

# Code Modification Forum

Minutes of meeting – 26<sup>th</sup> September  
2018



# Contents

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<b>Contents</b>	<b>2</b>
<b>1 Standing Items</b>	<b>3</b>
1.1 Approval of minutes of previous meeting	3
1.2 Review of action items	3
1.3 GNI Scheduled Maintenance Update	3
1.4 Emergency Exercises 2018	4
<b>2 Code modification proposals</b>	<b>5</b>
2.1 A086 – Incentives for Intra-day balancing	5
2.2 A087 – Implementing a new framework for Suppliers to contract their own payment channels for PPM customer	5
2.3 A091 & A093 – Biomethane Code Modifications	5
2.4 A094 –Changes to Shipper Portfolio Tolerances and A095-Adjustment of Daily Imbalance Charges	6
2.5 Summary status of Code Modifications	9
<b>3 Other agenda items</b>	<b>10</b>
3.1 Gas/Electricity interaction	10
3.2 Data Sharing Agreement Update	10
3.3 Brexit and ROI Gas Market	10
3.4 Shrinkage Gas Report	10
3.5 Transparency Data Update	11
3.6 Trading Platform Update – GNI Participation	11
3.7 Website Feature Update	12
3.8 AOB	12
<b>4 Open CMF actions</b>	<b>13</b>
<b>5 Calendar of meetings</b>	<b>14</b>
<b>Attendees</b>	<b>15</b>

# 1 Standing Items

## 1.1 Approval of minutes of previous meeting

The minutes of the Code Modification Forum of 8<sup>th</sup> August 2018 were agreed and approved.

For supporting information, to be read in conjunction with these minutes, please see the slides presented at the [September 26 meeting](#).

## 1.2 Review of action items

The actions from the previous CMF Meeting of 8<sup>th</sup> August were reviewed and discussed.

The Transporter gave an update on open actions and those completed, as per slide 6 of this [meetings presentation pack](#).

It was agreed that, as proposed, action item C566 would be closed as the Transporter is now publishing data in relation to IBP System Marginal Prices on its Transparency Platform

Action Items C538 and C567 will remain open.

## 1.3 GNI Scheduled Maintenance Update

The Transporter reported that there were no changes to the Slides from the August meeting except in relation to upstream operator maintenance where there was nothing to report.

The Transporter presented a Report, set out in Slides 13,16 , 18 and 19 and illuminated by photographs on Slides 15,17, and 21 to 26, on remedial work on a section of pipe between Goat Island and Curraleigh-West near the Cork/Limerick border.

The defective pipe was discovered by the Transporter in the course of its ongoing in-line inspection (ILI) programme. The corrosion was scheduled for excavation and detailed inspection as one of twelve pipeline anomalies in the ILI verification programme.

Once the extent of the defect was ascertained it was decided to repair by the installation of an Epoxy Resin Sleeve which, in this case, required a pressure reduction to 23 bar which would impact on gas supply to LDMs in the Southern Region.

In response to Shipper queries the Transporter confirmed;

1. the repair work was facilitated by the fact that the location was rural and remote and the ground conditions were dry,

2. this was the fourth sleeve fitted in the Munster area in the last eight/ten years and was reflective of the fact that this pipeline was laid in the 1980s and was now aging in contrast to much of the Leinster region in the 1990s and the Western region in the 2000s. It could be expected that in the future more repairs which would result in an interruption in supply would occur in the Southern region where the pipeline was now over thirty years old and protected by now less than optimum epoxy materials.

The Transporter confirmed that it had issued relevant urgent market messages, issued Restricted Capacity Day Notices for a seven day period (2/9/18- 9/9/18) which was a conservative estimate of the repair/pressure reduction timeline, then engaged with the two Shippers affected before liaising with Eirgrid in conjunction with these Shippers.

The Transporter was pleased to report that the repair was carried out without any undue delays and gas pressures were only reduced between early in the morning of 3<sup>rd</sup> September and early in the morning of 6<sup>th</sup> September and, in the interim, due to cooperation between the respective Shippers and Eirgrid there was no consequential impacts on the electricity system.

The Transporter confirmed that, in due course, in line with its Code obligations, it would be sending a report on the matter to the affected Shippers and the CRU. The Transporter noted that it had gained important learnings in this matter, and in view of the probability of such occurrences in the future, particularly in the Southern region, it intended to carry out a review of its operational procedures which may involve consultation with EAI.

ID	Action	Responsibility	Date Raised	Delivery Date
C568	Transporter to carry out a review of its operational procedures in the event of system repair resulting in the issue of Restricted Capacity Day Notices to minimise Shipper supply restriction consequences	Transporter	26/9/2018	31/1/2019

## 1.4 Emergency Exercises 2018

The Transporter presented Slides 27-29 giving details of the National Gas Emergency Manager (NGEM) exercise which will take place on the 24<sup>th</sup> October. Prior to this representatives from the

Transporter would be observing National Grid's annual Network Emergency Coordinator (NEC) validation exercise (Exercise Zeus) where they would be simulating a National Gas Emergency on a high demand day. This exercise will test communication methods between National Grid's Network Emergency Management Team (NEMT) and all exercise participants, including the Transporter. It was intended to apply any relevant learnings from Exercise Zeus to the subsequent NGEM exercise particularly in relation to Shipper involvement in the exercise. It was intended to circulate further details to Shippers in advance in relation to the NGEM exercise.

## **2 Code modification proposals**

### **2.1 A086 – Incentives for Intra-day balancing**

The Transporter referred to Slides 31-34 which updated the intra-day nomination patterns through the month of August. The Transporter noted the continuing trend of improving Shipper nomination behaviour and was satisfied to continue to monitor the situation in the short term.

### **2.2 A087 – Implementing a new framework for Suppliers to contract their own payment channels for PPM customer**

The CRU reported that it is set to issue a Commission Instruction in October with the following decision based on discussions at the Code Modifications Forum and primarily at the GMARG where GNI originally raised the proposal.

With the continued development of competition in the retail gas markets, the CRU deemed it appropriate that the Code of Operations be modified so that suppliers contract their own payment channels for gas prepayment customers. There is now significant competition in the gas retail markets and the CRU considers it, on balance, timely to move away from the existing contracting approach. The CRU considers, in a competitive gas market, that suppliers are best placed to negotiate their own terms for their payment channels for gas prepayment customers.

It is of paramount importance that sufficient time and details are provided to industry to allow for a smooth transition to these new contractual approaches. To aid in this, the CRU understands that GNI intends to exercise its option to extend the current front office contracts until July 2021. The CRU would request that GNI engages with gas suppliers to ensure that they have sufficient information, in sufficient time, to transition to the new contractual approach post July 2021. The CRU also notes and welcomes GNI's proposal that they would continue to facilitate a co-ordination role in terms of issues that may arise in the prepayment space that could have an industry wide impact.

### **2.3 A091 & A093 – Biomethane Code Modifications**

The Transporter reported that both Code Modifications were progressing in tandem with the Cush RNG Injection Project which was expected to be commissioned in December. The Transporter Safety Case

which was linked to Code Modification Proposal A091 would be submitted on Friday next and the Legal Drafting for A093 was almost finalised. The Transporter would give an update on the Cush Project at the next Code Modification Forum meeting on 28<sup>th</sup> November

## **2.4 A094 –Changes to Shipper Portfolio Tolerances and A095-Adjustment of Daily Imbalance Charges**

The CRU reported that, have taken into consideration the responses to GNI's consultation on A094 and A095, along with how these measures have been implemented in other European Member States. Its minded to decision on the both Code Modification proposals are as follows:

On the timeframe, the CRU is minded-to implement the changes to tolerances and daily imbalance charts in one step as opposed to the initial phased approach proposed by GNI.

The proposed changes would be implemented on 1 March 2019. This will ensure that Shippers and the Transporter have sufficient time to make the necessary changes to internal processes.

### **LDM Tolerances**

The CRU is minded-to remove tolerances at LDM. However, it is considering a request to GNI to implement an exemption from imbalance charges for LDM if power generators are dispatched on by Eirgrid in the dead band period. Prior to the next Code Modification Forum on the 28<sup>th</sup> November, the CRU requests that GNI actively engage with shippers and Eirgrid to understand the extent of this issue and to prepare a plan for processing these exemptions. If exemptions are to be enacted they will be reviewed after six months (i.e. 1<sup>st</sup> October).

### **DM Tolerances**

The CRU is of the view that a tolerance of 10% is appropriate for DM due to insufficient forecast data being available.

GNI noted at the Code Modification Forum that DM have generally been within 7-12% imbalance. Data that the CRU has reviewed since the start of the 2018 suggests the average overall is around 14%. Therefore, the CRU deems a tolerance of 10% to be appropriate. This is to be reviewed after six months (i.e. 1<sup>st</sup> October).

### **NDM Tolerances**

The CRU is minded-to request GNI to implement a forecast error approach for NDM, whereby, an NDM forecast tolerance would cover the absolute difference between the Final NDM exit allocation and the

Final NDM nomination advice for a Shipper. This approach means that NDM Shippers who nominate as advised by the TSO will avoid imbalance charges.

The CRU is minded-to remove the 2.5% tolerance for NDM. As discussed at the Code Modification Forum, the retention of a 2.5% tolerance for NDM as proposed by GNI could favour a Shipper with a large NDM portfolio. A forecast error approach should remove such cross-subsidisation. The CRU has not seen sufficient justification for the 2.5% tolerance should remain.

Again, this is to be reviewed after six months (i.e. 1<sup>st</sup> October).

### **Small adjustment**

The CRU is of the view that GNI's proposal of a small adjustment of 3.5% of the daily IBP System Average Price (SAP) as discussed by Shippers at the Code Modification Forum is a good benchmark and should be used to calculate the applicable price of the marginal sell price and the marginal buy price. The 10% small adjustment specified in the Code is much higher than that implemented in other member states. Overall, Shippers were broadly in favour of a 3.5% small adjustment. The CRU request that GNI monitor this adjustment to ensure that it provides an adequate incentive for Shippers to balance their portfolios with a view to reviewing after 6 months from the implementation date of 1 March 2019.

### **Liquidity**

The CRU is of the view that sufficient liquidity for the purpose of use for setting daily imbalance charges has been demonstrated on the EBI trading platform to enable it to be used to set the IBP SAP, SMP Buy and SMP Sell prices. The Code Modification Forum has also been presented with data on how closely aligned the IBP is to the liquid NBP price.

In the event that the activity on the EBI platform does not allow for the publication of a system average price then the UK NBP system average price as published by National Grid shall be utilised to set the IBP system average price as outlined in the GNI consultation.

In the event that the EBI trading platform suffers from diminished liquidity over a longer period the CRU will consider engaging with EFET to review the liquidity of the IBP for the specific purpose of calculating daily imbalance charges.

### **Next steps**

Following this Code Modification Forum, the CRU will discuss our minded to position with ACER prior to the next Code Mod Forum at the end of November.

In the interim, I-SEM will come online the CRU would advise shippers to prepare to discuss at the November Forum, any impacts from I-SEM which may raise additional concerns about our minded-to decisions on Tolerances and Daily Imbalance charges. From the point forward the CRU requests GNI to collate data relevant to our decisions in advance of the final CRU approval and for a review which will occur six months after the Code modifications come into operation.

Following further review of shipper feedback after the November Forum, the Commission Instructions will be published with the rationale with our final decision.

ID	Action	Responsibility	Date Raised	Delivery Date
C569	Transporter to carry out analysis of extent of Eirgrid Dispatches during Trading Platform Deadband and formulate scheme to process imbalance charge exemptions	Transporter	26/9/2018	28/11/2018

## 2.5 Summary status of Code Modifications

Number	Proposal	Proposer	Status
<b>A085</b>	Profiling of Gas Flows at Entry Points	IOOA	Live/Parked
<b>A086</b>	Intra-day Nomination Incentive Proposal	GNI	Not yet issued
<b>A087</b>	New Framework for Suppliers in PPM Market	GNI	CRU Minded to decision
<b>A090</b>	Proposed new Invoice Dispute Resolution Procedure	BGES	Live/Parked
<b>A091</b>	Modification of oxygen content limits for Renewable Natural Gas (RNG) injected from RNG Entry Points	GNI	Live
<b>A092</b>	Trading Platform participation	GNI	Approved
<b>A093</b>	RNG Outline Code Modification	GNI	Live/Legal Drafting
<b>A094</b>	Changes to Shipper Portfolio Tolerances	GNI	CRU Minded to decision
<b>A095</b>	Adjustment to Daily Imbalance Charges	GNI	CRU Minded to decision
<b>A096</b>	Data Sharing Agreement	GNI	Live

## 3 Other agenda items

### 3.1 Gas/Electricity interaction

The Transporter noted that I-SEM was due to come into force on 1 October and would leave this Agenda Item open to facilitate any representation from the PowerGen sector.

### 3.2 Data Sharing Agreement Update

The Transporter referred to Slide 51 which provided an update on this matter. The Transporter shared the concern of the Suppliers that unless it was carefully drafted an amendment of the Code of Operations could result in data protection issues coming under the regulatory aegis of the CRU as well as the Data Protection Commissioner, which is not intended by the Transporter, Suppliers or the CRU. The Transporter was taking legal advice on the issue and would revert to Industry.

### 3.3 Brexit and ROI Gas Market

The Transporter presented Slides 53-56 containing notes on up to date developments including the UK Government 'White Paper' on 12 July. The Transporter confirmed that it continues to engage regularly with all relevant stakeholders/ statutory bodies in relation to the ongoing situation. Slide 44 detailed the upcoming negotiation stages. As the Brexit deadlines were becoming imminent the Transporter proposed to host a telco to consider the Brexit implications, and particularly 'no-deal' Brexit implications, for the Republic of Ireland Gas Market

ID	Action	Responsibility	Date Raised	Delivery Date
C570	Transporter to organise and host a telco to discuss with Industry potential Brexit implications for the ROI Gas Market	Transporter	26/9/2018	31/10/2018

### 3.4 Shrinkage Gas Report

The Transporter presented Slides 53-57 on this agenda item. Slide 53 contained Code Of Operation definitions of Shrinkage Gas, Own Use Gas and Unaccounted for Gas. Slides 54 and 55 reported that purchases of Shrinkage Gas had been reduced which had not been reflected in its monthly Stock Statements.

The Transporter reported that it had under purchased its Shrinkage Gas requirements which had in the last 18 months been alleviated by Shipper Imbalances and balancing actions . As a result the Transporter notionally had c.€8.95m ( €3.1 attributed to Gas Year 2016/2017 and €5.9m to Gas Year 2017/18) available to purchase Shrinkage gas which was not required by the Network.

It was agreed at the meeting to credit Shippers this amount through the Disbursements Account. A Shipper Representative suggested that the proposed credit to Shippers should be calculated based on the debits to Shipper's Stock Reconciliation Accounts up to the date of resolution of this issue rather than based on throughput as suggested. The Transporter agreed to have this proposal considered by its Trading & Settlement Department.

The Transporter confirmed that Stock Invoices (based on monthly Stock statements) would be issued. A Shipper Representative questioned whether if , in effect, the figure of €8.95m amounted a double charge to Shippers by the Transporter and expressed a concern that it took so long for the Transporter to identify the issue. The Transporter stated that the overcharging error arose from a disjoint between its commercial and physical approach to Shrinkage gas requirements and would now;

- Update its estimation and purchase increased amounts of shrinkage gas daily in line with Network requirements
- Review its Code provisions and if required raise a Code Modification Proposal to allow it to correct any daily under/over purchase of Shrinkage Gas in a more transparent manner
- Review its stock model tool to identify any necessary improvement which may help reduce variability in Transmission UAG
- Assess the effect of CV shrinkage on the Network with respect to UAG.

### **3.5 Transparency Data Update**

The Transporter presented Slides 59-63 detailing the traffic on the Transparency Platform since go-live on 11 May 2018. Previous month NBP and IBP Shadow Prices are now available on Platform cashout prices ( NBP prices are indicative only and are subject to subsequent billing invoices). IBP prices will be published weekly on a rolling 30 day basis. NBP prices will be published fortnightly, beginning 8<sup>th</sup> of each month approx and mid monthly thereafter.

### **3.6 Trading Platform Update – GNI Participation**

The Transporter presented Slides 65- 69 graphically detailing its trading on the EBI Platform since 1 June. The Transporter specifically referred to Slide 69 pointing out that the IBP traded price continued to track the NBP traded price. A representative from EBI reported that they had recently recorded their

One-thousand trade since going-live. He stated that more trades occurred on days when there was a lot of wind generation. A number of trading participants had indicated increased interest in day ahead trades particularly in light of the new ISEM regime. It was intended that, in the near future, they would be sending the Transporter the live SAP together with a liquidity indicator.

### **3.7 Website Feature Update**

The Transporter reporter that the project to make the Website more user friendly for Shippers had been incorporated into a wider Website update project. The Transporter will proceed with this project and will provide updates under Action Item C567

### **3.8 AOB**

The CRU referred to the ongoing National Tariff Liaison Group consultation process . It was expected to issue the Minutes of the two-day workshop on September 18/19 by 27 September and would be circulating the Agenda for the next Meeting on 9 October in early course.

## 4 Open CMF actions

ID	Action	Responsibility	Date Raised	Delivery Date
C538	Transporter to continue consultation process surrounding intra-day nomination patterns and profiles	Transporter	06/12/2017	ongoing
C567	Transporter to carry out development work on its Website to make it more user friendly for Shippers	Transporter	8/8/2018	ongoing
C568	Transporter to carry out a review of its operational procedures in the event of system repair resulting in the issue of Restricted Capacity Day Notices to minimise Shipper supply restriction consequences	Transporter	26/9/2018	31/1/2019
C569	Transporter to carry out analysis of extent of Eirgrid Dispatches during Trading Platform Deadband and formulate scheme to process imbalance charge exemptions	Transporter	26/9/2018	28/11/2018
C570	Transporter to organise and host a telco to discuss with Industry potential Brexit implications for the ROI Gas Market	Transporter	26/9/2018	31/10/2018

## 5 Calendar of meetings

CMF Date	Location
7 <sup>th</sup> March 2018 (Wednesday)	Cork
2 <sup>nd</sup> May 2018 (Wednesday)	Dublin
13 <sup>th</sup> June 2018 (Wednesday)	Cork
8 <sup>th</sup> August 2018 (Wednesday)	Dublin
26 <sup>th</sup> September 2018 (Wednesday)	Cork
28 <sup>th</sup> November 2018 (Wednesday)	Dublin

## Attendees

	Name	Representing
1	Andrew Kelly	GNI
2	Kieran Quill	GNI
3	Catherine Philpott	GNI
4	Liam Murphy	GNI
5	Colm O'Duibhir	GNI
6	Andrew Pearce	BP
7	Chris George	GAZPROM
8	Terry Burke	Equinor
9	Martin Regan	Energy Broking Ireland
10	Kevin Murray	BGE
11	Brian McGlinchy	Vermillion Energy
12	Mark Phelan	Electric Ireland
13	Richard Harper	Nephin Energy
14	Jack O'Connell	Advisor to CRU
15	Cahir O'Neill	CRU
16	Sarah McCauley	CRU
17	Kirsty Ingham	ESB
18	Anthony Foody	EI
19	Brid Sheehan	GNI
20	Lisa Walsh	GNI
21	Aidan Bugler	GNI
22	Marie O'Dea	BGE
23	Christiane Sykes(by Conference Call)	Shell
24	Colm O'Gormain(by Conference Call)	SSE