

Gas Industry Balancing Workshop

Hilton Hotel, Kilmainham, Dublin

23rd November 2016

12:30 – 14:30

Attendance:

Gas Networks Ireland:

Andrew Kelly, Gráinne Greehy, Kieran Quill, Lisa Walsh

Industry:

Karen Trant	CER
Colm Ó Gormáin	CER
Sarah McCauley	CER
David Lindsay	CER
Anthony Foody	Electric Ireland
Paul Hoey	Electric Ireland
Lucy Manning	Gazprom
Amrik Bal	Shell
Terry Burke	Statoil
Martin Regan	EBI
Keith Deacon	Tynagh Energy
Kevin Murray	Bord Gáis Energy
Lisa Fahy	SSE
Henk Kreuze	Vermilion
Brian McGlinchey	Kinsale Energy/ IOOA
Warren Deacon	ESB GWM
James Tyrell	ESB

1. Actions from last Workshop

- The Transporter provided an overview of the actions undertaken since the last Workshop on 5th October, as outlined below:

No.	Action	Responsibility	Status
1	Transporter to draft a suite of credit arrangement options that it would be willing to accept from individual Shippers, in order to trade with them on a Trading Platform.	Transporter	Complete – see proposed credit arrangements in <i>Draft Business Rules</i> (Section 3.2.1)
2	Industry to respond to the Transporter within two weeks, to indicate their preferred option(s) for cashout prices for the different scenarios outlined in Question 10, highlighting which of the suggested cashout prices (as per industry responses) they would consider agreeable for each scenario.	Industry	Complete
3	Transporter to circulate a first draft of Business Rule for the Transporter participation on a Trading Platform, in advance of the 23rd November Balancing Workshop.	Transporter	Complete

2. Draft Business Rules: GNI's Participation on a Trading Platform

Additional Industry Responses to Balancing Consultation

- Additional industry responses following the [Balancing Consultation](#) were presented, as per Slides 5-10.
 - When responding to the questions posed by industry, the Transporter indicated that it is looking into the issue of publishing annual information concerning utilisation of the Balancing Services Contract by the TSO and related costs.
 - Following a comment from an industry participant concerning the Minutes of the October Balancing Workshop, the Transporter alluded to the amended Minutes circulated, which include additional text on Cashout Prices, following industry feedback.

Overview and Discussion on Draft Business Rules

- The various Sections of the Draft Business Rules (outlined in Slide 12) were each discussed, as per the relevant Slides.
- An industry participant commented that distribution of these draft Business Rules is a positive step towards measures to facilitate the Transporter's participation on a Trading Platform.

Section 3 of Draft Business Rules (GNI Signing up to a Trading Platform)

- An industry participant queried why the Tender for the provision of Trading Platform services to the TSO had not yet been issued.
 - The Transporter responded that the delay was due to the need for clarification on the exact nature of the services required and internal approval procedures. The Transporter noted the challenges in public procurement processes and indicated that the Tender would be issued within the coming weeks.
- The Regulator questioned if there are any constraints preventing shippers-to-shipper trading on a Trading Platform at present.
 - Industry responded that there are no constraints preventing such trading activity.

Section 4 of Draft Business Rules (Utilisation of a Trading Platform by GNI)

Systems and Processes (Section 4.2)

- An industry participant questioned whether the Transporter has any plans to automate the process of logging confirmed trades from the Trading Platform on GTMS, noting that there is no mention of the potential use of data interfaces in the Draft Business Rules.
 - The Transporter responded that it will look into the possibility of using relevant data interfaces for such automated functionality. However, the Transporter commented that the costs involved in building such functionality may be prohibitive, particularly in light of relatively limited Trading Platform activity by the TSO.
 - The Transporter stated that it would examine this issue further, once a Trading Platform service provider has been selected.
 - The Transporter stressed that a cost-benefit analysis would have to be undertaken, before deciding on whether to deploy any such (costly) automated functionality.
 - The industry participant concluded that it may be worthwhile to speak to other European TSOs who have adopted such interfaces to automate the logging of Trading Platform activity in their internal systems and relevant Trading Platform service operators.

Use of the Balancing Services Contracts (Section 4.3)

- An industry participant requested that the Transporter shares its internal policies and procedures concerning if, and when, the TSO should revert to the relevant Services Contract, once they are completed.
 - The Transporter agreed to do so.
- An industry participant questioned whether, at present, there are typical times during the gas day when the Transporter requires and completes balancing actions. They questioned whether it would be preferable to have two or three specified trade settlement windows each day, when the TSO would typically seek actions on the Trading Platform.

- The Transporter responded that it will consider this suggested approach, and any additional industry feedback received in this regard, when drafting an amended version of the Draft Business Rules for circulation to industry in due course.
- The Transporter also commented that, although it is envisaged in the EU Balancing Network Code Regulation (EU 312/2014) that balancing services contracts may become redundant following a TSO's participation on a Trading Platform in the longer term, this eventuality may be aspirational. In reality, it may be necessary to maintain balancing services contracts, to ensure that necessary actions can be taken by the TSO on a particular day.

Imbalance Cashout Prices and Tolerances

- An industry participant commented that additional work is required by the Transporter concerning proposed imbalance cashout prices and tolerances for when the TSO participates on a Trading Platform.
 - They commented that the EU Balancing Network Code Regulation is relatively prescriptive on these issues, and should be reviewed by the Transporter in these contexts.
 - The Transporter commented that these are the two areas where views vary considerably across industry.

Imbalance Cashout Prices (Section 4.5)

- An industry participant suggested that the Transporter should propose cashout prices in different scenarios as soon as possible, and prior to TSO participation on a Trading Platform.
 - They voiced concern about holding off on assessing potential imbalance cashout prices until the TSO is active on a Trading Platform.
 - They stressed that imbalance cashout prices should be examined in parallel to the Transporter taking measures in an effort to sign-up to a Platform.
- The Transporter agreed that following further review of industry feedback and the relevant sections of the Balancing Network Code Regulation, it will provide details on the imbalance cashout prices it proposes to apply in different long and short Shipper positions in various scenarios (e.g. when there is (in)activity on the Platform) once the TSO is participating on a live and liquid Trading Platform.
 - It was agreed that the Transporter will circulate these proposed cashout prices to industry for their feedback, prior to the January 2017 Balancing Workshop.

Tolerances (Section 4.6)

- An industry participant commented that, without the removal of tolerances, they consider there to be very little incentive on the shipping community to utilise a Trading Platform.
- Following a discussion on the current tolerance specifications, it was agreed that the Transporter will provide an interpretation of the sections of the Balancing Network Code

Regulation relating to tolerances to industry (before the January Balancing Workshop) for their feedback.

- An industry participant questioned the accuracy of the feed of information disseminated to industry on DM and LDM customers. They stated that assurances of the accuracy of such data is necessary, in advance of exploring any potential amendments to tolerances.
 - The Transporter stated that it will address any inaccurate information currently being disseminated and rectify any associated issues.
 - The Transporter recognised the need to actively address accuracy of information issues, prior to proposing any potential amendments in tolerances.

Information Provision (Section 4.7)

- An industry participant questioned whether the Transporter proposes to definitely or possibly provide balancing action notifications of any balancing actions that it is planning to take via the Platform, prior to attempting to make the trade. They noted that, while it is stated in the Draft Business Rules that the Transporter “*may*” provide such notifications, they believe that such notifications should “*always*” be provided by the TSO.
 - The Transporter responded that the issue of such notifications potentially impacting liquidity on a Trading Platform (i.e. the possibility of potential counterparties pitching prices that they believe the TSO will be willing to pay, in light of the need for the action) should be carefully considered in the first instance.
 - Another industry participant stated that in France and the Netherlands, TSOs provide such balancing action notifications.
 - The Regulator responded that this may be the case, but that gas trading markets in such jurisdictions are developed (and therefore liquid).
 - The Transporter stated that, at the end of the day, Shippers pay into the disbursement account, and in light of their vested interest, the TSO welcomes and is seeking industry views on all matters concerning information provision.
- The amended version of the Draft Business Rules, which will be circulated in due course, will reflect industry views received on balancing notification actions.

Settlement Arrangements (Section 4.8)

- An industry participant commented that annual settlement of the disbursement account may no longer be suitable, once participation on the Trading Platform commences.
 - The Transporter commented that if industry wishes to do so, they are welcome to propose a Code Modification in this regard.

Governance Oversight Committee (Section 4.9.1)

- The potential terms of reference for a Governance Oversight Committee were discussed, with the Transporter noting that:
 - the terms of reference may be amended as TSO activity on a Trading Platform progresses.

- it is envisaged that the focus of this proposed Committee will be operational, rather than commercial.
- Proposed terms of reference are to be developed for future industry consideration.

3. Next Steps

- The proposed next steps were outlined, as per Slides 29-30.
- An industry participant questioned when the Transporter will be in a position to put a schedule in place for the TSO's participation on a Trading Platform.
 - The Transporter responded that it is not trying to delay the process of transitioning to a Trading Platform in any way, but that each of the required activities will take time to implement correctly to ensure robust processes are in place.
 - The Transporter stated that once the tender process has been completed and IT systemisation requirements have been established, it will be possible to provide an indication of indicative timelines.
- It was agreed that the next Balancing Workshop will take place on the 18th January 2017, following the Code Modification Forum Meeting (scheduled to take place that morning).
- A number of actions items were raised at this Workshop, as laid out in the following table.

No.	Action Item	Responsibility
1.	Transporter to circulate (prior to the January Balancing Workshop) the proposed imbalance cashout prices to apply in different long and short Shipper positions in various scenarios, once the TSO participates on a live and liquid Trading Platform.	Transporter
2.	Transporter to circulate (prior to the January Balancing Workshop) its interpretation of the relevant sections of the EU Balancing Network Code Regulation concerning tolerances.	Transporter
3.	Industry to provide written feedback on the first draft of Business Rule for the TSO's participation on a Trading Platform by 14 th December 2016.	Industry
4.	Transporter to review industry feedback received on the first draft of Business Rules, and incorporate this feedback into an amended draft of the Business Rules, for circulation in due course.	Transporter