

# CODE OF OPERATIONS MODIFICATION PROPOSAL



## MODIFICATION DETAILS

**Modification Number:** A082

**Modification Title:** Establishing Framework and Rules for the Acquisition and Release of Incremental Capacity at IPs

<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>
Gas Networks Ireland	Market Development (GNI)	MarketDevelopment@gasnetworks.ie	21/02/2017	01/04/2017

### Proposal (including rationale):

This Proposed Code Modification seeks to facilitate compliance with forthcoming amendments to the EU Capacity Allocation Mechanism (CAM) Regulation (EU 984/2013) in relation to Incremental Capacity.

Following a review of the requirements of the CAM Network Code Amendment, the Transporter concludes that, in order to ensure compliance with said Amendment, rules and processes for acquiring and releasing Incremental Capacity at Interconnection Points (IPs) must be established. It is necessary to outline the procedural steps to be taken to determine if Incremental Capacity is required and, if so, how such Capacity should be delivered, approved, and allocated.

In addition to making the necessary changes to Code legal text, the Transporter proposes to maintain a Procedural Document (*circulated separately*), which outlines the framework and rules to follow, in order to enable the incremental process at IPs.

Since the CAM NC Amendment is applicable at IPs, it is anticipated that Incremental Capacity will be sold as bundled capacity. The process is intended to be a joint one with the Adjacent TSO at the IP, although it is also possible for the relevant TSOs to run the process independently.

Premier Transmission Limited (PTL) and GNI (UK) Limited in Northern Ireland and National Grid in the UK are currently undertaking similar consultations on proposed Code Modifications, in light of the CAM NC Amendment. Gas Networks Ireland has agreed to consult with its neighbouring TSOs to ensure alignment on proposed Code Modifications concerning Incremental Capacity.

The rules for Incremental Capacity in the CAM Amendment are focused on the situation where it is policy that new investment should be funded, at least in part, by 'user commitment', i.e. where Shippers are allocated some of the new capacity if they make a binding commitment to pay for it.

### Proposed Implementation Date:

Dependent on when the CAM Amendment comes into force (envisaged to be 1<sup>st</sup> April 2017).

According to the CAM NC Amendment, the first market demand assessment for Incremental Capacity shall be conducted in April 2017.

### Proposed section of the Code to be modified:

**Part A** [Definitions and Interpretation]: Include references to definitions of "**Firm Reverse Flow IP Exit Capacity**", "**Incremental Capacity**" and "**Offer Level**", which are to be inserted into the relevant Sections of Part C.

**Part C** [Capacity]: Amended and additional text to be included, as appropriate. Relevant provisions to be reflected concerning acquisition and release of Incremental Capacity at IPs.

Legal Code text to be drafted accordingly.

## MODIFICATION MOTIVATION

### Intended Outcome of the Proposed Modification:

Implementation of necessary changes to the Code and maintaining a Procedural Document for Shippers to refer to, which outlines the framework and rules to follow in order to enable the incremental process at IPs, will ensure compliance with the EU CAM NC Amendment.

These changes will principally impact the shipping community and how a requirement for Incremental Capacity is signalled to the TSO.

**Benefits of implementing this Modification:**

Implementation of the relevant amendments to the Code to reflect the Incremental Capacity process will ensure compliance with the amendments to the EU CAM Network Code concerning Incremental Capacity. Doing so will provide clarity on how the EU wide process fits with the existing Republic of Ireland gas market commercial framework.

**Consequences of not making this Modification:**

If this Code Modification is not implemented, the Transporter will not be compliant with amendments to the EU CAM Network Code.

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

NA

**Supplementary Information:**

A separate Procedural Document, for Shippers to refer to, which outlines the proposed rules to follow, in order to enable the incremental process at IPs. Legal Code drafting will be required, in the context of relevant principles incorporated in this Procedural Document. This will particularly be the case where there are contractual implications and interactions with Shippers. Changes to the Code may include a reference to this Procedural Document (or may be self-contained within the Code), depending on the level of granularity and specification required.