

Code Modification Forum Meeting Minutes

21 January 2015

Location: Kilmainham Hilton, Dublin

Attendees		
	Name	Representing
1	Jack O'Connell	Advisor to the CER
2	Mike Ronan	Aughinish Alumina
3	Kevin Murray	Bord Gais Energy
4	David Egan	CER
5	Mantas Vencius	CER
6	John Melvin	CER
7	Mo Cloonan	CER
8	Barry Hussey	CER (Partial)
9	Keelin O' Brien	CER (Partial)
10	Richard Harper	Ceres for Vermilion
11	Paul Hoey	Electric Ireland
12	David Dunlop	Energia
13	Derek Scully	Energia
14	James White	Energia
15	Karol O' Kane	ESB
16	Robert Irwin	Flogas
17	Ann-Marie Colbert	Gas Networks Ireland
18	Kieran O'Sullivan	Gaslink
19	Robert Flanagan	Gaslink
20	Aidan Hogan	Gaslink
21	Avian Egan	Gaslink
22	Brian McGlinchey	Kinsale Energy
23	Kieron Carroll	Kinsale Energy
24	Carol Spinks	National Grid
25	Martin Regan	Shannon LNG
Ctd. overleaf		

Attendees		
	Name	Representing
26	Amrik Bal	Shell
27	Olga Tseyukova	Shell
28	David Mulholland	SSE Airtricity
29	Mark Cosgrove	Statoil
30	Paul Dewhurst	Statoil
31	Paul McElvanna	Tynagh Energy
32	Tracy O' Donoghue	Tynagh Energy
33	Bryan Hennessy	Vayu
34	Henk Kreuze	Vermilion
35	Fergus Devine	William Fry
36	Helen Field	Xoserve

1. Code Modification Forum Minutes, Actions & Presentation Slides

- The Code Modification Forum minutes of 10 December 2014 were agreed and approved.
- For supporting information to be read in conjunction with these minutes, please see the slides presented at the meeting [here](#).

2. Code Modification Proposals

2.1 Code Modification Proposal A062 ‘Capacity Allocation Mechanisms (CAM)’

- The Transporter reported that it is currently preparing Code legal drafting on the basis of the approved business rules. The Transporter also noted that two related Code Modification proposals had been issued during January; [A065 Financial Security amendments arising from introduction of Capacity Allocation Mechanisms \(Regulation EU 984/2013\)](#) and [A066 EU Network Code Implementation: Transitional Arrangements](#). Modification A066 in particular is very closely linked to modification A062 and it may be appropriate to have a single legal drafting consultation covering both modifications.
- The Transporter and CER informed the Forum that ACER / ENTSOG are currently in discussion regarding the prospect of moving the annual and quarterly auctions (currently scheduled for March and June respectively) to later dates such as June (annual) and July / August (quarterly).
- The Transporter also informed the Forum that ACER / ENTSOG were discussing the prospect of moving the monthly auction timing to the second week of the month rather than the third. An Industry representative noted that this longer lead time simply increases the uncertainty a Shipper may have in deciding whether to book a monthly product. The Transporter took an action to forward such views to ENTSOG.
- The Transporter reiterated (as proposed in A062 business rules) that Entry Point Transfers will not be available in respect of Interconnection Points post 1 November 2015.

ID	Action	Responsibility	Date Raised	Delivery Date
C391	The Transporter is to forward the view expressed by Shippers that the longer lead time for Monthly Auctions would increase uncertainty and may have an impact on a Shipper’s decision to book Monthly products.	Transporter	21/01/15	04/03/15

2.2 Code Modification Proposal A063 ‘Nominations, Imbalance Charges & Allocations – EU Network Code Implementation’ & Operational Balancing

- In summarizing the current status of the business rules consultation, the Transporter noted that while 3 elements (Information Provision, Nominations & Allocations) had been positively received by Industry, the Imbalance Charge element of the document was the subject of significant Industry opposition.
- Some shippers expressed concern at the penal nature of the proposed 10% uplift on actual imbalance costs and expressed the view that if shippers faced real imbalance costs rather than penal ones then the removal of imbalance tolerances would be less of an issue. They expressed the view that the logic of accessing a liquid market, such as the NBP, should mean that penalty imbalance charges are unnecessary.
- Given this distinction, the Transporter proposed that the business rules as they relate to those first 3 elements (Information Provision, Nominations & Allocations) be considered by the CER for approval at this point, while the Imbalance Charge element remains under review and any subsequent revisions to this section will be included in the ‘interim measures report’ referred to below.
- In this respect, the Transporter advised that (as per discussion at the December 2014 Forum Meeting), it had engaged jointly with the CER in a review of:
 - the Imbalance Charge section of the business rules, in particular the cash-out price calculation methodology; and
 - the proposed approach to operational balancing (i.e. balancing services contract, balancing platform, trading platform)
- As a result of this review, it is proposed to proceed on the basis of utilising ‘interim arrangements’ as per Chapter X of the Balancing Regulation (EU 312/984). This represents a different approach to that proposed initially ([See Business Rules Version 1.0](#)) which involved the TSO gaining direct access to source balancing gas at the NBP by October 2016.
- The Transporter presented the key features of the ‘interim measures’ approach to the Forum, along with its potential benefits and the rationale for adopting this approach at this point in time (see [meeting slides](#) for further information).
- Where a market is insufficiently liquid, Regulation 312/2014 allows for an ‘interim’ period during which partial implementation of the Regulation (specific interim measures identified) is permitted on the basis that interim measures applied during the period are designed to foster liquidity and progress to full implementation of the Regulation by the end of the period.
- The Transporter and the CER highlighted a number of benefits to such an approach as follows:
 - gradual transition (1 -5 years) at time of significant change in the market re. other EU Network Codes and the introduction of a new Entry Point at Corrib
 - Potentially allows for retention of some tolerances (to be phased out by end of interim period)
 - Allows further time to establish most appropriate balancing/trading platform option(s) based on market development over the coming years and allows time to attempt to foster liquidity at the IBP (potentially via the use of a balancing/trading platform)
 - Allows the focus of TSO and Industry efforts towards Oct/Nov 2015 to remain on Gas Day, CAM, Nominations, Moffat Agent changes etc.

- Industry queried why the previous approach for the Transporter to seek direct access to the trading platform at the NBP for the purpose of sourcing balancing gas had been shelved.
- The CER stated that the proposal for the TSO to seek direct access to trade at the NBP remained an integral part of the development of the implementation of the Balancing Network Code. Indeed, the CER stated the view that the interim measures presented an opportunity to foster IBP liquidity in such a way that a situation might be reached whereby the Transporter would have the option of first sourcing market based balancing gas from an IBP platform and in situations where volumes / prices were inadequate at the IBP, the Transporter could revert to the NBP.
- The Transporter advised that it is preparing an 'interim measures report' for submission to Industry for consultation and the CER for approval, the contents of which will be discussed at the March 2015 Forum meeting, with a formal consultation shortly thereafter.
- Should the CER approve such a report, it is required to inform ACER and the European Commission by early April 2015.

2.3 Code Modification Proposal A064 ‘Virtual Reverse Flow’

- The Transporter advised that business rules version 2.0 were issued for consultation on 16 January 2015, with comments invited by 30 January 2015.
- The Transporter identified the key amendments to version 2.0 of the business rules relative to version 1.0 (see [meeting slides](#) for further information).
- The Transporter clarified that the ‘minimum flow’ parameter used in the calculation of Available VRF Capacity and the ‘Forward Flow Nominations’ parameter both related to ALL physical flows through the Beattock Compressor Station, regardless of the downstream destination of such flows. An Industry representative requested that some indicative examples be prepared in order to illustrate this point.
- Industry representatives queried whether further information could be made available in relation to:
 - a) the magnitude of the ‘minimum forward flow’ parameter within the available VRF Capacity calculation; and
 - b) the estimated implementation date of the modification
- The Transporter advised that in respect of both of the queries above there would be a presentation made at the next Forum meeting in March. In respect of the former, GNI Asset Management will present to the Forum at the March meeting.

ID	Action	Responsibility	Date Raised	Delivery Date
C392	Industry is invited to submit written comments in relation to VRF business rules version 2.0 (Code Modification proposal A064)	Industry	21/01/15	30/01/15
C393	The Transporter is to prepare indicative examples demonstrating the ‘Available VRF Capacity’ calculation	Transporter	21/01/15	04/03/15

Code Modification Proposal A065 ‘Financial Security Policy Amendments - CAM NC’

- The Transporter presented this new modification proposal, the proposal form for which was submitted by the Transporter on 8 January 2015. The Transporter advised that it intends to issue business rules for consultation in the week following this Forum meeting. One Industry representative sought a minimum of a 3 week consultation period.
- The Transporter presented the key changes / features proposed to ensure that the Financial Security (FS) Policy was updated to reflect the introduction of the CAM Network Code (Regulation 984/2013). The most notable features are listed below (please see [meeting slides](#) for further detail)
 - At Interconnection Points:
 - a) Annual / Quarterly Capacity - FS will not be required at the time of auction but will be required to be put in place prior to the effective date of the capacity booking

- b) Monthly / Daily Capacity - 100% FS will be required at the time of auction
 - o At non-Interconnection Points:
 - c) Daily Capacity - 100% FS will be required in advance of booking capacity
 - o Shippers with Financial Security cover in place with the Transporter will have the facility to subdivide this cover for use:
 - d) on GTMS for booking non-Interconnection Point capacity; and
 - e) on PRISMA for booking Interconnection Point capacity.
- A number of Industry representatives queried whether joint or separate FS arrangements would be in place at an Interconnection Point in respect of bundled Capacity. The Transporter clarified that each Transporter at an Interconnection Point will have its unique set of FS / Credit requirements in respect of the value of Capacity relating to its portion of the bundled product (in much the same way that the purchase of bundled capacity by a Shipper results in two separate capacity contracts, one in respect of each Transporter)
- The Transporter took an action to provide Industry with information relating to the FS / Credit rules which are to be applied by adjacent Transporters at Interconnection Points at the next Code Modification Forum.

ID	Action	Responsibility	Date Raised	Delivery Date
C394	The Transporter is to provide Industry with information relating to the FS / Credit rules which are to be applied by adjacent Transporters at Interconnection Points.	Transporter	21/01/15	04/03/15

Code Modification Proposal A066 ‘EU Network Code Transitional Arrangements’

- The Transporter presented this new modification proposal, the proposal form for which was submitted by the Transporter on 9 January 2015.
- The proposal seeks to build on earlier EU Network Code related modifications A062 ‘CAM’ and A063 ‘Nominations, Imbalance Charges & Allocations’. While A062 and A063 set out the core aspects of each of the associated Network Codes, this new modification adds further detail in relation to the following topics:
 - o Transitional Capacity Arrangements at Interconnection Points
 - This ensures a smooth transition from booking Entry Capacity on GTMS to booking Interconnection Capacity on PRISMA
 - o Voluntary Bundling:
 - a Shipper may request the Transporter(s) to ‘bundle’ two separate ‘unbundled’ capacity bookings held in the Shipper’s name, one in respect of each Transporter at the Interconnection Point.
 - o Registration Processes:
 - Registration processes need to be amended as a result of the introduction of PRISMA

- Moffat Agency Transition:
 - The Transporter advised that the Moffat Agent will be conducting Shipper sessions to discuss plans for a transition from agency arrangements to TSO arrangements.

3. EU Network Code Implementation

3.1 National Grid / Xoserve: GB Registration Process

- In order to inform Irish Shippers of the process involved in registering in GB for the purpose of availing of bundled capacity at the Moffat Interconnection Point, representatives of National Grid and Xoserve attended the Forum meeting.
- A comprehensive presentation was provided (see [meeting slides](#)), with contact details of the relevant personnel included in the presentation. Shippers are encouraged to contact Xoserve directly if they have any queries.
- Some points of note which arose are as follows:
 - It is necessary to have certain IT equipment physically located at a premises in GB in order that Xoserve can communicate with the Shipper's IT system. There is a charge associated with this and it was noted that it may be possible for an agent to 'host' such equipment on behalf of a Shipper.
 - While there are a number of process steps involved in registering in GB, it was noted that the 'legal opinion' that Xoserve/National Grid require of any legal entity not registered in England or Wales is perhaps the most onerous and time consuming (up to 5 months). The cost of such legal opinion is borne by the Shipper.

4. EU Network Codes in Development & Other EU Updates

4.1 REMIT: Regulation on Energy Market Integrity & Transparency

- The CER advised that the REMIT Implementing Acts ([see Regulation 1348/2014](#)) have now been published, meaning that:
 - Reporting of standard contracts must commence by Oct 2015; and
 - Reporting of non-standard contracts must commence by April 2016
- In the shorter term, the CER advised that market participants will be required to register on CEREMP (Central Registry of European Market Participants). The CER provided a presentation which outlined the steps involved in registration (phase 1) and noted that the CER must submit its register of Irish market participants to ACER by 17 March 2015.

- Phase 2 of the registration process will commence post March 2015 and the CER will update Shippers in due course.

5. Administration

- The Transporter proposed that next Forum meeting be held in Cork on Wednesday 4th March 2015.

Action Log

Action Ref	Action	Responsible	Date Raised	Title	Response Date	Expected Delivery Date
C259	The Transporter is to issue letters to all End Users requesting that they sign End User Agreements.	Transporter	29/11/12	End User Agreements		Q1 2015
C282	The CER is to provide the Forum with a high level update of CAG at the next forum meeting.	CER	14/03/13	CAG		24/09/2014
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	02/07/14	Moffat Metering Error		Ongoing
C380	The Transporter is to proceed with the development of legal drafting for Code Modification A062 'Capacity Allocation Mechanisms at Interconnection Points'.	Transporter	16/10/14	Code Mod A062 'CAM		January 2015
C381	The Transporter is to review the process of moving from Annual to monthly cash-out disbursements.	Transporter	22/10/14	Code Mod A062 'CAM'		Next Code Mod Forum
C383	The Transporter is to consider issuing an NDM accuracy of forecasting report before Oct 2015.	Transporter	22/10/14	Code Mod A063 'Noms, Imbalances & Allocations'		Oct 2015
C387	The Transporter is to report to the next Code Modification Forum regarding the status of trading platform options.	Transporter	10/12/14	Code Mod A063 'Noms, Imbalances & Allocations'		03/04/2015

Action Ref	Action	Responsible	Date Raised	Title	Response Date	Expected Delivery Date
C391	The Transporter is to forward the view expressed by Shippers that the longer lead time for Monthly Auctions would increase uncertainty and may have an impact on their decision to book Monthly products.	Transporter	21/01/15	Code Mod A062 'CAM'		04/03/2015
C392	Industry is invited to submit written comments in relation to VRF business rules version 2.0 (Code Modification proposal A064).	Industry	21/01/15	Code Mod A064 VRF		30/01/2015
C393	The Transporter is to prepare indicative examples demonstrating the 'Available VRF Capacity' calculation.	Transporter	21/01/15	Code Mod A064 VRF		04/03/2015
C394	The Transporter is to provide Industry with information relating to the FS / Credit rules which are to be applied by adjacent Transporters at Interconnection Points.	Transporter	21/01/15	Code Mod A065 Financial Security.		04/03/2015