

Inch Storage Entry Point

Code Modification No. A070

Business Rules for Industry Consultation

16 October 2015

Version 1.0



CONSULTATION PERIOD

Comments are requested on or before 30 October 2015

By email to:

marketdevelopment@gasnetworks.ie

and

conor.long@gasnetworks.ie

If you require any additional information in relation to this document, please contact:

Conor Long

Gas Networks Ireland, Gasworks Road, Cork

+353 (21) 453 4016

conor.long@gasnetworks.ie

VERSION CONTROL

Version	Date	Description
1.0	16 Oct 2015	Version 1.0 for Industry consultation

1. INTRODUCTION

Code Modification Proposal A070 *'Inch Storage Entry Point'* proposes splitting the existing Inch Entry Point in two, through the establishment of two distinct Entry Points, one point at which 'storage' gas enters the network, the other at which 'production' gas enters the network. The business rules which follow set out the proposed arrangements to apply at the respective points.

The requirement for the proposed modification arises from [Decision Paper CER/15/140](#), in which the CER directed the Transporter to apply two distinct tariffs at Inch, one in respect of 'storage' and the other in respect of 'production' gas from 1 October 2015.

Extract from Decision Paper CER/15/140:

'.....the CER has decided that where storage gas re-enters the GNI system from the Inch Entry Point it will pay the primary (pre-adjusted) entry tariff as calculated by the Matrix methodology. Rescaling will not apply to the primary tariff for Storage gas from the Inch Entry Point. For clarity, production gas from the Inch Entry Point will pay the rescaled (adjusted) Entry tariff.'

Decision 11: The CER directs Gas Networks Ireland to apply the primary (pre-adjusted tariff) Inch Entry Point tariff where storage gas re-enters the GNI system from the Inch Entry Point from 1st October 2015.

In order to give effect to the CER's direction, and to ensure the correct billing of Shippers in accordance with two distinct tariffs, it is proposed to establish two distinct entry points. In so doing, it is possible to simply apply the existing Code rules in relation to capacity, nominations, allocations, overruns, imbalances etc. as normal in respect of each point

Please note that it is proposed that the technical capacity at the Inch Storage Point will be divided between storage and production on the basis of an 85:15 split.

Interim Solution

Pending approval of Code Modification Proposal A070, the Transporter proposes to give effect to the CER's direction by amending the Code of Operations and updating the Transporter's IT Systems. However, while the Code modification process and implementation of the associated IT changes will take some time to complete, it should be noted that the Transporter has proposed an interim process which is already in place and has given effect to the CER's direction as and from 1 October 2015.

The interim process is not formally included in the Code and involves manual workarounds as opposed to IT system changes. As this business rules document is solely concerned with the enduring solution, please refer to the Code Modification Forum slides of [16 September 2015](#) for further information regarding the interim solution. The interim solution will remain in effect until such time as modification A070 is formally approved and implemented.

2. BUSINESS RULES

- 2.1. The Inch Entry Point, as currently defined in the Code, shall be replaced with two distinct Entry Points as follows:
- a) the '***Inch Storage Entry Point***', at which point storage gas may be delivered to the Transportation System from the Inch delivery facilities; and
 - b) the '***Inch Production Entry Point***', at which point production gas may be delivered to the Transportation System from the Inch delivery facilities.
- 2.2. The existing Code arrangements, including in relation to Capacity, Nominations, Allocations, Overruns, Balancing & Shrinkage, shall apply independently and separately in respect of the Entry Points listed above:
- a) As per Part C of the Code, separate Capacity bookings in respect of each Entry Point;
 - b) As per Part D of the Code separate Nominations in respect of each Entry Point;
 - c) As per Part D of the Code separate Allocations in respect of each Entry Point;
 - d) As per Part C of the Code, Capacity Overruns will be calculated in respect of each Entry Point, with the relevant tariff applying in each case;
- 2.3. It is proposed to sub-divide the current Technical Capacity of the Inch Entry Point (55,000,000 kWh) between storage and production as follows :
- | | | |
|---------------------------------|----------------|-------|
| a) Inch Storage Entry Point: | 46,750,000 kWh | (85%) |
| b) Inch Production Entry Point: | 8,250,000 kWh | (15%) |
- The purpose of this sub-division is to ensure that the capacity booked and flows nominated by Shippers at both Entry Points in aggregate do not exceed what can physically be delivered at the two points in aggregate.
- 2.4. The proposed split is based the forecast storage to production booking ratio for gas year 15/16¹. Respondents are invited to submit views regarding the appropriateness or otherwise of the proposed ratio.
- 2.5. The current arrangements whereby the Inch Allocation Agent submits allocations to the Transporter in respect of the Inch Entry Point shall continue, with the exception that the agent will now provide separate allocations in respect of the Inch Storage Entry Point and the Inch Production Entry Point.
- 2.6. The Inch Allocation Agent shall ensure that the total allocations (i.e. sum of allocations at the Inch Storage Entry Point and the Inch Production Entry Point) are equal to the metered quantity.
- 2.7. In the event that insufficient information is provided by the Inch Allocation Agent to the Transporter, the Transporter shall allocate all metered gas to the Inch Production Entry Point by default, with Shippers being invoiced accordingly.

¹ See section 5.4 of CER/15/140

- 2.8. For the avoidance of doubt, Entry Capacity Trades and Entry Point Transfers will be facilitated in respect of the new Entry Points as per existing Code rules.
- 2.9. As per the requirements of Code Modification A052 '*Shrinkage Charges Associated with Gas Delivered From Storage*' (approved by CER and effective from 1 October 2014), shrinkage charges will not be applied in respect of gas allocated to the Inch Storage Exit Point and shrinkage charges will be applied in respect of gas allocated to the Inch Production Exit Point.