

# CODE OF OPERATIONS MODIFICATION PROPOSAL



MODIFICATION DETAILS				
<b>Modification Number:</b> A075		<b>Modification Title:</b> Outline Basis for Selection and Determine the Optimum Level of the Second Tier Imbalance Multipliers		
<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>
Irish Offshore Operator's Association	Brian McGlinchey	bmcglinchey@kinsale-energy.ie	16 August 2016	1 October 2016
<b>Proposal (including rationale):</b>				
<p>Recent Code Modification A074 was rushed through without proper consultation and flies in the face of the spirit of the interim balancing arrangements adopted.</p> <p>GNI to consider changing the multiplier from 1.25 back to 1.05 as the current issue is that the system is being left long.</p> <p>GNI needs to detail the basis for determining the multipliers under the current system, in particular as approved under code modification A074. Currently it appears that multipliers have been set on an arbitrary basis. The purpose is to properly debate and analyse if there is an effective level of multiplier best designed to encourage efficient balancing. If there is not, then the multipliers should be returned to 0.95 / 1.05 pending the introduction of a balancing regime that complies with the EU Balancing Code.</p>				
<b>Proposed Implementation Date:</b>				
1 October 2016				
<b>Proposed section of the Code to be modified:</b>				
Part E				
MODIFICATION MOTIVATION				
<b>Intended Outcome of the Proposed Modification:</b>				
To justify the selection of multipliers through a clear and transparent methodology and to adopt multiplier levels that are fit for purpose and encourage efficient balancing.				
<b>Benefits of implementing this Modification:</b>				
If appropriate efficient multipliers are adopted by GNI then shippers may remain in balance and minimise the amount of balancing actions that the transporter needs to take.				
<b>Consequences of not making this Modification:</b>				
<p>IIOA's members consider that A074's new arbitrary multipliers will not change significantly shipper behaviour as intended as it does not target shippers causing the imbalances in any way but will instead increase the costs of balancing. On a day a shipper may be happy to sell its gas at a multiplier of 0.75, in which case the proposed code modification will have no impact. Code modification A074 treats the symptom of the problem rather than the underlying cause and the bigger issue at hand needs to be addressed – a dynamic market based balancing platform is required as soon as possible.</p> <p>The current imbalance multipliers runs contrary to the spirit of the interim balancing regime which requires all EU countries to adapt a market based solution to balancing by 2019 but permits interim arrangements as you move</p>				

towards compliance - the use of (0.75 / 1.25) multipliers are not an acceptable interim arrangement.

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