



Commission for Energy Regulation
An Coimisiún um Rialáil Fuinnimh

COMMISSION'S INSTRUCTION

The required changes to the Code of Operations stemming from the coming into effect of the Guidelines on Congestion Management Procedures (CMP) (Annex A of Regulation EC 715/2009 and amended by European Commission Decision of August 24th 2012) were incorporated into the Code of Operations in September 2013. With the introduction of the Capacity Allocation Mechanism (CAM) Network Code and its coming into effect on October 1st 2015, changes to these existing CMP rules in the Code of Operations are now required.

The aim of the CMP guidelines is to address the issue of contractual congestion at Interconnection Points between adjacent gas transmission systems, notably, where Shippers cannot gain access to capacity in spite of the full capacity at a point not being used. A key tenet of the CMP Guidelines is the bringing back to market of capacity that is held by shippers but not being used. While the phenomenon of 'hoarding' of capacity is or was reportedly commonplace in parts of Europe, this is not considered an issue in Ireland. In addition to this, analysis of the IPs at Moffat and Gormanston have shown no congestion is likely for at least the medium term. During the development of these Business Rules, the Transporter submitted its first annual Congestion Monitoring Report to the CER, which showed there was no contractual congestion at the IPs.

The CMP Guidelines were added to the Code of Operations in 2013 but were not activated. The Guidelines were only to become active once the IP was identified as being congested. No change to this approach is included in these Business Rules.

Whereas the original CMP rules in the Code of Operations were designed for unbundled capacity (e.g. Moffat Entry Capacity), these Business Rules rework the existing CMP rules to reflect the 'bundling' of capacity at IPs (e.g. Moffat Bundled Capacity = NTS Exit Capacity + Gaslink Moffat Entry Capacity). These amendments will result in greater need for communication between adjacent TSOs to co-ordinating as far as possible the implementation of CMP mechanism. Harmonisation of CMP implementation is important between TSOs at IPs; and it is on this basis that the CER agreed with the Transporter's proposal not to implement Short Term Use it or Lose it in May 2015. This decision was largely on the basis that this mechanism is not being put in place by National Grid Gas at this time.

The CER is now directing Gaslink to develop legal drafting on these Business Rules, in line with the Business Rules, as circulated to Industry and submitted to the CER on July, 15th 2015.

Signed:

A handwritten signature in blue ink, appearing to read 'Aife MacEvilly', is written over a horizontal line.

Aife MacEvilly, Commissioner

Issue date:

6/8/2015