



Commission for Energy Regulation  
An Coimisiún um Rialáil Fuinnimh

## **CODE OF OPERATIONS**

### **NOTICE TO SHIPPERS**

## **PURSUANT TO THE CODE OF OPERATIONS**

### **PROPOSED MODIFICATION**

#### **Code Modification A071 '*Alternative Capacity Arrangements in the event of GNI Interruptions to Flows*'**

### **COMMISSION RATIONALE**

Pursuant to Section 13 (1) of the Gas (Interim) (Regulation) Act, 2002, the Commission approves modification A071 '*Alternative Capacity Arrangements in the event of GNI Interruptions to Flows*' in line with the direction outlined below. The Commission Rationale sets out the Business Rules, generally prepared by the Transporter.

#### **(1) Background**

Code Modification Proposal A071 was initially proposed by Bord Gais Energy and was issued on the 19 January 2016. The original modification proposal outlined that in the event of an interruption to supply caused by maintenance activities carried out by the Transporter the affected Shipper(s) should be provided with alternative capacity at Moffat, at no additional cost to Shipper(s). The initial modification report was published on the 1 April 2016.

During the course of Code Modification Forum discussions and consultation responses received, a number of aspects of the Modification were developed. These included, amongst others, the Transporters view that five days of Scheduled Maintenance should be permitted, as outlined in the Code of Operations, and that the consultation period during which the Transporter was required to consult Shippers on planned maintenance should be brought forward to allow

adequate Shipper business planning. In addition, the range of flexibility options available to Shippers in the market, in circumstances where an interruption to flows occurs on the part of the Transporter was also discussed, and how these would be utilised in the event of a GNI interruption.

On the basis of the initial proposal, the discussion of the issues at the Code Modification Forum and the Commissions internal analysis, Code Modification A071 is approved subject to the parameters as set out below.

## **(2) Circumstances for the Application of the Proposal**

The application of this code modification is limited to circumstances of unplanned maintenance days. Under Part G, Section 5.6 of the Code of Operations, the Transporter is limited to a maximum of five scheduled maintenance days in aggregate, in any Gas Year. The Code of Operations outlines the notice period to be given to Shippers with regards to the Transporter's Maintenance Programme. Currently, the Transporter shall notify the Shippers of Scheduled Maintenance for the following Gas Year by 30 September of the preceding Gas Year.

In light of industry feedback and discussions at the Code Modification Forum, The Transporter shall notify Shippers of its Maintenance Programme for the following gas year by the 31 May of the preceding gas year.

This will require amendment to Part G Section 5.4 of the Code of Operations. For clarity, a rebate will not apply in cases of interruption to flows where:

- (i) an emergency occurs (Part H – Section 1.11), or
- (ii) in circumstances of Force Majeure (Part G – Section 5.6.1).

## **(3) Level of Rebate to Apply**

The Commission has decided that the level of rebate to apply shall be commensurate with the applicable firm capacity product purchased by the Shipper and affected by the Transporter's interruption. For example, if a Monthly product was purchased, a rebate at the prevailing Monthly multiplier shall apply. Where a Shipper has a mixture of firm capacity products that are affected, then the rebate shall apply across the firm capacity products that are booked at that Entry point i.e. a commensurate annual, quarterly, monthly or daily product multiplier.

The Commission's rationale for this approach is that a Shipper who has been affected by the unavailability of entry capacity at the original Entry point should be entitled to a reimbursement of the contribution made via network tariffs for that affected capacity. This will require amendment to *inter alia* Part A, Part G – Section 5.7 and Part I – Section 11 of the Code of Operations.

#### **(4) Flexibility in the Market**

The Commission notes that the capacity rebate as outlined above applies in circumstances of interruptions as outlined in Section 2 regardless of a Shippers requirement to purchase additional Capacity at alternative Entry points, either primary or secondary. A Shipper is not required to indicate to the Transporter that additional capacity had to be purchased as a direct result of the interrupted capacity at the original entry point.

The Commission is of the view that in applying the applicable rebate, as outlined above, Shippers availing of additional capacity on the short term market, due to an interruption to flows, will be in the same position as any other Shipper purchasing short term capacity at that time at the alternative entry point.

