



Gas
Networks
Ireland

Code Modification Forum

Wednesday, 27 January 2021
(via Zoom)

Agenda

1. Review of minutes from last meeting
2. Review of open actions
3. GNI Update re Impact of Covid 19
4. Update on Maintenance
5. Gas Quality –Proposed Change Update
6. Code Modification Proposal A087 –New Framework for Suppliers in PPM Market
7. Code Modification Proposal A096- Data Sharing
8. Code Modification Proposal A101- CRU Minded to position
9. Code Modification Proposal A104- Amendment to Code of Operations to transfer Capacity Overrun Charge revenue to allowed revenues and removing the maximum annual caps on overrun charges
10. Status of Code Modification Proposals
11. Gas and Electricity Interaction
12. Brexit briefing update
13. AOB Items

1. Review of minutes from last meeting

- Minutes of CMF meeting of 16 December 2020 were issued on 27 January 2021.

2. Review of open actions

ID	Action	Responsibility	Status	Priority
C572	Transporter to monitor on ongoing basis the adequacy of the initial 25% tolerance for RNG Entry Points	Transporter	Open	Medium
C575	Transporter to furnish required data to CRU in connection with tariff review in connection with tariff review in relation to SPC Settings for CNG Offtakes	Transporter	Open	High

3. GNI Update – Level 5 activities

- Most activities take place as normal. Some activities/ support activities may be deferred subject to risk assessment/ criticality.
- New connections: Each connection to be assessed on its merits to consider the “essentiality” of the customer and their readiness for gas.
- PE in Porches project suspended.
- Mains reinforcement/ extension: Each project to be assessed on its merits to consider the essentiality of the project/ customer and their readiness for gas.
- Outdoor meter fits unrestricted.
- Meter fits, unlocks, exchanges and similar work requiring access to occupied properties -capacity restricted to no more than 6 per fitter per day.
- Programmed work will continue where customers are happy to accept appointments.
- Meter replacement programme continues for outdoor meters only.
- Battery replacement continues where customer agrees to visit in advance.
- Customer/ shipper driven work prioritised over GNI programmed work.
- Long term no-access visits suspended.
- Credit locks suspended per CRU direction.
- Mature domestic GSED visits suspended unless
- External meters being read while Internal meter reading suspended.

4. 2020/2021 Maintenance Days

Maintenance Programme Gas Year 2020/21

Date	Duration	Entry Points	Commentary
19 th May 2021	1	Bellanaboy	Station testing, valve check and validations at Cappagh South.
8 th Sep 2021	1	Bellanaboy	ESD testing at the Corrib Terminal (will be coordinated with the annual Corrib planned maintenance).

- Bellanaboy REMIT Page - <https://iip.remitor.eu/#/?publisher=47X000000000296P>

Urgent Market Messages

Published

01/01/2016 - 01/27/2021

Event period

01/26/2021 - 01/31/2031

Type

Gas Electricity Other Market Information

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Asset

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Market Participant

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Bidding/Balancing Zone

Select a Value

Event Type

Select a Value

Unavailability Type

Select a Value

Message Id

Status

Active Inactive Dismissed Include Outdated

Message	Status	From	To	Duration	Asset	Unavailable capacity	Available capacity	Bidding / Balancing Zone	Market Participant	Published
202011170301-----vepil_004 Gas Gas Production Field Unavailability	Active	05/07/2021 09:30	22/07/2021 21:30	18 days	Bellanaboy Bridge Gas Terminal 47T00000000000065	52 GWh/d	0 GWh/d	Ireland 10YIE-1001A00010	Vermilion Exploration & Production Ireland Limited 47X000000000296P	18/12/2020 18:19

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5a.Gas Quality –UK Changes –December 2020 Update

- National Grid have presented industry with their view on timeline:
 - IGEM GQ Standard finalised in Q1 2021
 - Government impact assessment consultation process commences in Jun-21 and UK Parliament amends GSMR Regulations during Q2 2022
 - Unified Network Code (UNC) process to modify GQ specifications in the Network Entry Agreements (NEA) during Q3 2022
 - First wider-specification gas is likely to flow in Q2 2023
 - NG believe Parliament will amend GSMR, but due to potential commercial impact stakeholders may “negotiate” on local implementation during UNC process

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5b.Qas Quality –Renewable Gas

- GNI is considering lowering the minimum CV requirement and increasing the maximum allowed for oxygen for biomethane entry points on the Transmission Network
- Current Code of Operations requirements are:
 - CV 39.9 - 42.3 MJ/m³
 - Oxygen <0.2% (1% for biomethane entry points on the Distribution Network)
- GNI requested Industry to work with OEMs to assess possible impacts
 - Feedback received from some parties
 - GNI has held bilateral meetings with a number of Shippers
- Analysis continues by GNI and its consultant
- In the meantime questions/comments to Yvette.jones@gasnetworks.ie

6. Code Mod A087- New Framework for Suppliers in PPM Market

- On 21st November, 2018 the CRU issued instruction approving A087 and implementation of a new framework.
- The key change is that rather than GNI procuring and negotiating front office service agreements, suppliers will procure their own front office services as of 1st July 2021.
- Working Group, set up under GMARG Terms of Reference, is reviewing the operational and contractual arrangements in advance of the implementation date
- GNI have, at Workgroup Meeting on 23 January, presented their proposed contractual pathway- a Deed of Covenant between the front office service suppliers and GNI which Shippers will be obliged to procure
- The contractual documentation was reviewed by Workgroup and existing Front Office Service Providers
- The legal drafting for the Code Modification was circulated to the CMF Mailing List on 21 October for review – review period expired on Monday 21 December 2020 without comment . On 22 December the Deed of Covenant was circulated

7. A096 Data Sharing Agreement

- A096 -Transporter Proposal – To provide for an updated data sharing regime between Transporter and Shippers to comply with provisions of Data Protection Act 2018 (implementing the General Data Protection Regulation (GDPR) (EU) 2016/679) and to reflect the reality of personal data transfers between the Transporter and the Shippers – **CONSULTATIVE REVIEW COMPLETED .**

8. Code Modification A101: CRU Update

- Aim of short CRU presentation today:
 - Recap discussions from November teleconference
 - Outline CRU minded-to position in relation to A101

Recap: CRU view on initial proposal

- At November A101 teleconference, CRU gave views on options in initial proposal.
- CRU considers that the options in the original A101 proposal involve fundamental change to established capacity booking regime.
- CRU has concerns about potential unintended consequences of such fundamental changes.
- In particular, CRU has concerns about changes that greatly reduce or remove Shippers' incentive to accurately book capacity in advance of end of Gas Day.
- CRU set out and explained an alternative proposal for consideration at the November A101 teleconference.

Recap: Alternative Proposal Rationale

- Reduce the risk of unintended consequences by avoiding fundamental rewrite.
- Retain appropriate incentive to accurately book daily capacity in advance.
- Retain ability for CRU to adjust incentives if needed.
- EU projects ongoing in relation to sector-coupling (e.g. Sector Integration Strategy).
 - Fundamental rewrite may not be prudent at this time, as further work may need to be done to adapt to new EU recommendations.
- The alternative proposal can be implemented quickly (does not require in-depth policy analysis).

CRU Minded-to Position

- CRU is minded to proceed with a modification in line with the alternative proposal, as follows:
 - (I) extension of the daily exit capacity booking window to 4.59am (on day D); and
 - (II) reduction in the capacity overrun multiplier from the current level of 4X to **1.5X at Entry and Exit.**

CRU Minded-to Position: Entry Overruns

- In November, CRU stated it was still considering whether a reduction in the entry overrun multiplier was appropriate.
- GNI has since indicated that entry overruns have in fact decreased since the last reduction in the overrun multiplier in 2019.
- CRU is satisfied that a reduction in the overrun multiplier at Entry can be made, given that the last reduction did not result in adverse consequences.

CRU Minded-to Position: further detail

‘Minded-to’ modification would reduce the overrun multiplier to 1.5X for the following categories of transmission capacity overrun charges:

- IP Capacity Overrun Charge,
- Entry Capacity Overrun Charge,
- Exit Capacity Overrun Charge,
- Sub-Sea I/C Offtake Capacity Overrun Charge and
- IP Interruptible Capacity Overrun Charge.

CRU Minded-to Position: further detail

- CRU considers that an overrun multiplier of 1.5X is sufficient to incentivise accurate and timely booking behaviour, without being overly penal or unnecessarily high.
- However, capacity booking behaviour and capacity overruns should be kept under review to determine whether the multiplier is adequately incentivising accurate and timely booking.
- The overrun multiplier may be adjusted in the future if needed to incentivise good booking behaviour.
- Modification will be subject to Director approval within CRU. Minded-to position set out today.

Questions or Comments?

- CRU would like to thank Shippers for their input in relation to this modification.
- We would welcome any questions or comments you may have.

Code Modification Proposal A104

- **Proposal to amend Code of Operations to transfer Capacity Overrun Charge revenues to allowed revenues and removing the maximum annual caps on overrun charges**
- *Proposer – Gas Networks Ireland*
- *Rationale for Proposal ;*

Move the monies associated with Capacity overruns from a Disbursements Account into GNI Transportation Revenues Account

- GNI will not earn any additional revenues under the Revenue Cap
- The incentive to book sufficient capacity does not change
- Monies will be returned to shippers via lower future tariffs
- Monthly billing will be greatly simplified as each shipper holding capacity is issued a monthly credit related to overruns.
- If an overrun is subsequently refunded/cancelled the Disbursements Account has to be resettled .

Code Modification Proposal A104 (cont.)

Remove the maximum annual cap on overrun charges (Part C –Section 11.3.6(c))

- This cap is a carryover from the tariff regime that existed before short term capacity charges were introduced in 2007
- The cap has never been reached, nor has any shipper come close to the cap
- The IT systemisation is very complex and must be tested each time there is a change that affects the billing of Capacity Charges
- GNI believes that the cap is redundant and should be removed.

10. Status of Code Modification Proposals

Number	Title of Proposal	Proposer	Status
A087	New Framework for Suppliers in PPM Market	GNI	Live/ Implementation process review
A096	Data Sharing Agreement	GNI	Live/Under review
A099	CNG Supply Point Capacity Setting	GNI	In abeyance
A101	Extension of Daily Exit Capacity Booking Window	ESB	Live/Under review
A104	Transfer Capacity Overrun Charge revenue to allowed revenues/ removing maximum annual caps on overrun charges	GNI	Live

11. Gas and Electricity Interaction



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12. BREXIT - Customs Returns

Update to the Code Mod Forum

January 2021

Brexit Update

- EU-UK Trade and Cooperation Agreement reached 24 December 2020. The Agreement includes a chapter on energy (Chapter VIII). From an energy perspective, the deal was as good as one could have hoped for.
- As expected, no disruption to the daily importation of natural gas from Great Britain to Ireland from January 1st 2021.
- Administrative requirement for both importing shippers and GNI to submit customs declarations on natural gas imports from Great Britain.
- Movements from ROI to N.I via South North Pipeline not liable for customs returns under the Northern Ireland Protocol.
- GNI (UK) required to submit export declarations to HMRC on a monthly basis. First deadline is February 4th 2021.
 - GB SAP agreed with HMRC as the applicable market value.

Summary of EU-UK Trade and Cooperation Agreement

- Provisionally applies from 1 January 2021 (yet to be ratified by EU Council & Parliament). Agreement has 5 year review clause.

TITLE VIII: ENERGY

- **Gas trading will remain unchanged** with fundamental principles such as non-discrimination, transparency and free competition protected.
- Agreement covers natural gas, biogas, and any other gas that can be transported through natural gas pipes.
- Enhanced **cooperation on renewable energy**, particularly in the North Seas, opening up the possibility of hybrid interconnectors.
- Technical cooperation between regulators and system operators on **security of supply, network development and market abuse**.
- Maintains **tariff-free trade**, which will support delivery of low-cost energy supplies and deployment of new renewable infrastructure – vital for delivery of net zero targets.
- A strong principle of **non-regression, including on carbon pricing**, is included. The UK Government has confirmed that its carbon pricing policy from 1 January 2021 will be a new UK Emissions Trading Scheme (UK ETS) linked to the EU ETS.
- **The 2015 Paris Agreement on climate** constitutes an essential element of the Agreement. Any violation of this element by one Party gives the other Party the right to terminate or suspend all or parts of the Agreement.
- The EU and the UK **also reaffirm their ambition to achieve economy-wide climate neutrality by 2050**.
- **Establishment of Specialised Committee on Energy** to review and make adjustments to energy provisions within the Agreement.
- Finally, **ongoing dialogue between the EU and UK on energy matters** until the 30th of June 2026, with scope for future renewal.

Exports from GB to ROI (HRMC)

- For energy movements imported or exported via a pipeline, cable or interconnector (collectively known as fixed transport installations), the FTI operator **(GNI (UK) in the instance of exports from GB to ROI) will be responsible for completing the declarations.**
- From January 2021, entries into declarant's records will be made over a calendar month and followed by information submitted to HMRC systems via a supplementary declaration to HMRC by the fourth working day of the following month.
- Entry in Declaration should include:
 - i) Customs procedure code (likely the same for all FTI movements);*
 - ii) Unique code consignment ref number*
 - iii) Date & time of entry and when goods have actually moved e.g. end time product moves;*
 - iv) Customs value*
 - v) Written description of goods & commodity code for goods and;*
 - vi) volume of product moved.*

Imports from GB to ROI (Irish Revenue)

- The UK is now a 3rd country from the EU's legal perspective and thus no longer part of the internal energy market.
- **Customs Declarations** - The Customs declaration must be lodged, at the latest, by the time the goods are presented to customs. **The party responsible for lodging the customs declaration is the importer.**
- Irish Revenue expects this requirement to be fulfilled using Entry in the Declarants Records. **This means that the importer (i.e. the gas shippers in this instance) must record relevant information to a customs declaration in their own IT systems.**
- **Latest Update:**
 - Irish Revenue has yet to determine how to treat Virtual Reverse Flows from a customs perspective.
 - Irish Revenue reporting good engagement with Shippers so far.

AOB

Code Modification Forum Meetings in 2021

Next Meeting



CMF Dates 2021	Location
27 th January 2021 (Wednesday)	Zoom Meeting
24 th March 2021 (Wednesday)	Zoom Meeting
16 th June 2021 (Wednesday)	Zoom Meeting
18 th August 2021 (Wednesday)	Dublin
20 st October 2021 (Wednesday)	Dublin
15 th December 2021 (Wednesday)	Dublin



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Thank you for your participation