



Code Modification Forum

**The Hilton Hotel, Kilmainham, Dublin
Wednesday, 24th September 2014**

Agenda



1. **Review of minutes from last meeting dated 7th August 2014**
2. **Review of Action Items from last meeting dated 7th August 2014**
3. **Code Modification Proposals**
 - A052 – ‘Shrinkage Charges for Irish Storage Facilities’
 - A059 - ‘LDM Change of Shipper Arrangements’
 - A060 - ‘Entry Capacity Trades’
 - A062 - ‘Capacity Allocation Mechanisms’
 - A063 – ‘Nominations, Imbalance Charges & Allocations: EU Network Code Implementation’
 - A064 - ‘Virtual Reverse Flow: Enhanced flexibility and compliance with EU Network Codes’
4. **European Network Code Implementation**
 - EU Network Code Implementation Project: Status Update
 - Operational Balancing: Proposal to trade on adjacent Balancing Platform

Agenda



5. European Network Code Development

6. Other EU Updates

- Regulation on Wholesale Energy Market Integrity and Transparency (REMIT)
- Regulation 994/2010 – Measures to safeguard security of Gas Supply

7. Paperless Billing

8. BGN Network Operations Update

9. AOB

10. Agree date of next Code Modification Forum Meeting

- Proposed Date Wednesday 22nd October 2014 – Cork.



- 1. Review of minutes from last meeting
dated 7th August 2014**



2. Review of Action Items from last meeting dated 7th August 2014

Actions – Forum 7th August 2014



ID	Action	Responsibility	Status
C259	The Transporter is to issue letters to all End Users requesting that they sign End User Agreements.	Transporter	Letters to be issued by Gas Networks Ireland (GNI) once established. Letters to be issued in Q1 2015.
C282	The CER is to provide the Forum with a high level update of the CAG balancing study and Cost Benefit Analysis at the next meeting.	CER	The CER is awaiting a final decision from the DCENR before proceeding.
C354	The Transporter is to incorporate an enhanced Moffat Virtual Reverse Flow product in the EU Network Code Implementation Project work-stream aligning it with the appropriate provisions of the CAM Network Code.	Transporter	Complete. Code Modification Proposal has been submitted and Workshop will take place on 24 th September 2014.
C355	The Transporter is to progress the development of VRF Business Rules for implementation at the Moffat Entry Point.	Transporter	Complete. Business Rules have been issued to Industry.
C356	The CER is to endeavour to ensure that metering errors will be addressed under the implementation of the Interoperability and Data Exchange Network Code.	CER	Ongoing.

Actions – Forum 7th August 2014



ID	Action	Responsibility	Status
C359	Industry was invited to submit comments on the legal drafting to implement Part 2 of Code Modification 'A052 – Shrinkage charges for Irish Storage Facilities' by 21 st August 2014.	Industry	Complete. Industry comments received without objections.
C360	Industry was invited to submit comments on the proposed mitigation measures to Code Modification 'A059 – LDM Change of Shipper' by 21 st August 2014.	Industry	Complete. Industry comments received with all respondents opposing the proposed mitigation measures.
C361	Industry was invited to respond to the question as to whether the proposed modification to Entry Capacity trades should be extended to Exit Capacity and Supply Point Capacity. Submissions were due by 14 th August 2014.	Industry	Complete. One response received in favour of the proposal.
C362	The Transporter is to confirm the proposed implementation date for modification A060.	Industry	To be confirmed at the September Code Modification Forum.

Actions – Forum 7th August 2014



ID	Action	Responsibility	Status
C363	Industry was invited to submit final comments in relation to the draft business rules for Code Modification Proposal 'A062 – <i>Capacity Allocation Mechanisms at Interconnection Points</i> ' by 4th September 2014.	Industry	Complete. One response received. Previous response re-issued.
C364	Industry was invited to submit written responses in relation to the Transporter's proposed capacity transition plan by 21st August 2014.	Industry	Complete. Three responses received with all respondents welcoming the proposal.
C365	The Transporter is to circulate the presentation given by the CER at the 2 nd July CMF in relation to CAM Auction Bundles and invite industry comments by 21 st August 2014.	Transporter and Industry	Complete. Industry comments received and submitted to the CER for review.



3. Code Modification Proposals



A052 – ‘Shrinkage Charges for Irish Storage Facilities’

Code Modification A052 - Shrinkage



- This proposal relates to the application of shrinkage charges to gas entering and leaving storage.
- Phase 1, relating to the application of shrinkage charges to gas entering storage was approved and implemented on 1 May 2014.
- Phase 2 relates to applying an exemption from shrinkage charges in respect of storage gas flows being withdrawn from storage.
- The CER requested the Transporter to proceed to legal drafting to facilitate implementation of Phase 2 of this modification proposal on the 22nd July 2014.
- The legal drafting has been completed and is currently awaiting approval from the CER.
- Subject to this approval, the Transporter expects that the modification could become effective on 1 October 2014.



A059 – ‘LDM Change of Shipper Arrangements’

A059 – ‘LDM Change of Shipper Arrangements’



Timeline:

- 16th January 2014: Code Modification Proposal submitted to the Forum by SSE Renewables.
- 18th – 26th February 2014: Industry invited to submit its preference in terms of the three options outlined in a Transporter paper.
- 3rd April 2014: The CER requested the Transporter to further develop the option that would allow a new Shipper to book the full Technical Capacity of the exit point irrespective of existing Capacity bookings and would also allow the existing shipper to relinquish its existing Capacity bookings.
- 7th August 2014: The Transporter proposed new gaming mitigation measures, requiring the new shipper at an LDM Exit Point to recover lost revenue as part of the Change of Shipper process.

Gaming Mitigation Measures Consultation

- A total of four responses were received with all respondents expressing their disapproval for these measures.
- The CER have reviewed the responses and will respond with their opinion.



A060 – ‘Entry Capacity Trades’

Modification A060 – ‘Entry Capacity Trades’



- Modification was raised by Tynagh Energy Ltd. on 20 May 2014 in order to remove the restriction on secondary capacity trading;
- The Transporter identified that in order to remove the restriction, Entry Capacity Reductions and Updates would also need to be removed. A consultation paper was issued to Industry in June.
 - Industry indicated its support for this proposal in July
- At 7 August Forum meeting, the Transporter asked Industry to consider the appropriateness of the removal of reductions and updates in respect of Exit Capacity and Supply Point Capacity;
 - The change was consulted on and resulted in one response in support of the proposal;
- Legal drafting has been prepared by the Transporter and has been submitted for review to the CER;
- Following their review the amended code will be issued for consultation;
- If approved, the Transporter expects that it can be implemented by the 1st November 2014.



A062 – ‘Capacity Allocation Mechanism’

Code Modification A062:

Background

CAM at Interconnection Points



- Business Rules issued 27th June 2014
- Industry Workshop 2nd July 2014
- 6 written responses received by responses received by 18th July 2014
- Code Mod Forum 7th August
 - written clarifications provided to consultation queries from Shippers
 - consultation period for business rules extended to 4th September 2014
 - capacity transition proposal presented to Forum, responses by 21st August

Code Modification A062:

CAM at Interconnection Points



Current Status

Responses to CAM business rules (extended deadline 4 Sep)

- 1 response received - previous response reissued

Responses to Capacity Transition proposal

- 3 responses received - all respondents welcomed the proposal

CAM business rules v2.0

- V2.0 of business rules issued 24 September 2014, updating v1.0 to reflect:
 - Capacity Transition Arrangements (reflective of proposal at CMF 7 August)
 - Grammatical correction to 3.4.5 to add clarity of understanding
 - Amendment of 4.2.3 to clarify capacity set aside

Code Modification A062: Transition Period

CAM at Interconnection Points



	GTMS		PRISMA	
Product	Last Capacity booking request on GTMS	Last Capacity Effective Date	First CAM Auction Date	First Capacity Effective Date
Within-Day	03:00 31 st October 2015	05:00 31 st Oct 2015	31 st Oct 2015	1 st Nov 2015
Day-Ahead		05:00 31 st Oct 2015	31 st Oct 2015	1 st Nov 2015
Monthly	04:59 hours on the Day which is eight days prior to 1 November 2015	05:00 1 st Nov 2015	November 2015	1 st Dec 2015
Annual	Sep 2015	Variable (as per transitional arrangements)	March 2016	1 st Oct 2016
Quarterly	N/A	N/A	June 2016	1 st Oct 2016, 1 st Jan 2017, 1 st Apr 2017, 1 st July 2017

Code Modification A062: Next Steps

CAM at Interconnection Points



- Industry comments on business rules v2.0 by 1 October
- CER decision required in respect of business rules
- Based on CER decision, Transporter to progress legal drafting
 - Substantial re-structure of Code may be required
 - Integration with subsequent EU Network Code related Mods required
 - Timing of legal drafting consultation to be determined in this context



A063 – ‘Nominations, Imbalance Charges & Allocations: EU Network Code Implementation’

Code Modification A063:

Timeline

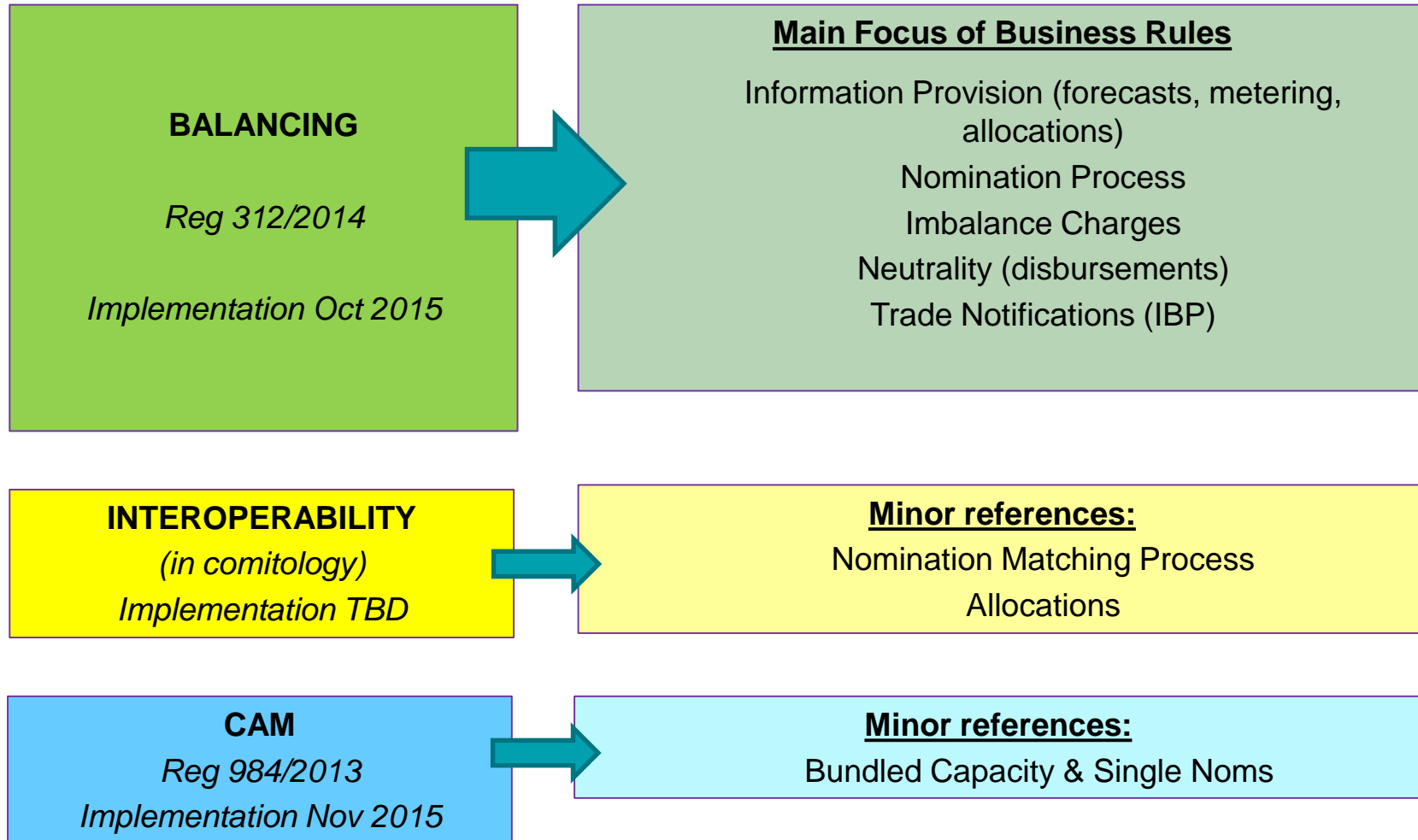
Noms, Balancing, Allocations



- Balancing Impact Assessment Workshop 16 January 2014
- Transporter develops draft business rules July-Sep 2014
- Business rules scope preview CMF 7 August
- Code Modification Proposal issued 21 Aug 2014
- Business rules circulated to Industry 18 Sep 2014
- **Business rules Industry workshop** **CMF 24 Sep 2014**
** (detailed presentation re business rules at workshop - separate slides provided)*
- Business rules consultation period Responses due: 9 Oct 2014

Nominations, Imbalance Charges & Allocations Business Rules:

From Network Codes to Business Rules





***A064 – ‘Virtual Reverse Flow: Enhanced flexibility
and compliance with EU Network Codes’***



Code Modification Proposal Presentation

Virtual Reverse Flow: Enhanced flexibility and compliance with EU Network Codes

Code Modification Number:	A064
Proposer:	Gaslink
Submission Date:	10 th September 2014

Introduction



Code Modification Proposal Title and Number	Code Modification A064 <i>Virtual Reverse Flow: Enhanced flexibility and compliance with EU Network Codes</i>
Proposed sections of the Code to be Modified	Part A: Definitions & Interpretations; Part C: Capacity; Part D: Nominations, Allocations & Supply Point Reconciliation; Part E: Balancing & Shrinkage. There may be consequential changes to other areas of the code.
Procedure	The business rules for this modification will be presented at a workshop to take place immediately after the Code Modification Forum on 24 th September 2014. A consultation on the VRF Business Rules is now open for comments to be returned by the 13 th October 2014.

Code Modification A064:

Virtual Reverse Flow



Topics to be Addressed:

- Virtual Reverse Flow Capacity
- Nominations
- Interruptions
- Tariffs
- Allocations
- Overruns



4. European Network Code Implementation



Capacity Allocation Mechanism (CAM)

- EU approved CAM for application at relevant interconnection points
 - Impact Assessment Workshop
 - CAM Business Rules v1.0 - Issued to Industry
 - CAM Business Rules - Industry Workshop
 - CAM Business Rules v2.0
 - Target Implementation Date
- October 2013
December 2013
27 June 2014
2 July 2014
23 September 2014
1 November 2015

Balancing

- EU approved BAL NC
 - Impact Assessment Workshop
 - BAL Business Rules v1.0 - Issued to Industry
 - BAL Business Rules - Industry Workshop
 - Target Implementation Date
- 26 March 2014
January 2014
18 September 2014
24 September 2014
1 October 2015



Interoperability & Data Exchange

- 2nd EC comitology meeting 3 - 4 November 2014
- Compliance date Q1 2016 (TBD)

Tariffs

- EU NC under development
- Planned submission date of NC to EC is 31 December 2014
- Applicable October 2017 (TBC)

Incremental Capacity

- EU NC under development
- Will be introduced via combination of new articles in CAM NC & Tariffs NC
- NC amendment to be submitted 31 December 2014
- Applicable March 2017

Congestion Management Procedures

- Revised draft Code of Operations to be reviewed in light of CAM requirements 2015



Operational Balancing

Operational Balancing



Statistics

	Balancing Buys	(kWh)	Balancing Sells	(kWh)
Gas Year 2012 – 2013	13	153,036,639	8	80,000,000
Gas Year 2013 – 2014 (to 22/09/2014)	13	125,013,185	24	245,000,000

Operational Balancing



Background

- The Balancing Network Code was adopted by the European Commission on the 26th March 2014 and will apply from the 1st October 2015.
- The purpose of this Network Code is to establish and develop balancing regimes based on short term gas markets thereby creating an economically efficient system by which gas transmission networks are balanced.
- This regulation sets out gas balancing rules including network-related rules on nomination procedures, imbalance charges, settlement processes associated with the daily imbalance charge and operational balancing between transmission system operator's network.
- Article 47(1) requires the establishment of a balancing platform for the purpose of TSO balancing where the short term wholesale gas market has or is anticipated to have insufficient liquidity.
- Article 9(3) of the Balancing Network Code allows a TSO, subject to the approval of its Regulator to trade within an adjacent balancing zone rather than establishing its own.
- Article 51 provides that a period of 24 months from 1 October 2014 is provided to allow all contractual and other balancing arrangements to be put in place.

Operational Balancing: Proposal to trade on an Adjacent Platform



- The Gas Balancing Regulation requires a TSO to undertake balancing actions through the purchase and sale of standard products on a trading platform. Balancing services can be used where standardised products cannot provide responsiveness.
- To achieve this, the Transporter can either:
 - A. Seek to facilitate the establishment of a Trading Platform in ROI; or,
 - B. Trade standardised products on the NBP in accordance with Article 9(3).
- In the absence of sufficient liquidity, the transporter may seek to apply Interim Measures. Under the regulation this must be used to foster liquidity. These measures are:
 - A. Establishment of a Balancing Platform
 - B. Use of Balancing Services

The Transporter's initial view is in favour of trading in GB Balancing Zone



- The initial view is based on the following
 - It eliminates the costs associated with developing an interim balancing platform;
 - Developing an Rol trading platform would require substantial investment and may not be successful.
 - To date, Ireland's balancing point has proven to be illiquid;
 - Any balancing gas secured from an Rol platform would be more expensive than using a UK platform;
 - Using the UK trading platform would facilitate trading at the National Balancing Point (NBP) which is considered to be the most liquid market in Europe;
- Implementation of either enduring option allows Gaslink/BGN to seek an extension on the application of the Balancing regulation. Further work is required to determine the timeframe for implementation of the chosen option.



5. European Network Code Development



Verbal Update



6. Other EU Updates



REMIT

REMIT - Update



- A REMIT Committee meeting is expected to take place on the 3rd October in Brussels between the Commission and the Member States.
- It is likely that there will be a vote at this meeting to finalise the text of the Implementing Acts.
- The Implementing Acts are expected to come into force in January 2015 and data reporting by participants would commence in June 2015.
- The CER should be in a position to provide a more accurate indication of the timelines involved at the next Code Modification Forum.

Regulation 994 - Security of Gas Supply

Regulation (EU) 994/2010

Preventive Action Plans (PAPs) & Emergency Plans (EPs):

- Deadline for submission 3rd December 2014.
- Interaction with DECC through UK-Ireland Gas Emergency Planning Group.
- EU Commission reviewing implementation of Reg 994 in member states and issuing report in Dec 2014.

EU Stress Tests

- EU Commission requested Member States to assess short term supply disruption risks due to Russian/Ukraine dispute.
- Ireland's Stress Test submitted (29th August)
 - Under scenarios proposed by EU Comm no interruption to gas supplies at Moffat is envisaged.
 - Impact: Potential higher reliance on LNG, which may result in higher NBP prices.
- EU Comm requested ENTSOG to complete modelling at a pan European level based on MS's Stress Tests
- EU Comm finalising report for EU Council



7. Paperless Billing

Paperless Billing October 2014



- Gaslink is planning to implement paperless billing from the 1st of October 2014.
- Shippers can currently access invoices and associated back up documentation electronically on GTMS on M+12 (days), each month.
- Invoices can be downloaded from GTMS in PDF format.
- Supporting data can be downloaded from GTMS in Excel, Word or PDF formats.
- New Invoices and supporting documentation remain on the GTMS for a period of 9999 days (27+ years).



8. BGN Network Operations Update



BGN Networks Operations 24th September 2014 - Update

Network Maintenance

- The Code of Operations outlines the rights and obligations of the Transporter (and Shippers) when undertaking maintenance.

Relevant provisions are outlined in Part G: Technical – Section 5.

- There are no nominated ‘Maintenance Days’ scheduled for the remainder of 2014.
- The Transporter is entitled to carry out unscheduled maintenance due to unforeseen circumstances which is considered necessary and/or prudent to ensure the operational integrity and security of the Transportation System (subject to each affected Shipper being given such formal notice as is reasonably practicable)

2014 In-line Inspection Programme

BGN is required to carry out in-line inspections of transmission pipelines periodically in order to monitor and maintain their integrity.

The in-line inspection process requires a number of Pipeline Inspection Gauges (PIGs) to travel through the pipeline in order to complete a full inspection (e.g. cleaning, gauging, inspection). Supply interruption is not expected for PIG runs.

4 pipelines were scheduled to be inspected during 2014:

- Midleton Compressor Station to Lochcarraig Lodge (COMPLETE)
- Midleton to Aghada CCGT (COMPLETE)
- Upper Aghada AGI to Whitegate CCGT (COMPLETE)
- Baunlusk AGI to Great Island CCGT (PLANNED)

Inspection reports are prepared detailing the findings for each pipeline for analysis by BGN.

2014 Sub-Sea Inspection

BGN is required to carry out sub-sea inspections of IC1 and IC2 periodically in order to monitor and maintain their integrity.

The sub-sea inspection involves a side-scan sonar inspection and follow-up ROV inspection to check for interference with the sub-sea pipelines (e.g. entangled fishing nets).

- Subsea Inspection
 - Interconnector 1 (ONGOING)
 - Interconnector 2 (ONGOING)
 - IOM Offtake (ONGOING)

- Commencing 9th September the survey vessel *Noordhoek Pathfinder* is working between the Scottish Coast at Ross Bay and Brighthouse Bay to Ireland's East Coast north of Malahide.
 - <https://www.marinetraffic.com>

National Grid Emergency Exercise Viper

- National Grid Emergency Exercise Viper was carried out on 17th September.
- Exercise simulated gas supply constraint in the UK.
- BGN/Gaslink National Gas Emergency Plan (NGEP) was tested as part of the Exercise.
- Exercise was confined to the powergen sector of the gas market.
- Further details to follow.



10. Any Other Business

Interoperability & Data Exchange: Common Units



- INT&DE Draft NC: Article 13 “Each TSO shall use the common set of units defined in this Article for any data exchange and data publication related to Regulation (EC) No 715/2009”

- Ireland will be required to use 0/25 reference conditions for:
 - Capacity bookings at IPs
 - Capacity obligations at IPs
 - Nominations at IPs
 - Information publication re Transparency rules
 - Gas quality data publication at IPs

- Ireland currently uses 15/15 reference conditions

Interoperability & Data Exchange: Common Units cont'd



- Gaslink working with adjacent TSOs to minimise impacts – a pragmatic solution being sought
- Proposals reviewed:
 - A. Restate current Shipper IP capacity bookings at 0/25, IP baselines at 0/25 & future Shipper IP bookings made on PRISMA on a 0/25 basis – no conversions in GTMS
 - Shippers nominate at 0/25 either side of IP; two allocations per Shipper per IP per day (0/25 allocation for capacity overrun assessment & 15/15 allocation for Shipper balancing purposes)
 - B. Change all reference conditions from 15/15 to 0/25
 - C. Round the 0.999 conversion factor to 1
 - D. Convert IP capacities & nominations instead of allocations:
 - Capacity converted to 0/25 for PRISMA sale
 - PRISMA capacity bookings converted to 15/15 when downloaded to GTMS
 - Shipper nominations at IPs submitted at 0/25
 - TSO – TSO matching of nominations at 0/25
 - Confirmed nominations (post matching) converted to 15/15 in GTMS
 - Allocations at 15/15 equal to the (converted) confirmed nomination



11. Date of next Code Modification Forum

Proposed Date: **Wednesday 22nd October 2014**

Location : **Cork**



Thank you for your participation