

CODE OF OPERATIONS MODIFICATION PROPOSAL



MODIFICATION DETAILS

Modification Number: A068

Modification Title: Balancing: *EU Network Code Implementation*

Modification Proposer:	Modification Representative:	Modification Representative Contact Details:	Date Submitted:	Proposed Implementation Date:
Transporter	Aidan Hogan	marketarrangements@gaslink.ie aidan.hogan@gasnetworks.ie	20 April 2015	1 October 2015

Proposal:

The proposed modification intends to incorporate those aspects of [Regulation EU 312/2014](#) (Balancing Network Code) which relate to operational balancing (Chapter 3 of the Regulation), daily imbalance charges (Chapter 5 of the Regulation), and neutrality arrangements (disbursements account) (Chapter 7 of the Regulation). It also engages Chapter 10 of the Regulation 'Interim Measures'. The Regulation has an implementation date of 1 October 2015.

The items included in the scope of this modification A068 have been consulted on previously as part of [Code Modification Proposal A063' Nominations, Imbalance Charges & Allocations: EU Network Code Implementation'](#). Further to Industry responses and CER feedback, the Transporter subsequently commenced a review of its initial proposals and proposed utilizing the provisions of Chapter 10 'Interim Measures', which facilitates a gradual implementation of the Regulation over an interim period in circumstances where low levels of liquidity are deemed to pertain in a Member State's short term wholesale gas market. The Transporter published its ['Interim Measures Report'](#) for consultation on 5 March 2015. The purpose of the interim measures are to stimulate liquidity in the market through the amendment of tolerances and daily imbalance cash-out prices as the first step towards developing a potentially liquid short-term market over a longer period. The CER issued its decision ([CER/15/085](#)) supporting this approach on 17 April 2015.

Code Modification A068 will therefore set out the proposals for implementation in the Gaslink Code of Operations for 1 October 2015 in two distinct areas:

- Items which are considered 'interim measures' in the context of the Regulation:
 - Reduction of Tolerances
 - Daily Imbalance Cash-out Price - introduction of differential into first-tier cash-out price
- Items which are not considered 'interim measures' in the context of the Regulation but which were included in Chapter 5 of [Code Modification A063 business rules v2.0, including:](#)
 - After Day Trades
 - Scheduling Charges
 - Disbursements Account
 - Trade Notifications / IBP Nominations

The following points should be noted in respect of item 1 above:

- any proposals put forward as part of modification A068 are contingent upon CER approval, independent of its previous Decision CER/15/085 in respect of the Interim Measures report.
- any proposals put forward as part of modification A068 represent the first step in a series of sequential developments in this area, with each subsequent step subject to annual review, issued via an updated Interim Measures Report, of the effectiveness of the previous iteration. A new code modification proposal is anticipated as an outcome of each annual review.
- The proposals included in the interim measures report provide guidance in terms of the proposals included in this code modification A068 but do not limit them in any way.

• Proposed Implementation Date:

Regulation EU 312/2014, establishing a Network Code on Gas Balancing of Transmission Networks (the 'Balancing Network Code'), specifies an implementation date of 1 October 2015.

Proposed section of the Code to be modified:

Part A: Definitions & Interpretations
Part E: Balancing & Shrinkage

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

MODIFICATION MOTIVATION

Benefits of implementing this Modification:

The objectives of the European Network Codes includes the establishment of a harmonised and consistent pan-European approach to operational balancing and daily imbalance charges. This modification proposal aims to ensure that the Gaslink Code reflects such harmonisation, in particular at Interconnection Points. The modification also allows for a gradual implementation of certain aspects of the Regulation over an interim period, allowing the phased adjustment to the new rules.

Consequences of not making this Modification:

Failure to implement this modification may result in Ireland being deemed non-compliant with EU legislation.

Illustrative Example:

Further detail in relation to the proposed modification will be provided in the form of a business rules document which shall be issued for Industry consultation in due course.