

# CODE OF OPERATIONS MODIFICATION PROPOSAL



| MODIFICATION DETAILS   |                                     |   |                        |                                      |
|--|-------------------------------------|---|------------------------|--------------------------------------|
| <b>Modification Number:</b> A071   |                                     | <b>Modification Title:</b> Alternative Capacity Arrangements in event of GNI Interruptions to Flows |                        |                                      |
| <b>Modification Proposer:</b>  | <b>Modification Representative:</b> | <b>Modification Representative Contact Details (email address):</b>                                 | <b>Date Submitted:</b> | <b>Proposed Implementation Date:</b> |
| Bord Gáis Energy Limited   | Kevin Murray                        | <a href="mailto:kemurray@bordgais.ie">kemurray@bordgais.ie</a>                                      | 13 January 2016        | 1 May 2016                           |
| <b>Proposal (including rationale):</b>   |                                     |   |                        |                                      |
| <p>On certain days a shipper's flow into the GNI system may be interrupted by GNI due to a GNI operational / maintenance reason. Even short interruptions of the Shippers Firm Entry Capacity at an entry point may mean that the supply shortfall caused by GNI cannot be made up as additional flow capacity is not available at that entry point and the shipper will need to access gas from another entry point</p> <p>Under the current regime the shipper will need to source an alternative source of gas at an alternative entry point and may need to book additional entry capacity at additional costs due to the GNI interruption. Should a Shipper fail to take this rebalancing action – this will only result in the Shipper incurring significant balancing costs through no fault of the Shipper.</p> <p>There is an unintended action whereby by GNI interrupting customers can increase capacity booking revenues. The proposer proposes in the event of a GNI interruption of Firm booked capacity at an Entry point, GNI would make available at no additional cost to the Shipper the equivalent amount of Daily Entry Capacity at Moffat as notified by GNI to the shipper in the interruption notice.</p> |                                     |   |                        |                                      |
| <b>Proposed Implementation Date:</b>   |                                     |   |                        |                                      |
| 1 May 2016   |                                     |   |                        |                                      |
| <b>Proposed section of the Code to be modified:</b>  |                                     |   |                        |                                      |
| Part C   |                                     |   |                        |                                      |
| MODIFICATION MOTIVATION  |                                     |   |                        |                                      |
| <b>Intended Outcome of the Proposed Modification:</b>  |                                     |   |                        |                                      |
| <p>When a shipper is interrupted by GNI due to GNI operational / maintenance reasons then where the shipper sources additional entry capacity at another entry point then the alternative entry capacity should be provided by GNI to the shipper at zero cost. To be in sync with CAM we would foresee that GNI will provide a 100% rebate for the respective capacity retrospectively. This will remove the anomaly that currently exists that interrupting flows through operational or maintenance reasons will only cause to increase GNI's capacity booking revenues.</p>  |                                     |   |                        |                                      |
| <b>Benefits of implementing this Modification:</b>   |                                     |   |                        |                                      |
| Shippers will not have to pay for alternative entry capacity when flows are interrupted by GNI.  |                                     |   |                        |                                      |
| <b>Consequences of not making this Modification:</b>   |                                     |   |                        |                                      |
| <p>An anomaly will exist which would only create an unintentional incentive whereby GNI for operational / maintenance reasons interrupt a shipper's flows from an entry point while at the same time receive additional capacity booking revenues when that shipper books short term capacity at an alternative entry point.</p>   |                                     |   |                        |                                      |

**Illustrative Example (Please enter a scenario where the issue and solution are illustrated):**

Shipper had nominated for 24 units of gas to be supplied into GNI system from the Inch entry point. GNI interrupt the flows for one hour due to a trip on the Midleton compressor station. Inch is operating at maximum capacity on the day so cannot make up the shortfall. The shipper has to go to Moffat to book short term daily capacity. Introducing this Mod will mean the shipper will not be penalised for a GNI action and will not have to pay for the alternative Moffat entry capacity.