

Initial Modification Report

Code Modification A066

'EU Network Code Implementation: Transitional Arrangements'

3rd March 2015

1 Introduction, Background & Related Documents

This Initial Modification Report is published to introduce Code Modification A066 '*EU Network Code Implementation: Transitional Arrangements*' to the Code of Operations. By way of brief summary, the scope of the modification includes the following topics:

- Transitional Capacity Arrangements at Interconnection Points
- Voluntary Bundling
- Registration Process (PRISMA & general)
- Moffat Agent transitional arrangements
- Entry Point Transfers
- Registration rules at the IBP

This proposed modification intends to build on the outline proposals included in Code Modification A062 '*Capacity Allocation Mechanisms (CAM) at Interconnection Points*' in relation to transitional capacity arrangements, voluntary bundling and the registration processes.

While Code Modification A062 introduced each of these items and provided an overview of the proposed processes in respect of each, this Code Modification A066 proposes more complete and detailed rules and processes. The business rules in respect of this Code Modification are in development and will be issued in March 2015.

This report outlines the proposed modification and the process followed in relation to the code modification proposal issued by the Transporter on 9th January 2015. This report should be read in conjunction with the presentation given at the Code Modification Forum Meeting on 21st January 2015.

Documents relating to Code Modification Proposal A066 can be accessed on the Transporter's [website](#)¹.

It should be noted that the transitional nature of these proposals means that implementation dates earlier than October / November 2015 are necessary. It is

¹ <http://www.gaslink.ie/index.jsp?p=179&n=247&a=517>

therefore proposed that a number of the items be implemented in the Code in July 2015, with specific start and end dates written into the Code as appropriate.

2 Proposed Modification

The proposed modification will be outlined in detail in the Business Rules Document to be issued, a higher level detail is given here.

The following Table 2.1 classifies each of the individual modifications included in this Code Modification. The Classification is defined:

- Systemised – refers to modifications that include systemisation such as changes to; or new IT system functionality.
- Manual – refers to modifications that require changes to an existing manual process or a new manual process.
- Temporary - refers to modifications or processes that will have a defined start and end date, typically this would be a transitional arrangement.
- Enduring – refers to modifications that have no end date set.

Item	Manual / Systemised	Temporary / Enduring
Annual Capacity Transition	Manual	Temporary
Enduring Annual Capacity	Manual	Temporary process, with permanent impact
Daily Capacity Cut Over	Manual	Temporary
Voluntary Bundling	Manual	Temporary
Registration Process:		
Enduring at IP's	Systemised	Enduring
Transitional at IP's	Manual	Temporary
Enduring at Entry Points & LDM Offtake Points	Systemised	Enduring
Entry Point Capacity Transfers	Manual	Enduring
Registration of Shippers at the IBP	Manual	Enduring

Table 2.1: Summary Table of Processes

2.1 Transitional Capacity Arrangements at Interconnection Points

2.1.1 Annual Capacity Bookings

As it will not be possible to book annual capacity on either GTMS or PRISMA between October 2015 and September 2016, it is proposed that Shippers with existing Annual Capacity Bookings at Interconnection Points (with end dates between October 31 2015 and September 30 2016 will be afforded the option of extending those end dates to 30 September 2016. Shippers may exercise this option during a discrete time prior to 1 October 2015. The business rules will detail the process, timelines and communication routes.

2.1.2 Phasing out of legacy unbundled capacity bookings

A modification is proposed to reduce all legacy unbundled multi annual capacity bookings to zero on the later of 1st October 2020.

2.1.3 Daily Capacity cut-over 23 Oct – 31 Oct 2015

A temporary arrangement is proposed to ensure unbundled daily capacity cannot be booked past the first daily capacity effective date on the Joint Bundling Platform. Whereas currently, daily capacity can be booked up to 7 days ahead, this will not be possible in the 7 days leading up to 1 November 2015.

2.2 Voluntary Bundling

Regulation 984/2013 encourages legacy unbundled capacity to be bundled at the earliest opportunity. The TSOs at an IP will therefore facilitate such ‘voluntary bundling’ by way of a joint process. Where a Shipper has an existing booking at an IP with an end date which extends beyond 30th September 2015, it may request the TSOs to bundle this capacity, subject to the same Shipper having title to sufficient Entry and Exit Capacity on both sides of the IP. The business rules will detail the process, timelines and communication routes.

2.3 Registration Process

Shipper registration will be detailed in relation to:

- Transitional Registration Process at Interconnection Points (PRISMA) i.e. first time registration prior to November 2015
 - The deadlines applying to the registration process will be detailed.
 - The timelines regarding initial registration with adjacent TSO, EIC Codes, PRISMA training etc. will also be outlined.
- Enduring PRISMA registration process at Interconnection Points i.e. registration on PRISMA post November 2015
- Enduring Registration Process at all points
 - The introduction of the new CAM rules necessitates minor amendments to the standard registration process. Whereas previously, a long term capacity booking was required as a prerequisite to booking short term capacity, this requirement is no longer workable. Therefore, new lead times in advance of a new Shipper requesting short term capacity must be specified to ensure a Shipper is appropriately registered and set up on the systems.

2.4 Moffat Agent transitional arrangements

The Moffat Agent will cease to operate in line with Article 3 of the draft Interoperability and Data Exchange Network Code. As referred to in the previous Modification A063 '*Nominations, Imbalance Charges & Allocations*' The Transporter / Moffat Agent will schedule a dedicated workshop to present details of transition period. This Modification will outline the transitional arrangements.

2.5 Entry Point Transfers

Entry Point Transfers provide a mechanism for a Shipper to move an existing annual Entry Capacity booking from an existing Entry Point to a new Entry Point (provided this takes place in the first 12 months of the commencement date of the new Entry Point e.g. Bellanaboy Entry Point). It was indicated in Version 3.0 of the CAM Business Rules (Code Modification A062) that Entry Point Transfers would not be facilitated at Interconnection Points following the implementation of CAM. This modification A066 proposes however, that the removal of Entry Point Transfers be limited to bundled capacity only. This means that the ability to transfer **unbundled** Entry Capacity following the 1st of November **will** be facilitated by the Transporter at Interconnection Points. For the avoidance of doubt, the Transporter **will not** market unbundled Capacity at interconnection Points following the implementation of CAM.

3 Estimated System Impacts, Costs, and Implementation Timelines

The table below provides a representation of the estimated impacts of the proposed modification with reference to the various subject areas of the proposal:

	Code Impact	IT Impact	Interaction with Adjacent TSOs
Annual Capacity	LOW	LOW	NONE
Voluntary Bundling	LOW	LOW	HIGH
Registration	HIGH	MEDIUM	NONE
Moffat Agent	HIGH	HIGH	HIGH
Entry Point Transfers	LOW	LOW	NONE

As per Decision Paper CER/14/140 of 27th August 2014 ('Decision on BGN Allowed Revenues and Gas Transmission Tariffs for 2014/15'), the projected costs associated with the implementation of the European Network Codes namely, Capacity Allocation

Mechanisms (CAM), Congestion Management procedures (CMP), Balancing (BAL), Interoperability & Data Exchange (INT&DE), and Tariffs (TAR)) over a four year period up to Gas Year 2016/17 is €6,961,632 of which €5,000,000 is IT capital expenditure to be spent between 2014/15 and 2015/16. It is estimated that approximately 120 functions on GTMS will require amendment and that a further 80 new functions will be developed.

The implementation dates in respect of Capacity Allocation Mechanisms (CAM) Regulation EU No. 984/2013 is 1 Nov 2015, however the content of this Code Modification requires earlier implementation as shown in the following table:

Item	Implementation Date	Completion Date
Annual Capacity Transition	1 st August 2015	30 th Sept 2016
Phase out legacy bookings	-	1 st October 2020
Daily Capacity Cut Over	24 th October 2015	31 st October 2015
Voluntary Bundling	1 st August 2015	1 st October 2020
Registration Process:	-	-
Enduring at IP's	1 st November 2015	Enduring
Transitional at IP's	1 st July 2015	31 st October 2015
Enduring at Entry Points & LDM Offtake Points	1 st November 2015	Enduring
Entry Point Capacity Transfers	1 st November 2015	Enduring
Registration of Shippers at the IBP	1 st November 2015	Enduring

Table 3.1: Implementation Dates

As shown above the first defined implementation date is 1st July 2015, however to ensure adequate time is allowed for Registration as a Shipper in the UK, the Registration Process should be under way as soon as possible (before business rules finalisation). This Code Modification was communicated with all stakeholders at the Code Modification Forum on 21st January 2015. This Code Modification is scheduled to be included in the Code by [01 July 2015] but each element will have specific effective dates written into the Code drafting as per above table.

4 Summary of Forum discussions

- The initial transitional arrangement proposals (re Capacity transition in particular) were included in Code Modification A062 and were well received by Shippers:
 - The Transporter presented the capacity transition arrangements at the Code Modification Forum meeting on August 07th 2015 (slides 29 to 32).
 - The minutes of the meeting on September 24th 2015 recorded: "*Three written responses were received in respect of the 'capacity transition arrangements' proposal presented by the Transporter at the August Forum meeting. All respondents welcomed and supported the proposal*".

- This Code Modification was presented initially at the Code Modification Forum on 21st January 2015. No substantial comments were received on the day.
- The Transporter is to present further developed detail on this modification at the Code Modification Forum scheduled for 4th March 2015, with business rules to be issued shortly thereafter.

5 Transporter's Assessment of the Proposed Modification

It is the Transporter's view that the proposed modification addresses the requirements of the Network Codes in a practical manner with due consideration given to the specific characteristics of the Irish gas market.

6 Consultation period in respect of IMR

Any comments in relation to this Initial Modification Report will be accepted from the date of issue of this report and until the closing date of the associated business rules consultation, such date to be advised upon issue of the business rules. This consultation will take place during March 2015.

Comments in respect of the Initial Modification Report and/or the business rules may be submitted to marketarrangements@gaslink.ie.