

# Inch Storage Entry Point

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**Code Modification No. A070**

*Business Rules for Industry Consultation*

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**Version 2.0**



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## **VERSION CONTROL**

<b>Version</b>	<b>Date</b>	<b>Description</b>
<b>1.0</b>	16 Oct 2015	Version 1.0 for Industry consultation
<b>2.0</b>	18 Dec 2015	Version 2.0 for CER Approval

## 1. INTRODUCTION

Code Modification Proposal A070 *'Inch Storage Entry Point'* proposes the implementation of separate tariffs at Inch for production gas and storage gas. Practically this will be achieved by subcategorising the existing Inch Entry Point into "Inch Production" and "Inch Storage" for the purposes of capacity bookings, nominations, allocations and invoicing. The business rules which follow set out the proposed arrangements to apply at the Inch Entry Point.

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' gas re-entering the GNI system 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 1<sup>st</sup> October 2015.***

In subcategorising the Inch Entry Point into "Inch Production" and "Inch Storage", it will be possible to give effect to the CER's direction, while applying the existing Code rules in relation to capacity, nominations, allocations, overruns, imbalances etc. as normal in respect of each category of gas.

### **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 only, and not updating the Transporter's IT Systems. However, while the Code modification process and analysis of the associated IT changes which would be required were taking place, it should be noted that the Transporter has actioned 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 solution involves manual workarounds as opposed to IT system changes. The interim solution will remain in effect until such time as the modification process for A070 is complete, at which point an enduring solution will be implemented by the Transporter.

## 2. BUSINESS RULES

- 2.1. The Inch Entry Point, as currently defined in the Code, shall remain a single Entry Point but Inch will be subcategorised in the Code of Operations so that a Shipper will be required to choose either Inch production gas or Inch storage gas when booking capacity at Inch.
- 2.2. The existing Code arrangements, where necessary, shall apply independently and separately in respect of both storage gas and production:
  - a) Shippers will be required to make separate Capacity bookings in respect of each category of gas;
  - b) Shippers will submit Nominations as per current arrangement. These Nominations will be aligned with the category of gas which they have booked;
  - c) Shippers will receive separate Allocations in respect of each category of gas as determined by the Inch Allocation Agent;
  - d) Capacity Overruns will be calculated in respect of each category of gas, with the applicable storage gas or production gas tariff applying in each case, i.e. if a shipper overruns on storage capacity, the overrun will be charged using the storage capacity tariff and vice versa.
- 2.3. Capacity will be booked on a first come first served basis according to the remaining available technical capacity. When making a booking on the Transporters IT system shippers will be able to see the amount of remaining technical capacity available at the Inch Entry Point, and book either Inch storage or Inch production gas, or both should they so wish.
- 2.4. When booking capacity at Inch shippers will be required to specify whether they require production or storage capacity. If no specification is made by the shipper the booking will be treated as production gas.
- 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 Inch Allocation Agent providing separate allocations for storage gas at the Inch Entry Point and production gas at the Inch 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 Net Metered Quantity.
- 2.7. In the event that no allocation information is provided by the Inch Allocation Agent to the Transporter, the Transporter shall allocate all metered gas in accordance with the Code pro rata across the nominations of each shipper at Inch. Please note that this deviates from the previously proposed approach of allocating to production gas by default if no allocation information was received from the Inch Allocation Agent.
- 2.8. For the avoidance of doubt, Entry Capacity Trades and Entry Point Transfers will be facilitated in respect of each category of gas as per existing Code rules. However Capacity Trades as between Inch storage gas and Inch production gas will not be permitted as there are separate tariffs for each category of capacity. When carrying out an Entry Capacity Trade shippers must state what type of capacity is being traded.

- 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), the existing relief for shrinkage charges will continue to apply for storage gas re-entering the Transporters system. Shrinkage charges will not be applied in respect of gas allocated as Inch storage gas. For clarity, shrinkage charges will continue to be applied in respect of gas allocated as Inch production gas.