

CODE OF OPERATIONS MODIFICATION PROPOSAL



MODIFICATION DETAILS				
Modification Number: A069		Modification Title: Back-up Capacity Arrangements under new tariffing regime		
Modification Proposer:	Modification Representative:	Modification Representative Contact Details (email address):	Date Submitted:	Proposed Implementation Date:
Irish Offshore Operator's Association	Brian McGlinchey	bmcglinchey@kinsale-energy.ie	31 July 2015	1 October 2015
Proposal (including rationale):				
<p>Substantial changes are occurring to the GNI tariffing regime from 1 October 2015 - GNI is adopting a new tariffing regime using the matrix methodology. From the matrix methodology the entry tariff at each entry point will consist of a primary entry tariff that is linked to that specific entry point and an adjustment / smeared tariff that is common to all entry points - aggregated together the primary and the adjustment / smeared tariffs give the overall entry tariff at a specific entry point.</p> <p>IOOA proposes that where a shipper at one entry point has booked entry capacity and where that shipper has a requirement to access a short term entry product at another entry point (back up capacity) due to a reduction / cessation of gas supplies at its primary entry point that the short term tariff payable by the shipper at the secondary entry point will be the daily / monthly / quarterly multiplier of the primary entry tariff for that entry point calculated under the matrix methodology and not the aggregate tariff (primary and adjustment / smeared).</p>				
Proposed Implementation Date:				
1 October 2015				
Proposed section of the Code to be modified:				
Part C				
MODIFICATION MOTIVATION				
Intended Outcome of the Proposed Modification:				
<p>Shippers with an entry capacity booking pay an entry point tariff which consists of a primary entry tariff and an adjustment / smeared entry tariff. Since shippers have already paid the adjustment / smeared entry tariff which is a common charge across all entry points when booking its entry point capacity, in the event that this shipper requires access to short term entry capacity at another entry point for back up reasons, this shipper should not have to pay the adjustment / smeared entry tariff twice since it has already been paid for through shipper's original entry point booking.</p>				
Benefits of implementing this Modification:				
<p>Entry capacity costs for shippers at Corrib and Inch are increasing substantially due to the new tariffing regime and the cost of accessing back-up capacity at Moffat is rising. Shippers who have booked entry capacity at one entry point should not have to pay the smearing charge twice when accessing back-up capacity at another entry point. This modification will prevent shippers paying the adjustment / smeared entry tariff twice and reduces the costs of accessing back-up entry capacity at other entry points.</p>				
Consequences of not making this Modification:				
<p>Shippers at production entry points accessing other entry points for back-up reasons will end up paying the adjustment / smeared tariff twice and paying higher price for accessing short term capacity.</p>				

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

A shipper has booked entry capacity at a production entry point – A supply outage at this production entry point means that the shipper needs to access short term capacity at another entry point for a day. Since the shipper is committed to paying for its production capacity, for that day it can access the short term capacity booking at Moffat based on the primary tariff.

If for example the Moffat tariff is €448/MWh with €198/MWh being the primary tariff and €250/MWh being the adjustment / smeared tariff. Based on the above the shipper will be able to purchase short term Moffat capacity for back-up reasons at 44% of the published short term tariff for Moffat (198/448).