

Gas Industry Balancing Workshop

Kilmainham Hotel, Cork

06 June 2016

14:00 – 16:00

Attendance:

Gas Networks Ireland:

Andrew Kelly, Conor Long, Kieran Quill, Gráinne Greehy, Lisa Walsh, Sarah Jane Farrell

Industry:

Martin Regan	EBI
Kevin Murray	Bord Gais Energy
Anthony Foody	Electric Ireland
Sarah McCauley	CER
Colm Ó Gormáin	CER
Kieron Carroll	IOOA and KEL
Henk Kreuze	Vermilion
Lisa Fahy	SSE
Keith Deacon	Tynagh
Karol O’Kane	ESB GWM

1. Actions from last Workshop

- The Transporter provided an overview of the actions undertaken since the last Workshop on 20th April, as outlined below:

Action	Responsibility	Status
GNI to provide further detail on the “transportation costs” applied to second tier imbalance prices.	GNI	Email issued to industry on 22 April
Conduct analysis of shipper imbalances and present anonymised information to industry.	GNI	Analysis presented at workshop
What information does the Transporter publish in relation to system status updates, and how often is that information published? Could GNI deliver hourly updates on line pack?	GNI	Question addressed at workshop
How often are balancing actions taken by the Transporter, and at what point in the Gas Day should they be taken?	GNI	Discussed at workshop
What pricing structure should the Transporter develop for balancing actions?	GNI	GNI presented proposals for discussion at workshop
GNI to consider if existing first tier/second tier tolerance bands pricing mechanisms are appropriate.	GNI	GNI presented proposals for discussion at workshop
Transporter to consider protocols that should apply for situations where onshore demand less than indigenous gas, in both the short term and the long term.	GNI	Analysis ongoing
Consider the presentations and discussions which took place and submit any proposals or comment to the Transporter.	Industry	1 responses submitted
GNI to arrange logistics for next meeting (proposed as afternoon of 1 st June after code meeting) and issue any material available in advance for industry review.	GNI	Complete

2. Current Balancing Arrangements Data

- The Transporter outlined the current entry and exit tolerances for first tier imbalances and current imbalance prices, as per the slides.
 - The Transporter has noted an increasing volume of gas being left on the system under the current regime.
 - The Transporter reiterated that any Shipper that nominates as advised by the Transporter is protected from entering into 2nd tier imbalances on their NDM allocations.
 - The Transporter presented trends in NDM forecasting uncertainty (see slides).
 - The Transporter reported cumulative imbalances by shipper (see slides).
 - An industry participant sought clarity on whether figures reported were absolute values. The Transporter confirmed that they were.
 - An industry participant commented that this information would be useful to each shipper on a quarterly basis, as an industry benchmark.
 - The Transporter advised industry participants to contact the Transporter directly for any further information about imbalances required by shippers.

3. Industry Responses to April Workshop

- The Transporter provided an overview of one response received from industry.

4. Transporter Proposals and Discussion of Proposals

Proposal on Second Tier Imbalance Price

- The Transporter presented its proposal to modify 2nd Tier Imbalance price multipliers from 0.95/1.05 of SAP to 0.75/1.25 of SAP, as per slides.
- The Transporter welcomed industry views on the factors proposed (75% of SAP, 125% of SAP)
- The Transporter proposed that this change would be progressed and that its impact/effect be monitored in the coming months for effectiveness.
- Industry participants stated that they would like to see the cost of balancing the system.
- Several industry participants requested a breakdown of the cumulative imbalance costs presented in the following Table (as per slide):

SAP Multipliers	0.95/1.05	0.9/1.1	0.75/1.25	0.5/1.5
Cumulative Imbalance Cost	€1.900m	€1.823m	€1.583m	€1.183m

- The Transporter will review the availability of this data and revert back to industry participants regarding this request.
- An industry participant reiterated that the purpose of these balancing measures is to protect shippers who balance correctly and penalise those who do not.
- An industry participant felt that the proposed modified multipliers were premature and that a further breakdown of balancing figures would have to be provided, prior to providing viewpoints on these proposed multipliers.
- The Transporter added that the purpose of modifying the 2nd Tier multipliers is to incentivise Shippers to avoid generating 2nd Tier imbalances, recognising that 1st Tier tolerances are a means of protecting Shippers from being penalised due to circumstances outside their control.
- The Transporter stated that based on the data presented the 1st Tier tolerances seem to be effective in achieving this for the majority of Shippers.
- It was agreed that industry participants will provide their feedback within two weeks on:
 - 1) whether they consider changes to 2nd tier multipliers to be required; and if so,
 - 2) their views on the amended multipliers proposed by the Transporter.

Balancing Services at the IBP

- The Transporter outlined how moving the delivery point of balancing gas to the IBP is being assessed in conjunction with implementation of a balancing platform.
- The Transporter indicated that it may be that it will be more cost efficient to focus entirely on the development of a multi-party framework platform, rather than taking the initial step of moving the Balancing Contract to the IBP.
- The Transporter proposed the integration of any balancing framework as part of the Code of Operations, which would allow any Shipper who had signed up to the Code to partake in balancing actions.
- The Transporter outlined a high level proposal for the structure of a balancing platform, recognising that the exact details of such a platform would need to be agreed among the Forum.
- The Transporter stated that any type of balancing platform introduced would necessitate systemisation, and requested input from industry on the type of balancing platform proposed by the Transporter.
- A discussion ensued on potential bidding parameters, processes and timing issues. It was agreed that there are many variables to consider and parameters to establish in advance of the introduction of such a platform.

- A number of industry participants stated their preference for allowing multiple Shippers partake in a single action.
- The Transporter agreed that approach would allow for greater participation from Shippers, however it stressed that the more complex the bidding process, the more expensive and time consuming implementation will be.
- The Transporter reiterated that auction rules would have to be fair for all participants in all situations, and that all shippers should have the opportunity to partake in such a platform.
- It was agreed that industry participants will provide their feedback within two weeks on:
 - 1) whether they consider a balancing platform to be appropriate to introduce; and if so,
 - 2) their views on the proposed balancing platform, including the following items discussed:
 - Minimum size of balancing action (the Transporter suggested 2.5 GWh).
 - Price matrix allowing for multiple Shippers to partake versus a single winning ‘all or nothing’ bid.
 - Setting of default response time from Shippers by which they must submit bids.
- The Transporter agreed to assess the responses provided on the proposed 2nd tier multipliers and balancing platform within two weeks of their receipt.

5. Agreed Next Steps

- It was agreed that future discussions on balancing should be undertaken as part of Code Modification Forum meetings.
- A number of actions were taken by the Transporter, as laid out in the table below.

No.	Action	Responsibility
1.	Industry to contact the Transporter directly for any further information about imbalances required by shippers.	Industry
2.	The Transporter will review the availability of data on Cumulative Imbalance Costs and revert back to industry participants regarding their request for this data.	GNI
3.	Industry participants to provide their feedback within two weeks on: <ol style="list-style-type: none"> 1) whether they consider changes to 2nd Tier multipliers to be required; and if so, 2) their views on the amended multipliers proposed by the Transporter. 	Industry
4.	Industry participants to provide their feedback within two weeks on: <ol style="list-style-type: none"> 1) whether they consider a balancing platform to be appropriate to introduce; and if so, 2) their views on the balancing platform proposed by the Transporter. 	Industry
5.	The Transporter will assess the responses provided on the proposed 2 nd Tier multipliers and balancing platform within two weeks of its receipt.	GNI