

CODE OF OPERATIONS MODIFICATION PROPOSAL



MODIFICATION DETAILS

Modification Number: A083

Modification Title: Interruptible Capacity at Non IP Entry Points

Modification Proposer:	Modification Representative:	Modification Representative Contact Details (email address):	Date Submitted:	Proposed Implementation Date:
Irish Offshore Operators Association	Brian McGlinchey	BMcGlinchey@kinsale-energy.ie	13/04/2017	1 October 2017

Proposal (including rationale):

One of the key requirements for competition between shippers is to ensure that all capacity is made available to the market on non-discriminatory terms as well as ensuring the existence of robust rules to stop any subsequent anti-capacity hoarding by system users. Following implementation of the EU Congestion Management Procedures, both short and long term 'UIOLI' rules are therefore in place at the Moffat Interconnection Point.

Part C, paragraphs 1.2 and 1.3 of the Code of Operations also describe short and long-term UIOLI rules for domestic entry points. GNI have recently clarified these rules, however, it may take up to 15 months before hoarded capacity can be withdrawn from an offending shipper. Also the rules within the code of operations do not cover the issue of on a single day of there is unused firm capacity not being sold back into the market and shippers wish to use the unused firm capacity.

IOOA's members propose that if on a day all technical capacity at an entry point is sold that GNI make available interruptible within day capacity such that capacity nominations at an entry point can be maximized – shippers who cannot access firm capacity on a day can purchase interruptible capacity to enter gas at their chosen entry point. For every hour bar, interruptible shippers will be interrupted should the total of the firm and interruptible nominations for the hour exceed the technical hourly capacity for that entry point.

Proposed Implementation Date:

1 October 2017

Proposed section of the Code to be modified:

Part C & Part D

MODIFICATION MOTIVATION

Intended Outcome of the Proposed Modification:

To ensure that the maximum amount of system entry capacity is available at all times.

Benefits of implementing this Modification:

- Shippers both now and in the future will have an incentive to make more efficient capacity bookings, not to overbook capacity and to sell unused capacity on the secondary market.
- Immediate benefits in this respect include a more efficient use of the network and removing a potential barrier to entry, most likely for smaller shippers. The subsequent benefits for wholesale competition could be expected to benefit Irish gas consumers.
- Giving actual effect to an existing part of the Code of Operations is good Code management.
- Ensuring that unused capacity is returned to the market and that producers can always access unused capacity whether on a firm basis through secondary trading or on an interruptible basis with the associated risks of interruption.

Consequences of not making this Modification:

A shipper could book but not use system entry capacity, thus withholding it from the rest of the market.

Illustrative Example (Please enter a scenario where the issue and solution are illustrated):

- Assume that 100 units of technical entry capacity are available and that Shipper A has purchased all 100.
- Shipper A has only nominated 40 units for flow, leaving 60 unutilized
- 60 units of interruptible capacity will be made available to the market on the day and shipper B books the 60 units of interruptible capacity.
- Should shipper A increase its nomination during the day from the hourly equivalent of 40 units then shipper B will be interrupted to that amount that shipper A has increased its hourly nomination above the hourly equivalent of 40 units.
- Shipper A continues at all times to have access to the firm capacity that it has booked.
- GNI revenues are protected since interruptible capacity will only be made available when firm capacity is sold out on a day.