

Code Modification Forum Meeting Minutes

09 March 2016

*Location: The Hilton Hotel, Kilmainham, Dublin*

<b>Attendees</b>		
	<b>Name</b>	<b>Representing</b>
1	Brian McGlinchey	Kinsale Energy
2	Mike Ronan	Aughinish Alumina
3	Kieron Carroll	Kinsale Energy
4	Henk Kreuze	Vermilion
5	Charles Shier	Bord na Mona
6	Paul Barnett	Manx Utilities
7	Karol O'Kane	ESB GWM
8	Kevin Murray	BGE
9	Terry Burke	Statoil
10	Mark Cosgrove	Statoil
11	Paul Dewhurst	Statoil
12	Keith Deacon	Tynagh Energy
13	Martin Regan	Energy Broking Ireland
14	Denis Twomey	GNI
15	Wilma Cullen	GNI
16	Lisa Fahy	SSE
17	Lucy Manning	Gazprom
18	Bryan Hennessy	Vayu
19	Kevin O'Keefe	GNI
20	Andrew Kelly	GNI
21	Avian Egan	GNI
22	Aidan Hogan	GNI
23	Conor Long	GNI
24	Sarah McCauley	CER
25	Colm Ó Gormáin	CER
26	John Melvin	CER
27	Danny Mills	Electric Ireland
28	Amrik Bal	Shell

## 1. Approval of Previous Minutes

- The minutes of the Code Modification Forum of the 27 January were agreed and approved.
- For supporting information to be read in conjunction with these minutes, please see the slides presented at this meeting.

## 2. Review of Action Items

- The actions from the previous Code Modification Forum of 27 December were reviewed and discussed.
- The Transporter gave an update on the open actions and those actions which have been completed as per the accompanying slides.

## 3. General Items Update

- The Transporter delivered the following updates to the Forum:
  - Reminded the Forum that the Gormanston Interconnection Agreement was issued for consultation on 19 February, and the consultation would close on 21 March.
  - The First Tier Imbalance Price will revert to 0.98 & 1.02 as advised to the Forum via email on 18 February 2016.
  - The Transporter notified the Forum that ACER and ENTSOG have co-established a Gas Network Code Functionality Platform as a focal point for issues related to Network Codes. The Transporter advised that this would be shared with the Forum when it went live.
  - The Transporter delivered an update to the drafting of a consolidated version 5.0 of the Code of Operations, which is proposed to be issued in February 2016. This will include all EU Network Code related modifications approved to date.
- The Transporter delivered an update to the commissioning of the Bellanaboy Linkline, stating that pigging of the pipeline was successfully and safely completed with final reports due by the end of March/early April.
  - The Transporter advised that a performance test will be carried out on 14/15 March to determine the increased Bellanaboy Entry Capacity from 1 April 2016.
  - The Transporter confirmed that the technical capacity at Bellanaboy will be temporarily increased to facilitate higher flows and avoid any Shipper capacity deficits/overruns.
  - The Transporter stated that following pigging verification and pressure uprating it is anticipated that Bellanaboy Entry Capacity will be declared at 100% @85 bar on 1 July 2016.
  - An industry participant stated that clarity was needed on the short-term products availability up until the end of the commissioning period.
- An industry participant queried whether Shippers will be able to access information on flow forecast and outages as well as issues with the Gross Calorific Value (GCV) at offtakes.

- The Transporter took an action to communicate information to Shippers on Bellanaboy gas flows where possible, and possibly to End Users where necessary.
- The Transporter gave an update on the interim price which had been assigned to the Bellanaboy Entry Point, and outlined two options for the tariffing of the Bellanaboy Entry Point when the interim tariff period comes to an end at the end of April 2016:
  - Option 1: Continue with the 1/366 interim tariff of €1.69/MWh
  - Option 2: Revert to the 2015/16 daily tariffs of €0.31/MWh from 1 May 2016.
- The Transporter proposed reverting to the 2015/16 daily tariffs from 1 May 2016.
- An industry participant stated that they felt it was unfair for the tariff at Bellanaboy to revert to the daily tariff for the summer months.
- A number of participants stated they favoured returning to the daily tariffs as proposed by the Transporter.
- Clarity was required on the tariffs ideally 1 month prior to 1 May 2016. Participants were requested to submit feedback by Friday 11<sup>th</sup> March on their preferred option for the Bellanaboy Entry Tariff from 1 May 2016.
- The CER is to consider all feedback as well as the discussions at the Forum and deliver a decision by the end of March.

ID	Action	Responsibility	Date Raised	Delivery Date
C472	The Transporter is to communicate with industry participants on issues relating to gas flow at the Bellanaboy Entry Point.	Transporter	09/03/2016	20/04/2016
C473	Industry is to submit their response on the tariff proposals outlined to the Transporter.	Industry	09/03/2016	18/03/2016
C474	The CER is to consider all feedback relating to the Bellanaboy Entry Tariff, and deliver a decision by the end of March.	CER	09/03/2016	31/03/2016

#### **4. Code Modification Proposal A069 ‘Back-up capacity Arrangements under New Tariffing Regime’**

- The CER stated that it intended to recommend rejection to the Commission of Modification proposal A069 for a number of reasons which included;
  - Proposal may not be CAM compliant as it would allow for the same product to be sold at two different prices.

- The issues raised are tariff related and no Code changes were proposed.
- The nature of when A069 would or could be used.
- The CER stated that its comments regarding A069 did not have any bearing on the merits of A071.
- The CER stated that following a Commission decision, the CER will issue a Commission Instruction to include reasoning.
- An industry participant stated that they felt it was very important that the reasoning for decision be published.

ID	Action	Responsibility	Date Raised	Delivery Date
C475	The CER is to finalise Commission Instruction regarding Code Modification proposal A069.	CER	09/03/2016	TBC

#### **5. Code Modification Proposal A070 ‘Implementation of the Inch Storage Entry Point’**

- The Transporter outlined the timeline of the Code Modification Proposal to date, and stated that the legal drafting for the Modification proposal was currently out for consultation until 11<sup>th</sup> March 2016. The Transporter requested that any comments on the legal drafting be submitted prior to this date.

#### **6. Code Modification A071 ‘Alternative Capacity Arrangements in event of GNI Interruptions to Flow’**

- The Transporter outlined the responses received to the Modification proposal as per the slides, and invited further discussion on the points raised.
- The proposer made a number of points in relation to the questions raised:
  1. Why would alternative capacity only be available at Moffat? The proposer felt that all Shippers were already active/registered at Moffat, which might not be the case at other Entry Points. From a practical point of view the proposer also felt that it would be easier to identify any additional capacity that had been purchased as a result of a Transporter interruption at Moffat than at another Entry Point. However, the proposer stated that they had no objection to the alternative Entry Capacity being made available at other Entry Points.
  2. Stated that the proposal for a rebate to be applied to the capacity is in order to ensure CAM compliance.
  3. The proposer felt that the Modification proposal was unlikely to lead to gaming given the short notice period of any interruption that would be received by an affected Shipper(s).
- An industry participant made the following points:

- The Transporters revenues would not be affected as Shippers would still be paying for the capacity at the affected Entry Point.
  - The proposal would not impact on the Transporter operationally, the Transporter would still maintain the network in a safe manner.
  - Seeing the reasons for the Commission's decision on Modification proposal A069 would be helpful to Shippers before making final comments on proposal A071.
- The Transporter outlined the next steps for this proposal, stating that an Initial Modification Report would be produced which would take into account the consultation responses as well as the discussions at the Code Modification Forum.

ID	Action	Responsibility	Date Raised	Delivery Date
C476	The Transporter is to publish an Initial Modification Report on Modification proposal A071, for consultation with Industry.	Transporter	09/03/2016	23/03/2016

#### 7. Code Modification A072 'Application of adjustments related to new Entry Points'

- The Transporter introduced the Modification proposal as per the slides, outlining the benefits of the proposal and proposed an implementation date of May 2016.
- The Transporter clarified that this proposal would also apply to any potential new entry points in the future.
- An industry participant stated his belief that the proposal potentially creates a 'pseudo flat' tariff at Moffat.
- An industry participant stated that more information was required on whether certain Shippers would benefit over other Shippers from this proposal, and whether the proposal would thus be fair to all Shippers.
- An industry participant pointed out that depending on the timing of the implementation of this proposal, different Shippers would benefit in varying amounts.
- An industry participant queried whether there is additional information regarding over recoveries which was not being shared with the Forum.
- The Transporter committed to releasing a spreadsheet showing the calculation of Entry Point Transfer charges/rebates to industry.
- Industry suggested an updated Modification with further information may be required, which could be discussed further at the Code Modification Forum on 20 April 2016.
- The CER commented on the principle of bringing in such a change which could have substantial financial impacts on some Shippers in the middle of the year. The CER also queried what exactly the 'further information' required by Shippers constitutes.
- The proposal will be discussed further at the Code Modification Forum on 20<sup>th</sup> April, following the circulation of the spreadsheet by the Transporter.

ID	Action	Responsibility	Date Raised	Delivery Date
C477	The Transporter is to issue a spreadsheet outlining the charges/rebates that would apply for Entry Point Transfers.	Transporter	09/03/2016	20/04/2016

## 8. Balancing Network Code Implementation

- The Transporter summarised the responses from the Balancing Options Assessment Report as per the slides.
- An industry participant queried why a multi-party framework contract was not being put in place as soon as possible, and suggested that this could be done manually using an email based system.
- The Transporter delivered an assessment of issues being experienced by the Gas Networks Ireland Grid Control Room with an increasing trend of the transportation system being left long by Shippers.
- The Transporter reiterated that from 1 April 2016 First Tier Imbalance Prices would revert to the prices previously agreed as part of Modification A068. The Transporter also outlined a number of further options which could be pursued to incentivise Shippers maintain a balanced portfolio, which were:
  - Additional changes to the imbalance cash out prices;
  - Reducing shipper portfolio imbalance tolerances.
- The Transporter mentioned that without making changes such as those proposed, it may be forced to curtail Entry Points if Shippers could not be otherwise incentivised to maintain a balanced position. The Transporter stressed that it was proposing the options outlined in order to avoid the need for curtailment.
- The Transporter outlined that it will be tendering for 16/17 Balancing services.
- The Transporter outlined proposed changes to the Balancing Services Contract, for which the tender process is due to commence for 2016/17. The detailed timeline for the tender process was outlined as per the slides.
- The Transporter also proposed that it is looking at the Balancing Gas contracts being operated at the IBP from 2017/18.
- A number of industry participants stated their preference for a market based imbalance cash-out price as soon as possible, rather than the Transporter having a role in setting the cash-out price.
- Given the nature of the operational balancing challenges highlighted by the Transporter in its presentation, Industry representatives suggested that the timelines proposed in the Balancing Options Assessment Report for reform of the Irish balancing regime warranted substantial acceleration and urged the Transporter to revert with amended proposals in this regard at the earliest opportunity.
- CER noted that industry appeared strongly in favour of moving towards a market based approach sooner than had been indicated by the Transporter.

- The Transporter took an action to consider further what the earliest possible date might be for the implementation of a market based imbalance cash-out price.
- Industry participants discussed the options and the Transporter suggested an Industry workshop be scheduled with a view to establishing the options and requirements for developing the balancing gas arrangement. Industry participants were invited to put forward their proposals on the options to be considered.

<b>ID</b>	<b>Action</b>	<b>Responsibility</b>	<b>Date Raised</b>	<b>Delivery Date</b>
C478	The Transporter is to consider additional developments for the 16/17 Balancing Services Contract and consider feedback from industry on the move towards a market based approach.	Transporter	09/03/2016	01/04/2016
C479	Industry participants are to submit their proposals on the development of a long term trading platform and the Transporter is to schedule an industry workshop on the development of the Balancing Arrangements.	Industry	09/03/2016	TBC

## **9. Virtual Reverse Flow**

- The Transporter delivered a brief update on the virtual reverse flow day-ahead and within-day products as per the slides.
- The Transporter indicated it would speak directly with parties that had contacted the Transporter in relation to virtual reverse flow.

## **10. Gas/Electricity Interactions**

- The Transporter stated that it hoped to have an update on gas/electricity interactions at the next Forum meeting.

## **11. Administration**

- The next forum will take place in the Clarion Hotel, Cork on 20<sup>th</sup> April.



Action Ref	Action	Responsible	Date Raised	Status	Response Date	Expected Delivery Date	Priority
C259	The Transporter is to issue letters to all End Users requesting that they sign End User Agreements.	Transporter	29/11/12	Transporter to issue update at Dec 2015 Code Modification Forum.	9/12/2015	Q1 2016	Low
C452	The Transporter committed to producing a new version 5.0 of the Code of Operations	Transporter	4/11/2015	Open		31/12/2015	Medium
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	9/12/2015	Open		27/01/2016	High
C472	The Transporter is develop a process to ensure effective communication to industry on issues relating to gas flow at the Bellanaboy Entry Point.	Transporter	09/03/2016	Open		20/04/2016	Medium
C473	Industry is to submit their response on the tariff proposals outlined, to be returned to CER.	Industry					
C474	The CER is to consider all feedback relating to the Bellanaboy Entry Tariff, and deliver a decision by the end of March.	CER	09/03/2016	Open		31/03/2016	High
C475	The CER is to publish its decision regarding Code Modification proposal A069.	CER	09/03/2016	Open		TBC	High
C476	The Transporter is to publish an Initial Modification Report on Modification proposal A071, for consultation with Industry.	Transporter	09/03/2016	Open		23/03/2.06	Medium

Action Ref	Action	Responsible	Date Raised	Status	Response Date	Expected Delivery Date	Priority
C477	The Transporter is to issue a spreadsheet outlining the charges/rebates that would apply for Entry Point Transfers.	Transporter	09/03/2016	Open		23/03/2016	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	09/03/2016	Open		20/04/2016	High
C479	The Transporter is to schedule an industry workshop to establish the extent to which changes could be made to the Balancing Services Contract tender process.	Transporter	09/03/2016	Open		TBC	High