomination was submitted (**'the Hour Bar'**).
- 4.2.6 The Transporter shall communicate the outcome of the Renomination Cycle in respect of the Shipper's Renomination to the Shipper no later than the end of the relevant Renomination Cycle.
- 4.2.7 The time period during which Renominations are processed (**'the Renomination Cycle'**) shall commence on the Hour Bar and have a maximum duration of 2 hours. A Renomination cycle shall commence each hour within the Renomination Period.
- 4.2.8 The effective flow time shall be no later than the Hour Bar plus two hours following receipt of the Renomination from the Shipper, unless a later time is specified by the Shipper.
- 4.2.9 Given the requirements of 4.2.8, the concept of Renomination Effective Times as currently provided for in Part D, Section 1.8 of the Code shall no longer apply in respect of Interconnection Points.

4.3. Nomination / Renomination Submission & Rejection

- 4.3.1 A Nomination or Renomination submitted by a Shipper in respect of an Interconnection Point shall contain:
- a) Interconnection Point;
 - b) direction of flow;
 - c) Type of Nomination or Renomination (i.e. Double Sided or Single Sided);
 - d) Shipper ID;
 - e) Shipper's counterparty (in the case of Double Sided Nominations or Renominations);

- f) Gas Day;
- g) the Nominated or Renominated Quantity; and
- h) start and end time of Nomination or Renomination;

4.3.2 The Transporter **may** reject a Nomination or Renomination, or determine a Processed Quantity⁹ which is lower than the Nominated Quantity, and shall advise the Shipper of same no later than the end of the Nomination Cycle or Renomination Cycle as appropriate, if:

- a) it has not been submitted in accordance with 4.3.1;
- b) it is submitted by a party which is not a Shipper;
- c) in the case of a Renomination, it's acceptance would result in a negative Implied Nomination Flow Rate (INFR);
- d) it exceeds the Shipper's Active Capacity;
- e) where there are difficulties due to the profiling of Natural Gas into the Transportation System at an Interconnection Point such that, on a Day in respect of which the Renomination is submitted, the hourly gas flows into (or out of) the Transportation System differ from the EODQ divided by twenty four (24) during the early hours of the Day such that the Transporter's ability to accept such Renominations is adversely affected.¹⁰

4.3.3 Note that Article 17.2 of the Regulation precludes the rejection of a Nomination or Renomination solely on the basis that the Shipper's intended inputs are not equal to its intended outputs i.e. the Shipper has not achieved a Zero Imbalance Position (ZIP). Accordingly the existing ZIP requirement in the Code will be discontinued.

4.4. Nomination / Renomination Processing: General

4.4.1 The processing of Nominations and Renominations at Interconnection Points shall be performed as part of a joint process involving both the Transporter and the Adjacent Transporter, allowing a Shipper to submit either Double Sided Nominations / Renominations or Single Sided Nominations / Renominations.

4.4.2 **Single Sided Nomination** may be submitted by a Shipper to the Initiating Transporter, such single Nomination requesting the Nominated Quantity (or Renominated Quantity) to be offtaken from one Transporter's system and delivered to the adjacent Transporter's system.

4.4.3 **Double Sided Nomination** requires the submission of two distinct Nominations by a Shipper and a Shipper's counterparty, one to each Transporter which, in combination, are considered a Double Sided Nomination, requesting the Nominated Quantity (or Renominated Quantity) to be offtaken from one Transporter's system and delivered to the adjacent Transporter's system.

4.4.4 The Nomination / Renomination process involves the following defined terms:

- a) Nominated Quantity, as defined in Part D 1.1.1 (e) of the Code; and

⁹ See 1.1.1(c) for definition

¹⁰ Based on Code of Operations Part D 1.2.5 (h) (iv) & (v)

- b) Renominated Quantity, as defined in Part D 1.1.1 (e) of the Code;
- c) **Processed Quantity**, meaning the quantity of gas which the relevant Transporter deems feasible for delivery at the IP on behalf of a Shipper (i.e. each Transporter at the IP will determine a Processed Quantity);
- d) **Confirmed Quantity**, meaning the quantity of gas which both Transporters deem feasible delivery at the IP on behalf of a Shipper following application of the matching rule i.e. this will be the same value for both Transporters at the IP.

4.4.5 The Nomination matching process defines two distinct roles for the respective Transporters as per 4.4.6 and 4.4.7.

4.4.6 **Initiating Transporter**, whose role is to:

- a) receive Single Sided and Double Sided Nominations / Renominations from Shippers;
- b) forward Single Sided Nominations / Renominations to the Matching Transporter;
- c) determine its Processed Quantity and forward this to the Matching Transporter; and
- d) receive the Confirmed Quantity from the Matching Transporter and forward it to its Shipper.

4.4.7 **Matching Transporter**, whose role it is to:

- a) receive Double Sided Nominations from Shippers;
- b) receive forwarded Single Sided Nominations / Renominations from the Initiating Transporter;
- c) determine its Processed Quantity;
- d) receive the Initiating Transporter's Processed Quantity;
- e) perform the matching process to determine the Confirmed Quantity;
- f) forward the Confirmed Quantity to the Initiating Transporter and the Shipper.

4.5. Nomination / Renomination Processing: Single Sided Nomination

4.5.1 A Shipper may submit a Single Sided Nomination to the Initiating Transporter within the Nomination Period or Renomination Period as appropriate.

4.5.2 The Initiating Transporter shall:

- a) forward the Nomination to the Matching Transporter by 13:15 D-1 or the Hour Bar plus 15 minutes¹¹;
- b) determine the Processed Quantity of the Initiating Transporter; and
- c) forward the Initiating Transporter's Processed Quantity to the Matching Transporter by 13:45 D-1 or Hour Bar plus 45 minutes.

¹¹ Note that where two timings (e.g. 13:15 D-1 or the Hour Bar plus 15 minutes) are included in these sections 4.5 and 4.6, the former relates to Nominations, while the latter relates to Renominations.

- 4.5.3 Following receipt of the Initiating Transporter’s Processed Quantity, the Matching Transporter shall:
- determine the Matching Transporter’s Processed Quantity;
 - perform the matching process in accordance with the matching rule, thus determining the Confirmed Quantity; and
 - forward the Matching Transporter’s Processed Quantity and the Confirmed Quantity to the Initiating Transporter by 14:30 D-1 or Hour Bar plus 90 minute);
- 4.5.4 The Initiating Transporter shall communicate the Confirmed Quantity to the Shipper by 15:00 D-1 or Hour Bar plus 120 minutes.
- 4.5.5 The Matching Transporter shall communicate the Confirmed Quantity to the Shipper by 15:00 D-1 or Hour Bar plus 120 minutes.
- 4.5.6 The Single Sided Nomination / Renomination process is summarised in Figure 1 below:

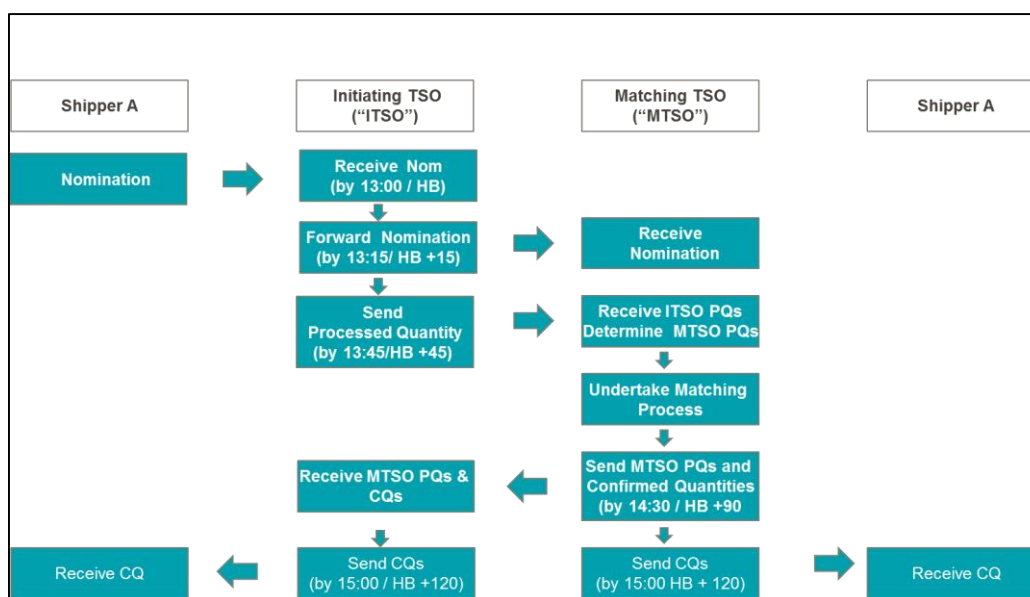


Figure 1 *Single Sided Nomination / Renomination Process*

4.6. Nomination / Renomination Processing: Double Sided Nomination

- 4.6.1 A Shipper and a Shipper’s counterparty may submit a pair of Nominations, one Nomination to the Initiating Transporter, the other to the Matching Transporter, together considered a Double Sided Nomination at an Interconnection Point within the Nomination Period or Renomination Period as appropriate.
- 4.6.2 The Initiating Transporter shall:
- determine the Processed Quantity of the Initiating Transporter;
 - forward the Initiating Transporter’s Processed Quantity to the Matching Transporter by 13:45 D-1 or Hour Bar plus 45 minutes.
- 4.6.3 Following receipt of the Initiating Transporter’s Processed Quantity, the Matching Transporter shall:

- a) determine the Processed Quantity of the Matching Transporter;
- b) perform the matching process in accordance with the matching rule, thus determining the Confirmed Quantity;
- c) forward the Matching Transporter’s Processed Quantity and the Confirmed Quantity to the Initiating Transporter by 14:30 D-1 or the Hour Bar plus 90 minutes;

4.6.4 Both the Initiating Transporter and the Matching Transporter shall communicate the Confirmed Quantity to their respective Shippers by 15:00 D-1 or the Hour Bar plus 120 minutes.

4.6.5 The Double Sided Nomination / Renomination process is summarised in Figure 2 below:

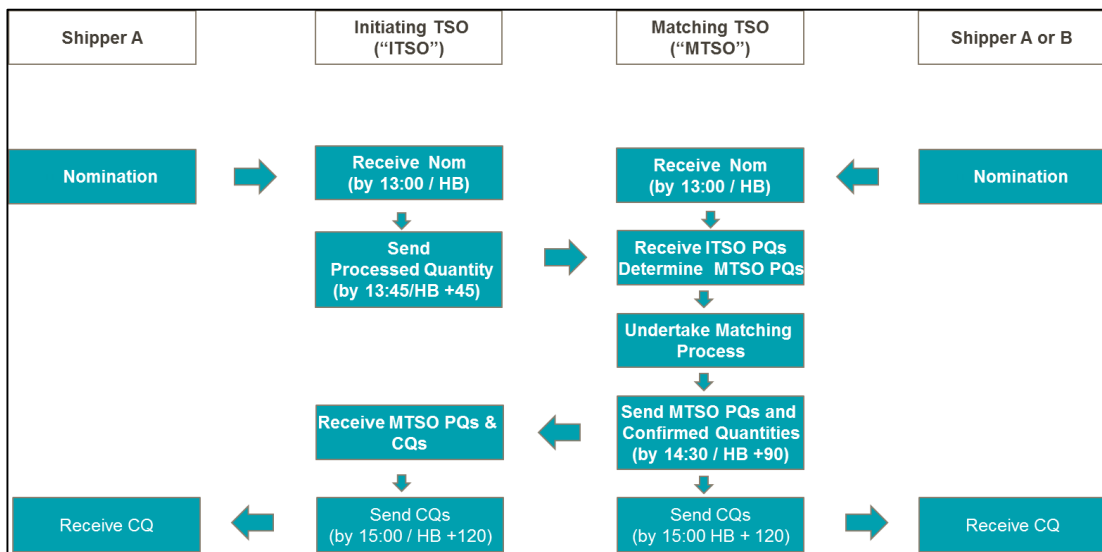


Figure 2 Double Sided Nomination / Renomination Process

4.7. Matching Rules at Interconnection Points

4.7.1 The matching rules to be applied at each Interconnection Points shall be included in the relevant Interconnection Agreements which the Adjacent Transporters at each Interconnection Point shall be party to.

4.7.2 The Interconnection Agreements are currently in development and the details of the matching rules to be included within shall be communicated to Industry in due course (consultation scheduled for June 2015)

5. DAILY IMBALANCE CHARGES

Chapter 5 'Daily Imbalance Charges' has been consulted on as part of version 1.0 and version 2.0 of this business rules document. However, as per the Transporter's presentation to the Code Modification Forum meeting on 21 January 2015, any further consultation in relation to daily imbalance charges (and indeed other topics relating to operational balancing) will be carried out via the 'interim measures report' which is expected to be issued for consultation during March 2015.

6. ALLOCATIONS

6.1. General

- 6.1.1 Article 37 of the Regulation sets out the minimum requirements in terms of the timing of issuing Initial Allocations and Final Allocations. Please see Section 3.4 of this document for details. The Regulation does not specify an Allocation methodology.
- 6.1.2 Article 9 of the draft Interoperability & Data Exchange Network Code provides guidance on the methodology which may be applied to Allocations, including the establishment of Operational Balancing Accounts at Interconnection Points. It also stipulates that Transporters *'shall establish rules ensuring consistency between the allocated quantities at both sides of the interconnection point'*.

6.2. Allocation Methodology

- 6.2.1 A Shipper shall, subject to certain limits, receive an Allocation at an Interconnection Point equal to its Confirmed Quantity. In such circumstances, the Transporter and the Adjacent Transporter shall allocate the difference between metered quantities and the aggregate of Confirmed Quantities to an **Operational Balancing Account (OBA)** operated by the Transporters, whereby any underdelivery or overdelivery in respect of a given Gas Day is addressed by scheduling a corrective underdelivery or overdelivery in respect of the subsequent Gas Day.
- 6.2.2 Where the aforementioned limits are exceeded, a proportional allocation rule may be applied.
- 6.2.3 The Transporter is in the process of developing Operational Balancing Agreements with the relevant Adjacent Transporters at the respective Interconnection Points. The Operational Balancing Agreements will form part of the Interconnection Agreements between the Adjacent Transporters at the Interconnection Points.
- 6.2.4 Given that a Shipper's Allocations at Interconnection Points will predominantly equal its Confirmed Quantities, it is proposed that the following features of the existing Code be discontinued in respect of Interconnection Points (Note: propose retaining in respect Entry Points other than Interconnection Points):
- a) Facility for two or more Shippers, following receipt of Initial Entry Allocations, to agree on a different allocation between themselves of the Allocable Quantity at such Entry Point to the Initial Entry Allocations made by the Transporter, as currently provided for in Part D 2.5.3 of the Code; and
 - b) Facility for a Shipper to submit an Entry Allocation Adjustment Request as currently provided for in Part D 2.5.4 of the Code.