



Gas
Networks
Ireland

Code Modification Forum

**Clarion Hotel,
Cork**

Wednesday, 5 October 2016

Agenda

- 1. Review of minutes from last meeting**
- 2. Review of Action Items from last meeting**
- 3. General Items Update**
- 4. GNI Scheduled Maintenance Update**
- 5. Code Modification Proposal**
 - *A071 Alternative Capacity Arrangements in event of GNI Interruptions to Flows*
- 6. Code Modification Proposal**
 - *A078 Overrun Charges at Domestic Entry Points*
- 7. Gas and Electricity Interaction**
- 8. AOB**
- 9. Next Code Modification Forum Meeting**
 - *23rd November in Dublin*

1. Review of minutes from last meeting

2. Review of Action Items from last meeting

Code Modification Forum – Open Actions (1 of 2)

ID	Action	Responsibility	Status	Priority
C464	The Transporter will consider the concerns raised by industry in relation to credit level ratings. It will also discuss the issues directly with industry participants where necessary.	Transporter	Open	Medium
C478	The Transporter is to consider what the earliest possible date is for the implementation of a multi-party framework and/or a market based imbalance cash out price.	Transporter	Open	High
C483	The Transporter is to investigate adding further enhancements to the VRF product: <ol style="list-style-type: none"> 1. Notification if additional VRF capacity available. 2. Within-day auctions 3. Interruption time-stamping 	Transporter	Open	High
C492	The Transporter will communicate directly with each Shipper about all maintenance plans for the 2016/2017 gas year. The Transporter will also present an overview of their Maintenance Notification Procedures at the next Forum meeting.	Transporter	Open – Propose to Close	High
C493	The Regulator to review and provide feedback on proposed Code Modification A071.	Regulator	Open	Medium
C501	Release a revision of Version 5.1 of the Code of Operations which reflects any Code Modifications approved by the CER subsequent to the 1 st of October 2015.	Transporter	Open	Medium
C502	The Transporter will seek legal clarity on when code restrictions and/or constraints under relevant Connected Systems Agreements are to be enacted.	Transporter	Open – Propose to close	Medium

Code Modification Forum – Open Actions (2 of 2)

ID	Action	Responsibility	Status	Priority
C503	The Transporter will communicate with Shippers about all planned maintenance.	Transporter	Open – Propose to Close	High
C504	Industry participants to respond to the Regulator’s proposed decisions on A071.	Industry Participants	Open – Propose to Close	High
C505	Industry participants to provide feedback and responses on the Balancing Arrangement Consultation Paper.	Industry Participants	Open – Propose to Close	Medium
C506	The Transporter to circulate proposed implementation timelines for each balancing option.	Transporter	Open – Propose to Close	High
C507	The Transporter to provide an overview of the general lessons and learnings from the events on the 9 th July at Bellanaboy.	Transporter	Open – Propose to Close	High
C508	Industry participants to provide responses to A078 within two weeks.	Industry Participants	Open – Propose to Close	Medium
C509	The Regulator to review the powers at its disposal to prevent Shippers from engaging in capacity hoarding.	Regulator	Open – Propose to Close	Medium
C510	The Transporter to request that ENTSOG clarify on their website that flows to Northern Ireland are indicated as flows to ROI.	Transporter	Open – Propose to Close	Medium

3. General Items Update

Code Of Operations 5.0

- Version 5.0 of the Code of Operations has been approved by the CER and is now live on the GNI website at the following location:
 - <http://www.gasnetworks.ie/en-IE/Gas-Industry/Services-for-Suppliers/codeofoperations/>
- Version 5.0 of the Code of Operations consolidates all changes approved up to the 1st of October 2015.
- A further revision will be released shortly to reflect any Code Mods approved by the CER subsequent to the 1st of October 2015.

4. GNI Scheduled Maintenance Update

Network Maintenance Update

Location	Nature of Works	Planned Timings (Subject to change)	Duration (days)	Entry/Exit Points Affected	Impact on flows at entry/exit points affected
-	-	-	-	-	-

No Planned Maintenance in Gas Year 2016/2017, that will impact Shipper Operations

IT Maintenance Update

Nature of Works	Planned Timings (Subject to change)	Duration (days)	Systems Affected
GTMS hardware upgrade – no user impact.	Last week of November 2016	NA	GTMS

Please note the above works/timings/duration are subject to change

5. Code Modification Proposal A071:

*‘Alternative Capacity Arrangements in event of
GNI Interruptions to Flows’*

Industry Responses to A071

IOOA

IOOA supports the decision to have the rebate/refund/credit related to all unavailable capacity subject to two caveats;

- 1) Short Term daily tariff should be used as a basis for the refund rather than the proposed yearly average tariff and,
- 2) The price of Moffat short term capacity should set the level of refund.

Planned maintenance in accordance with Code of Operations should only be allowed in Summer months (May to September incl.)

Industry Responses to A071

Bord Gáis Energy

- Bord Gáis Energy considers that proposed rebate to inadequately compensate Shippers for unscheduled maintenance - in winter the rebate would be 1/8th of daily cost - in summer it would be five times the cost.
- Considers that the contention that the proposed 1/365th rebate is easier to apply is erroneous. Rebate should only be for daily purchased on the day of outage. If a Shipper purchases daily capacity at, say, Moffat to compensate for reduction of capacity at Corrib because of unscheduled maintenance, GNI can obtain the cost of this alternative capacity from GTMS. This results in two advantages; 1) the rebate is easy to calculate and, 2) GNI is only refunding where there is actual loss.
- Does not take into account secondary trading; a rebate could be paid to a Shipper who has already traded its capacity.

A071 Current Status

- CER Statement.

6. Code Modification Proposal A078:

‘Overrun Charges at Domestic Entry Points’

Industry Responses to A078

IOOA

- IOOA supports implementation pointing up the onus to effect EU energy policy with the requirement to ensure the existence of ex-ante rules aimed at mitigating any subsequent attempt at capacity hoarding.
- Consider that the proposal gives immediate effect to existing anti-capacity hoarding measures in the Code (paras.1.2 and 1.3 of Section C) for application at domestic entry points which will only apply in the event that all original capacity has been booked and the proposal is predicated on bringing booked but unutilised capacity back to market.
- Consider it inappropriate to suggest that trying to place other market participants in position of distressed purchasers of capacity is a legitimate market activity.
- Consider that references to competition law strictures should be secondary to effective anti-capacity hoarding rules as first line of defence.
- Consider that the fact that the present market renders capacity hoarding an unattractive option does not obviate obligation to insert anti-capacity hoarding measures in Code
- Consider that there is merit in considering setting the proposed overrun charge to level of multiplier applicable at the time.

Responses to A078

Statoil

- Statoil welcomes the proposal and supports its implementation.
- Considers it crucial to ensure the existence of ex-ante rules aimed at mitigating any attempt at capacity hoarding.
- Notes that this is an interim measure while further industry discussions in the future to identify a more enduring solution.
- Considers the proposal will result in bringing unutilised capacity back to the market in the event that all original capacity has been booked and supports the proposers' suggestion that the change to the overrun charge be to the applicable multiplier at the time.

Shell

- Shell is in favour of proposal and IOOA's response and the arguments contained therein.

Responses to A078

Energia

- Energia considers that proposed modification does not deal with expressed intention to create a mechanism to return unused capacity to the market as it merely proposes an alternative price for capacity.
- Considers that while the proposal cites Part C, paras.1.2 and 1.3 of Code as UIOLI provisions pertaining to domestic entry points but it applies to all capacity. All available capacity recovered by UIOLI provisions becomes part of available capacity from the Transporter.
- Notes that all available primary capacity can be booked from the Transporter (see Part B. para.1.4) and considers that if capacity not available, Shippers can seek to buy/sell on the secondary market.
- Notes that where no primary capacity available and no basis for Transporter to use UIOLI, considers it absurd that a Shipper who does not hold entry capacity can seek to flow gas and merely pay 1/365 for the capacity.
- Considers that there is no justifiable reason for applying a 1/365 price unbooked/overrun charge and cannot see why multipliers and overrun charges should not be always applied.

Responses to A078

Bord Gáis Energy

- Bord Gáis Energy considers the proposal counterintuitive, incentivising Shippers to overrun when the overrun is supposed to be a penalty charge, considers that there is no commercial logic to the suggested capacity hoarding scenario.
- Considers that the existing tariffs encourage efficient booking as a Shipper would not be inclined to overbook, as other Shippers can reduce their flows in the short term resulting in an unmarketable product for the overbooked Shipper.
- Considers that the proposal would undermine the secondary trading process, which works well at Moffat and should likewise work at Corrib.
- Considers that the proposal undermines Capacity Trading with the provision that existing overrun multiplier rates are discarded, in favour of a rate which creates an incentive not to trade and not to book annual capacity.
- Considers that the proposal is short-lived, as suggested hoarding scenario will not exist as field production depletes lower than the technical capacity available.

A078: Transporter's View

- Consider that rationale for proposal A078 is unclear. GNI anticipate that Shippers would book entry capacity at domestic(non-IP) entry points, commensurate with their commercial arrangements and any capacity deficits can be rectified by secondary trading capacity. GNI does not see evidence of capacity hoarding and questions the likelihood of it arising.
- Each entry point has a technical capacity limited to it and allows Shippers to book entry capacity up to that limit. It is not clear how unutilised capacity could be released with Shippers allowed to nominate up to 02.00am. Shippers could buy this interruptible product and subsequently be interrupted late in the day and subsequently be liable to imbalance and scheduling charges.
- Shipper overrun charges are charged relative to their allocations the next day; there is no clear level of underutilised capacity until allocations have been processed.
 - To take the **example** in the Proposal, if Shipper X holds all 100 units of capacity and is nominating 40 units of flow, when does the apparent 60 units get freed up - if after the final nomination, is this not too late? If Shipper X's allocation is 45 after the day, then it is 55 units rather than 60 that were available (i.e. the other 5 units were 'interrupted').

A078

- Discussion

7. Gas and Electricity Interaction

Gas and Electricity Interaction

- EAI Gas-Electricity Interactions Workshop took place on 13th September (SSE Offices).
- Presentation by GNI, CER and Powergen/Supply companies.
- Key items discussed included:
 - New ISEM market.
 - IBP, trading platform liquidity.
 - Shipper nominations.
 - Capacity booking timelines.
 - The fact that whilst Shippers cannot control everything, they need to nominate as best they can.
 - Pricing of imbalances/ tolerances.

8. Any Other Business

9. Upcoming Code Modification Forum Meetings

CMF Dates 2016	Location
27 January (Wednesday)	Cork
9 March (Wednesday)	Dublin
20 April (Wednesday)	Cork
1 June (Wednesday)	Dublin
13 July (Wednesday)	Cork
31 August (Wednesday)	Dublin
5 October (Wednesday)	Cork
23 November (Wednesday)	Dublin
14 December (Wednesday)	Cork



Gas
Networks
Ireland

Thank you for your participation