



Irish Offshore  
Operators'  
Association

## Irish Offshore Operators' Association

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22 May 2017

By email: [MarketDevelopment@gasnetworks.ie](mailto:MarketDevelopment@gasnetworks.ie)

**Re: Code Modification Proposal: 'A083 'Interruptible Capacity at Non IP Entry Points'**

Dear Andrew

Thank you for the opportunity to comment in response to this proposal. As the proposer and for the avoidance of doubt, please note that IOOA is in favour of the implementation of A083. We would draw your attention to the following comments setting out our position.

Firstly, A083 is not a repeat of proposal A078. Rather, what is consistent between the two proposals is the ongoing concern of producers that in certain circumstances they run the risk of incurring significant costs if production is shut in or overrun charges incurred due to being unable to access *unutilised* system entry capacity. As parties who have invested considerable amounts of money in the Irish energy market, it seems more than reasonable that producers seek to mitigate this risk. What is undeniably inappropriate is others seeking to determine the materiality or scale of this risk for producers.

Secondly, it was disappointing to hear at the most recent Code Modification Forum (CMF) the inference that raising A083 was an "*abuse of process*" given that this issue had been discussed for a number of months and that A078 had been "*rejected*" by CER. In response it is important to note the following points:

- a) In relation to A078, IOOA repeatedly over a period of time asked GNI to confirm the nature of its relevant Code obligations - it was only when the regulator asked GNI to do so that any response was provided;
- b) A078 was parked rather than rejected – any reasonable interpretation is that no decision has yet been taken or is required rather than an outright rejection; and
- c) A083 is not the same as A078 – the means by which A083 seeks to allow booked but unutilised capacity to be made available to the market is different.

Thirdly, it is important, therefore, to state quite clearly the principles underpinning A083:

- a) Only when all technical capacity on a day has been sold out, GNI makes any booked but unutilized capacity available to the market on an interruptible basis; and



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- b) The original capacity holder will always have access to the capacity if subsequently required: there is no question of GNI being put in the position of sequestering capacity rights – that is obvious from the proposal and IOOA struggles to understand why some might think otherwise.

Fourthly, IOOA does not believe that the introduction of an interruptible service represents a new concept or at least one with GNI and market participants are unfamiliar. In particular, as noted at the last CMF the *Virtual Reverse Flow* service is an interruptible one. While the circumstances or context in which it is offered may be different, the broad point remains that GNI is familiar with an interruptible service, in particular the process by which shippers are interrupted/scaled back. Indeed, in the case of A083 this calculation and process would seem more straightforward.

Fifthly, given that GNI already has the operational and technical ability to provide interruptible services, it would seem reasonable to conclude that the level of additional expenditure to deliver A083 should not be prohibitive. Nevertheless, in order to address any possible concerns regarding costs, a compromise way forward could be as follows:

- a) The rules to deliver A083 are developed, agreed and changes to the Code of Operations implemented; and
- b) GNI initially uses a manual workaround to provide the new interruptible service, with any future possible systemisation, ie. costs, based on uptake of the service.

Finally, adequate consideration should be given to the additional system and market-wide benefits of A083. For example, IOOA has previously commented that a proposal of this type would lead to a more efficient utilisation of system capacity. That remains the case but linked to this point the proposal could also be considered in the context of the future gas balancing regime. In particular, it would likely help bring the most competitively priced or sourced gas to market, thus reducing the number of TSO balancing actions and/or costs (that would be recovered from market participants).

I trust that you have found the comments contained in this letter useful. Please do not hesitate to contact me should you have any questions or require further clarification.

Yours sincerely,

Brian McGlinchey  
Chairman IOOA Gas Sub-Committee  
Cc: Patrick Shannon Chairman IOOA  
IOOA Management Committee  
IOOA Gas Sub-Committee