

Virtual Reverse Flow:
at Interconnection Points

Implementing EU Regulations

Code Modification No. A064

Business Rules

17th March - July 2015

Version 3.0



VERSION CONTROL

Version	Date	Description
1.0	19 th September '14	Initial version for Industry Consultation
2.0	16 th January '15	Further version for Consultation following Industry feedback
3.0	17 th July '15	Revision including: <ol style="list-style-type: none">1. Removal of Beattock minimum flow parameter in VRF Capacity calculation formula;2. Insertion parameter (South North Pipeline flow) on VRF Capacity calculation formula; and3. Confirmation of implementation dates for VRF

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Supporting Documentation:

Date	Source	Reference
2009 (updated in 2012)	European Commission	Regulation (EC) No 715/2009 updated with the Commission Decision 2012/490/EU of 24 August 2012
April 2013	Gaslink	Consolidated Gaslink Code of Operations v4.0 as of 1 April 2013
October 2013	European Commission	Regulation (EC) No 984/2013 Capacity Allocation Mechanism NC
21 st August 2014	Gaslink	Code Modification Proposal A063 ' <i>Nominations, Imbalance Charges & allocations: EU Network Code Implementation</i> '
10 th September 2014	Gaslink	Code Modification Proposal A064 ' <i>Virtual Reverse Flow: Enhanced Flexibility and Compliance with EU Network Codes</i> ' Proposal Form
19 th September 2014	Gaslink	' <i>Virtual Reverse Flow: Enhanced Flexibility and Compliance with EU Network Codes</i> ' Business Rules V1.0
16th January 2015	Gaslink	'<i>Virtual Reverse Flow: Enhanced Flexibility and Compliance with EU Network Codes</i>' Business Rules V2.0

~~[CONSULTATION PERIOD]~~

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1. INTRODUCTION

1.1 Background

The existing Virtual Reverse Flow (VRF) service was introduced at Moffat in 2011 for Shippers that wished to virtually "export" gas to the UK. A corresponding VRF service was introduced at the South North ~~connected system exit point~~ Interconnection Point (S/N ICSEP) for shippers that wished to virtually "import" gas from N.I. The requirement to implement VRF arose as a result of an infringement notice issued by the European Commission alleging that Ireland had failed to comply with Regulation 715/2009. Specifically, it was alleged that the maximum capacity was not being made available at Moffat due to the absence of a reverse flow service and due to the fact that capacity was not available at the S/N IPS ~~South North ICSEP~~. At the time, a decision was made by the Transporter and Regulator to offer a basic product in the interests of expediency and reducing the costs of VRF by minimising systemisation where possible. Key features of the current product include day-ahead Capacity bookings and Nominations, Re-nominations as a result of an interruption only and allocating reverse flows whole.

Code M ~~modifications~~ A062: Capacity Allocation Mechanisms and A063: Nominations, Imbalance Charges & Allocations should be considered in conjunction with this document.

In October 2013, the Transporter was asked to provide the CER with a high level, time and cost estimate in relation to the development of an enhanced (within-day) VRF product at Moffat. In response, the Transporter prepared a "High Level Requirements Specification for Virtual Reverse Flow" which included details of:

- Within-day VRF Capacity bookings;
- Within-day VRF Nominations;
- Fully systemised interruption functionality, and
- Increased available VRF Capacity.

In May 2014, the CER requested the Transporter to incorporate the development of an enhanced Moffat VRF product in the EU Network Code Implementation Project and align it with the appropriate provisions of the following Network Codes:

- EC No. 984_2013 Capacity Allocation Mechanism (CAM);
- EC No. 312_2013 Balancing of Transmission Networks;
- The draft Interoperability & Data Exchange Network Code.

Regulation EC No. 984_2013 establishes a network code on Capacity Allocation Mechanism in gas transmission systems and aims to establish the necessary degree of harmonisation across Europe. The articles of the Regulation that relate to VRF are as follows:

- Article 21 (1): At unidirectional interconnection points where technical capacity is offered only in one direction, transmission system operators shall offer a daily product for interruptible capacity in the other direction;

- Article 21 (2): If interruptible capacity is offered, this shall not be detrimental to the amount of firm capacity on offer;
- Article 21 (4): To the extent interruptible capacity is offered, it shall be allocated via an auction process with the exception of within-day interruptible capacity;
- Article 21 (5): Within-day interruptible capacity shall be allocated by means of an over-nomination procedure;
- Article 24 (1): The order in which interruptions shall be performed, if the total of nominations exceeds the quantity of gas that can flow at a certain interconnection point, shall be determined based on the contractual timestamp of the respective transport contracts on an interruptible basis. In case of an interruption, transport contracts coming into force earlier shall prevail over transport contracts coming into force later.

It should be noted accordingly that the Regulation requires a TSO to make a Daily Product (as defined in the Regulation) available although the TSO may offer other products in addition. Further to the Code Modification Proposal A064 ‘Virtual Reverse Flow: Enhanced Flexibility and Compliance with EC Network Codes’ which was issued to industry on 10th September 2014 this ~~B~~business ~~R~~rules document sets out the rules and processes associated with the Enhanced VRF product.

It should be noted that a number of Network Codes remain under review and- amendments to these ~~or~~ other Network Codes may impact some or all of the ~~B~~business ~~R~~rules set out below.

1.2 Purpose and Scope

1.2.1 The Scope of this document includes:

- VRF Registration Process;
- VRF Capacity Calculation;
- Daily VRF Capacity Joint Booking Platform
- Within-day Interruptible Capacity;
- VRF Nominations;
- VRF Interruptions;
- VRF ~~Tariffs~~Charges;
- VRF Allocations.

1.2.2 The following items have not been included in this ~~business-Business rules-Rules~~ document, however these ~~will be~~are addressed in other consultations:

- Registration process in respect of the Joint Booking Platform;
- Definitions of the functions of the Joint Booking Platform;

1.2.3 The principal focus of this ~~business-Business rules-Rules~~ document is to outline the Shipper–Transporter processes associated with VRF which will ultimately be translated into legal drafting to amend the Code of Operations. It should be noted, therefore, that only those process

steps and information flows which relate directly to the Shipper – Transporter relationship will be reflected in the Code legal drafting.

1.2.4 Approved ~~business~~ Business rules ~~Rules~~ shall form the basis for the subsequent development of Code legal drafting amending the Gaslink Code of Operations. However, it should be recognised that this ~~B~~ business rules ~~Rules~~ document is in draft form only and is intended to prompt discussion rather than present the final position of the Transporter. Accordingly, the Transporter reserves the right to modify these proposals as appropriate either as a result of industry responses to the consultation, CER direction, the requirement to interact with ongoing Network Code development or as a result of further and more detailed development of the draft processes contained within.

1.3 Implementation Schedule

At the Code Modification Forum of 4 March 2015, the Transporter advised the following in relation to the implementation of the VRF ~~B~~business ~~R~~rules. Given the volume of EU Network Code implementation work currently underway and scheduled for delivery in October / November 2015, it is not feasible to implement the VRF ~~B~~business ~~R~~rules in their entirety by October 2015. It is therefore proposed to:

1. ~~Implement sections 3.3 and 3.4 of the ~~b~~Business ~~r~~Rules (VRF Capacity day-ahead auctions on PRISMA) for 1 November 2015; and~~
2. ~~Defer the implementation of the remainder of the VRF ~~B~~business ~~R~~rules until a date no later than 1 October 2015.~~

It should be noted that the 1 November 2015 implementation will effectively retain the existing VRF product, with the exception that the Capacity will be offered by means of auction as opposed to on a first come first served basis and the charging mechanism that may be amended.:-

1.3.1.4 General Principles

The following are the general principles on which the proposed VRF service has been based:

~~1.3.1 Shippers who wish to use the VRF service at an Interconnection Point (IP) must have completed the Transporter's VRF registration procedure for that IP (a "Registered VRF Shipper");~~

~~1.3.21.4.1~~ The daily Interruptible VRF Capacity at the IP will be auctioned by the Transporter on the Joint Capacity Booking Platform using the Uniform Price Auction Algorithm on an unbundled basis;

~~1.3.31.4.2~~ The VRF auction will be of 30 minutes duration and will commence at 15:30 D-1. It will be subject to an opening reserve price to be determined by the Transporter and approved by the CER ~~which shall be the applicable regulated tariff charge~~;

~~1.3.41.4.3~~ The Bookable VRF Capacity offered in the Daily Interruptible VRF Capacity Auction will be determined by the Transporter and published on the Joint Capacity Booking Platform; the amount of Interruptible VRF Capacity offered by way of an Over-nomination Procedure shall be published on the Transporter's electronic systems in accordance with section 3.5.6;

~~1.3.51.4.4~~ The Interruptible VRF Capacity product will be unbundled and Nominations will be processed within the time for processing Nominations/Re-nominations as proposed in Code Modification A063 ('Nominations, Imbalance Charges & Allocations: EU Network Implementation');

~~1.3.61.4.5~~ The Within-day VRF Capacity product at the IP will be made available by way of an Over-nomination Procedure during the Re-nomination Period of 17:00 D-1 – 02:00 D;

~~1.3.71.4.6~~ VRF Shippers who do not participate in or are unsuccessful in the Daily Interruptible VRF Capacity Auction will be awarded a VRF Capacity of zero by the Transporter in order to facilitate them in participating in the Over-nomination Procedure;

~~1.3.81.4.7~~ Where a Shipper submits a valid Nomination/Re-nomination in excess of its VRF Capacity holding (which may be zero), it shall be treated as a request for additional VRF Capacity (an "Over-nomination");

~~1.3.91.4.8~~ A Shipper's valid Over-nomination which is accepted by the Transporter will increase the total of the Shipper's Booked VRF Capacity to a quantity equal to the total of the Shippers Confirmed Quantities (CQs) calculated by reference to its valid VRF Nominations/Re-nominations;

~~1.3.101.4.9~~ The amount of VRF Capacity to be made available by the Transporter pursuant to the Over-nomination Procedure shall be determined by the Transporter having regard to, inter alia, the Bookable VRF Capacity and the Unutilised Booked VRF Capacity at the relevant IP in respect of the Day;

~~1.3.111.4.10~~ Registered VRF Shippers may Nominate/Re-nominate during the Re-nomination Period provided that the Re-nominated quantity is greater than or equal to the Shipper's deemed flow at the effective time of the Re-nomination;

~~1.3.121.4.11~~ A Shipper's valid VRF Nomination/Re-nomination will supersede any previous related Nomination/Re-nomination but without affecting the effective times of the related Nomination or Re-nomination for the purpose of any Reduction Notice (as referred to in Section 5);

~~1.3.13~~ 1.4.12 Nominations/Re-nominations will be profiled evenly by the Transporter over the remaining hours of the Day from the effective time of the Re-nomination onwards;

~~1.3.14~~ 1.4.13 If all or part of a VRF Registered Shipper's Unutilised Booked VRF Capacity has been made available to VRF Shippers pursuant to the Over-nomination Procedure and a Shipper with Unutilised Booked VRF Capacity submits a VRF Nomination the Transporter shall:

- accept the Shipper's Nomination/Re-nomination up to the level of the Shippers Booked VRF Capacity;
- ~~R~~reduce the ~~Confirmed Quantities~~ CQs of Shippers Over-nominations;

to the extent necessary to allow a Shipper with Unutilised Booked VRF Capacity exercise applicable Nomination/Re-nomination rights with respect to its capacity~~:-~~

1.4.14 In the event of an interruption⁺, the Shippers Booked VRF Capacity will be interrupted and where appropriate the Transporter will reserve the right to amend applicable Shippers' CQs: ~~Confirmed Quantities (CQ)~~.

~~1.4~~

1.4.15 An interruption hierarchy will be based on the effective time of the Capacity bookings of each Shipper~~:-~~

1.4.16 ~~In the event of a Reduction, the Transporter will reserve the right to amend applicable CQs where Shippers that have Over-nominated Unutilised Booked VRF Capacity, are reduced to facilitate the original Shipper's Nomination on their Capacity booked in the auction;~~

~~In an effort to simplify this process the effective time of Capacity booked in the Daily Interruptible VRF Capacity Auction will be 16:30 D-1, the effective time of Capacity booked via an Over nomination during the period prior to the gas day will be 05:00 D and the effective time of Capacity booked via an Over nomination within the gas day will be deemed to be 05:01 D;~~

~~1.4.1~~ For the avoidance of doubt a Reduction of ~~Confirmed Quantities~~ CQs to facilitate Nomination or Re-nomination using Unutilised Booked VRF Capacity (as outlined in 1.3.14) shall not constitute an Interruption~~:-~~

~~1.4.2~~ 1.4.17

~~1.4.3~~ 1.4.18 VRF Capacity products with the same effective time will be reduced/interrupted pro-rata to their booked Capacity;

1.4.19 VRF Capacity will not be interrupted or Reduced below any Shipper's deemed delivered VRF at the effective time of the ~~R~~reduction/interruption;

~~1.4.4~~ Shippers Nominations will be matched based on rules referred to in the Interconnection Agreement (IA).

~~⁺To be defined at legal drafting stage to include inter alia circumstances in which the amount of VRF Capacity which Transporter can make available is reduced.~~

~~1.4.5~~

~~1.4.20~~ Shipper's Allocations will be based on rules set out in the ~~Interconnection Agreement (IA)~~; ~~restore text~~

~~1.4.61.4.21~~ ~~Tariffs-Charges~~ for the Virtual Reverse Flow product will be approved by the CER. ~~What is status??~~

2. DEFINED TERMS

The list below includes only those terms which have been defined with the sole purpose of aiding understanding of this ~~B~~business ~~R~~rules document. Accordingly, the Transporter reserves the right to alter such terms when developing Code legal drafting at a later date. Capitalised terms used elsewhere in this ~~B~~business ~~R~~rules document, and not listed below, signify existing terms from the Code of Operations:

- **'Bookable VRF Capacity'** = means the amount of interruptible VRF Capacity, determined by the Transporter, from time to time that is made available to be booked by Registered VRF Shippers in respect of a Day on the Joint Capacity Booking Platform and/or by the Over-nomination Procedure;
- **"Aggregate VRF Nominations"** shall mean the aggregate of the ~~Confirmed Quantities~~CQs of all applicable Interruptible VRF Nomination or VRF Re-nominations in respect of a Day;
- **"Available Over-nomination VRF Capacity"** shall be the amount of Interruptible VRF Capacity, determined by the Transporter from time to time that is available to be booked by Registered VRF Shippers in respect of the day pursuant to the Over-nomination Procedure;
- **"the Code"** = Gaslink Code of Operations (Version 4.0);
- ~~"IPS/N CSEPIP Offtake Quantity"~~ means the aggregate of the ~~Confirmed Quantities~~CQs of all Shippers at the ~~IP South North~~S/N CSEPIP in respect of a Day;
- ~~_____~~
- **"Joint Capacity Booking Platform"** = means the web based platform used to offer, obtain and trade IP Capacity, such platform being the PRISMA capacity platform;
- ~~"Minimum Flow"~~ means a minimum quantity required to ensure physical flow in respect of operational requirements at the ~~IP~~ in respect of a Day;²
- ~~SN CSEP~~ please add definition
- **"Over-nomination Procedure"** = means the ~~facility that allows~~ procedure whereby a Registered VRF Shipper ~~who~~which fulfils minimum requirements to book VRF Capacity during the VRF Re-nomination Period by submitting a valid VRF Nomination/Re-nomination which increases the total of its VRF Capacity to a level higher than the VRF Capacity previously booked by the Shipper pursuant to the Daily Interruptible VRF Capacity Auction in respect of the Day;

- **“Reduction”** = means the procedure where a Shipper’s Over-nomination of Unutilised Booked VRF Capacity is amended as a result of a Nomination by the Shipper who booked the Capacity pursuant to the Daily Interruptible VRF Capacity Auction;
- **“Unutilised Booked VRF Capacity”** means the excess of the VRF Capacity booked by a Shipper pursuant to the Daily Interruptible VRF Capacity Auction over that Shippers' aggregate VRF ~~Confirmed Quantities~~ CQs at the relevant time in respect of that Day;
- **“VRF Re-nomination Period”** = means the period between 17:00 D-1 – 02:00 D where registered VRF Shippers may submit Nominations, ~~{Over-nominations}~~ and Re-nominations to the Transporter at an IP.

3. VIRTUAL REVERSE FLOW CAPACITY

3.1 Registration for Interruptible Reverse Flow³

3.1.1 A Shipper shall apply to become a Registered VRF Shipper at an IP by submitting a request (a “Virtual Point Registration Request”) which shall specify the information required by the Transporter to process the request including:

- (a) the requested Registration Effective Date which shall be the first day of a calendar month;
- (b) the EIC of the Shipper requesting registration; and
- (c) the applicable ~~IP to~~ IP to which the request relates.

3.1.2 The Transporter shall reject a Virtual Point Registration Request for any of the following reasons:

- (a) the Virtual Point Registration Request is not submitted in accordance with Section 3.1.1;
- (b) to the extent that the application if accepted would require Financial Security or an increase in the amount in respect of which Financial Security is to be provided by the Shipper to the Transporter as determined in accordance with the Financial Security Policy and the Shipper has not, within ten (10) Business Days of submission by the Shipper of the IP Registration Request provided the required financial security so as to comply with the Financial Security Policy;
- (c) the Shipper has not discharged any applicable registration fee; and
- (d) the Shipper is not the holder of such documentation as may be necessary at the applicable IP.

3.1.3 The Transporter may reject a Virtual Point Registration Request for any of the following reasons:

³This VRF Registration process may be amended as a result of the Legal Drafting consultation on Part F of the Code of Operations where a registration process for all products at the IPs is being considered.

- (a) the Requested Registration Effective Date is less than ten (10) Business Days after the date of receipt by the Transporter of the Virtual Point Registration Request; or
- (b) the Shipper is (or would otherwise be) in breach of this Code and/or any Ancillary Agreement.

3.1.4 If the Virtual Point Registration Request is rejected in accordance with either Section 3.1.2 or 3.1.3 above then the Transporter shall provide the reason to the Shipper as soon as reasonably practicable and in any event within three (3) Business Days of such rejection.

3.1.5 Where the Transporter accepts a Virtual Point Registration Request the Shipper shall be a Registered VRF Shipper at the IP_ with effect from the Registration Effective Date or as otherwise specified by the Transporter.

3.1.6 A Shipper may apply to the Transporter in accordance with this Section 3.1.6 to cease to be a Registered VRF Shipper at a IP_ by submitting a request (a “Virtual Point Deregistration Request”) which request shall include the information required by the Transporter to process the request, including the following:

- (a) the requested date from which the Shipper wishes the deregistration to be effective (the “Deregistration Effective Date”) which shall be the first Day of the subsequent calendar month;
- (b) the EIC of the Shipper requesting deregistration; and
- (c) the applicable IP.

3.1.7 The Transporter may reject a Virtual Point Deregistration Request if:

- (a) the Virtual Point Deregistration Request is not received at least 10 days prior to the requested Deregistration Effective Date; or
- (b) the request has not been submitted in accordance with clause 3.1.6.

3.1.8 Where the Transporter accepts a Virtual Point Deregistration Request the Shipper shall cease to be Registered Shipper at the IP_ on the Deregistration Effective Date (provided the Shipper shall not have submitted an application for Daily Interruptible IP Capacity in respect of any Day on or subsequent to the Deregistration Effective Date).

3.1.9 A Registered Shipper shall in respect of an IP_ cease to be a Registered Shipper at the IP_ either:

- (a) in accordance with clause 3.1.8; or
- (b) otherwise in accordance with the provisions of the Code of Operations and/or any Ancillary Agreement.

3.1.10 A Shipper shall remain liable for all accrued payments and/or amounts due to the Transporter notwithstanding deregistration.

3.1.11 A Virtual Point Registration Request, a Virtual Point Deregistration Request and/or any notices by the Transporter to the Shipper with respect to a Virtual Point Registration Request or IP

Deregistration Request shall be submitted utilising the Transporter's IT System or such other method as may be specified by the Transporter to Shippers from time to time.

3.2 Bookable VRF Capacity

3.2.1 VRF Capacity will be made available for booking on an unbundled basis pursuant to the Daily Interruptible VRF Capacity Auction on the Joint Capacity Booking Platform at the Interconnection Points (IPs); and the Within Day Interruptible VRF Capacity will be made available by way of an Over-nomination Procedure.

~~3.2.2~~ The Bookable VRF Capacity at each IP~~s~~ will be determined by the Transporter and published ~~(if known)~~ on the Joint Capacity Booking Platform in advance of the Daily Interruptible VRF Capacity Auction taking place;

3.2.2

~~— The maximum Bookable VRF Capacity at the Moffat IP that will be made available for the Daily Interruptible VRF Capacity Auction will be the technical capacity of the Moffat IP (31 msem/d);~~
~~3.2.3~~ ~~less the Forward Flow Capacity contractually reserved for Northern Ireland (8.08 msem/d) which is equal to 22.92 msem/d⁴;~~

The Bookable VRF Capacity to be made available at the Daily Interruptible VRF Capacity Auction at the Moffat IP will be determined by the Transporter using equal to the ~~RoI~~ Forward Flow Nominations at the Moffat IP⁵.

The Bookable VRF Capacity to be made available at the Daily Interruptible VRF Capacity Auction at the S\N IP will be equal to the forward Flow Nominations at the S\N IP⁶.

~~/at Moffat minus the IP CSEP Offtake Quantity minus the Sub-sea IC Offtake Quantity⁷ and subtracting the Minimum Flow at the Beattock compressors. The resulting capacity must be less than or equal to the cap of 22.92 msem/d.~~

~~3.2.4~~

The Bookable VRF Capacity at the Moffat IP during the Re-nomination Period will be calculated following the publication of the results of the Daily Interruptible VRF Capacity Auction and published on the Transporter's IT Systems, no later than 30 minutes after the

⁵For the context of these Business Rules, Forward Flow Nominations at Moffat are considered to be Nominations for Ireland only. For the avoidance of doubt, Forward Flow Nominations do not include Nominations attributable to the Isle of Man or the offtake at the S/N IP.

closing of the Daily Interruptible IP Capacity Auction and will be regularly updated throughout the gas Day. ~~Following the VRF Capacity Auction;~~ the Bookable VRF Capacity shall comprise the ~~ROI~~ ~~ROI~~ Forward Flow Nominations at Moffat less the sum of Booked VRF Capacity at the IP in respect of the same Day ~~and the applicable Minimum Flow;~~

~~3.2.53.2.3~~ The Available Over-nomination Capacity shall be the Bookable VRF Capacity plus the Unutilised Booked VRF Capacity in respect of the Day;

~~3.2.63.2.4~~ Formula to determine the Bookable VRF Capacity and the available Over-nomination Capacity at the Moffat IP:

Bookable VRF Capacity Calculation at the <u>Moffat</u> IP		
Description	Time of Calculation	Formula
To determine the Bookable VRF Capacity for the Daily Interruptible VRF Capacity Auction	15:00 D-1	Bookable VRF Capacity = ROI Forward Flow Nominations ⁸ – (Minimum Forward Flow) or 22.92 mscm/d and in either case minus the IP CSEP Offtake Quantity and the Sub-sea IC Offtake Quantity
To determine the Bookable VRF Capacity during the Re-nomination Period for day-ahead Over-Nominations	Each hour during 16:30 – 04:59 D-1	Bookable VRF Capacity = ROI Forward Flow Nominations IP at Moffat IP CSEP (Booked VRF Capacity) plus the IP CSEP Offtake Quantity plus the Sub-sea IC Offtake Quantity) plus the Minimum Forward Flow).
To determine the Bookable VRF Capacity for within-day by the Over-Nomination procedure	05:00 – 02:00 D	This will be calculated dynamically <u>using Bookable VRF Capacity = ROI Forward Flow Nominations at Moffat IP less utilised Booked VRF Capacity at the Moffat IP</u> by the Transporter on an hourly basis.

⁸For the avoidance of doubt, Forward Flow Nominations do not include Nominations attributable to the Isle of Man or the offtake at the S/N IP.

Available Over-nomination VRF Capacity Calculation at the Moffat IP		
Description	Time of Calculation	Formula
To determine the Available Over-nomination Capacity at opening of Over-nomination Procedure		Bookable VRF Capacity plus Unutilised Booked VRF Capacity.
To determine the available Over-nomination Capacity for Within Day Over-nomination procedure	05:00 – 02:00 on day D	This will be calculated dynamically by the Transporter on an hourly basis on the basis of Bookable VRF Capacity plus Unutilised Booked VRF Capacity.

~~[The maximum Bookable VRF Capacity at the South North CSEP that will be made available for the Daily PRISMA auction will be capped at 5 msem/d. the technical capacity of the Gormanstown IP. On a day ahead basis, the Bookable VRF Capacity at the South North CSEIP will be equal to the lesser of the Forward Flow Nominations at the South North CSEP, or 5msem/d.]~~

~~The Bookable VRF Capacity at the South North IP CSEP for Over nomination during the Renomination Period will be updated following the publication of the Daily Interruptible VRF Capacity results no later than 30 minutes after the closing of the bidding round and will be regularly updated throughout the gas Day and will be equal to the Forward Flow noms at the SN IP.~~

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3.2.73.2.5 Formula to determine the Bookable VRF Capacity at the ~~South North S/NIP CSEP~~ and to determine the Available Over-nomination Capacity

<u>Bookable VRF Capacity Calculation at the S/N IP</u>		
Description	Time of Calculation	Formula
To determine the Bookable VRF Capacity for the Daily Interruptible VRF Capacity Auction	15:00 D-1	Bookable VRF Capacity = the lesser of Forward Flow ROI Nominations at the South North S/NIP CSEP or 5msem/d

To determine the Bookable VRF Capacity subsequent to the Daily Interruptible VRF Capacity Auction	Each hour during 16:30 – 04:59 D-1 and subsequently	Bookable VRF Capacity = ROI Forward Flow Nominations at the South-North S/N IP minus Booked VRF Capacity at the South-North S/N IP in respect of the Day (including where applicable Capacity booked pursuant to the Over-nomination Procedure)
To determine the Bookable VRF Capacity for within-day by the Over-nomination Process	17:00 D – 1 to 02:00 D	Bookable VRF Capacity = ROI Forward flow Nominations at the South-North S/N IP plus Unutilised less utilised B booked VRF Capacity at the South-North S/N IP.

3.2.6 The Bookable VRF Capacity at the S/N IP for Over-nomination during the Renomination Period will be updated following the publication of the Daily Interruptible VRF Capacity results no later than 30 minutes after the closing of the bidding round and will be regularly updated throughout the gas Day and will be equal to the Forward Flow Nominations at the S/N IP.

3.3 Daily VRF Capacity Auctions

3.3.1 Daily Interruptible VRF Capacity will be made available in a Daily Interruptible VRF Capacity Auction (which shall be a Uniform Price Auction) on an unbundled basis on the Joint Capacity Booking Platform on D - 1;

3.3.2 At the start of bidding for each Daily Interruptible VRF Capacity Auction, the Joint Capacity Booking Platform will publish the following information:

- a) the amount ~~(if known)~~ of Bookable VRF Capacity;
- b) the Reserve price;

3.3.3 Bids from Registered VRF Shippers in the Daily Interruptible VRF Capacity Auction may be submitted to the Joint Capacity Booking Platform on D-1 during the Bidding Round from 15:30 to 16:00 hours.

3.3.4 The aggregate amount of VRF Capacity allocated and the clearing price for each auction shall be published on the Joint Capacity Booking Platform.

3.3.5 The amount of Interruptible VRF Capacity allocated to each Registered VRF Shipper by auction will be published to individual Shippers simultaneously by the Joint Capacity Booking Platform, and no later than 30 minutes after the close of the Bidding Round.

3.3.6 It shall not be necessary for Registered VRF Shippers to book capacity in the auction in order to participate in capacity booking pursuant to the Over-nomination Process.

3.3.7 The Bookable VRF Capacity will be updated dynamically on the Transporter's IT Systems.

3.4 Uniform Price Capacity Auction

3.4.1 In a uniform price auction, there is a single Bidding Round in which the Shipper bids price as well as capacity amount.

3.4.2 The Uniform Price Auction shall be applied to Daily_VRF capacity auctions.

Submission of Bids

3.4.3 The Bid Window details applicable to specific Uniform Price Auctions are specified within sections 3.3.3.

3.4.4 All bids shall specify:

- a) the amount of Daily Interruptible VRF Capacity applied for (in kWh/Day);
- b) the bid price (in €/kWh);
- c) the minimum amount of Daily Interruptible VRF Capacity the Shipper would accept;
- d) the Shipper (EIC);
- e) the relevant Interconnection Point and direction of the flow;
- f) the Daily Interruptible VRF Capacity product applied for which shall be unbundled.

3.4.5 The minimum eligible amount for a bid is 1 kWh/Day.

3.4.6 A bid shall be considered valid if:

- a) It is submitted by a Registered VRF Shipper and complies with all provisions of this Section;
- b) the Registered VRF Shipper satisfies the Financial Security requirements of the Gaslink Code of Operations and the associated Financial Security Policy;
- c) the sum of all relevant Shipper bids does not exceed the Bookable VRF Capacity for the auction;
- d) it complies with any other information mandated by the GTCs of the Joint Booking Platform.

3.4.7 During the Bidding Round of a given auction, Registered VRF Shippers may submit up to 10 bids. Each bid shall be treated independently from other bids.

3.4.8 Bids may be modified or withdrawn up to the close of the Bid Window. Once the Bid Window closes, no modification, withdrawal or variation to valid bids shall be accepted.

3.4.9 Shippers may submit an Automatic Bid Profile (comprising up to 10 independent bids) in advance of a given IP Capacity Auction.

3.4.10 Each individual bid included in the Shipper's Automatic Bid Profile shall be automatically entered as a Shipper bid in the Bidding Round and shall be treated the same as if such bids were submitted manually by a Shipper.

- 3.4.11 Each individual bid in an Automatic Bid Profile will be treated independently as per 3.5.7.
- 3.4.12 An Automatic Bid Profile may be submitted ~~f~~after the publication ~~H~~in accordance with the GTC's of the Joint Booking Platform~~]~~ of an auction on the Joint Booking Platform before the opening of the relevant Bid Window.
- 3.4.13 An Automatic Bid Profile shall include the information required in 3.5.4 in respect of each Bid in the Automatic Bid Profile.

Auction Algorithm

- 3.4.14 Following the closure of the Bid Window, the bids shall be ranked according to their bid prices, highest price ranked first.
- 3.4.15 In the case where the sum of capacity demanded is less than or equal to the Bookable Capacity then all bids shall be allocated in full.
- 3.4.16 The highest priced bid(s) shall be allocated first provided there is enough capacity offered in the auction. The next highest priced bid(s) shall be allocated from the remaining capacity which has not yet been allocated. This continues until such time as:
- a) all bids are allocated in full; or
 - b) there is insufficient unallocated capacity available to meet the bid(s) at a particular bid price.
- 3.4.17 In the case of 3.4.16b), all bids at the relevant bid price shall be pro-rated so that the remaining unallocated Capacity is provisionally distributed between them.
- 3.4.18 If a provisional allocation for any Shipper as identified in paragraph 3.4.17, is less than the minimum amount (submitted by that Shipper in accordance to 3.4.4c), then the Shipper's bid shall become null and void.
- 3.4.19 The bid stack shall then be re-evaluated without the void bid(s) as per 3.4.16.
- 3.4.20 Once all the capacity for the auction has been allocated as above then the auction Clearing Price is determined as:
- a) the Reserve Price, where demand is less than the amount of offered IP Capacity.
 - b) the price of the lowest successful bid, where demand exceeds the amount of offered IP Capacity;
- 3.4.21 All Shippers who are allocated IP Capacity shall pay the Clearing Price for their IP Capacity, regardless of the price that they bid in to the auction.

3.5 Within-Day VRF Capacity

- 3.5.1 Within-day Interruptible VRF Capacity will be allocated to registered VRF Shippers based on Over-nominations received by the Transporter during the time 17:00 D-1 to 02:00 D(**the Re-nomination Period**);

- 3.5.2 The amount of capacity available to Shippers during the Renomination Period shall be the Available Over-nomination Capacity calculated in accordance with paragraph 3.2.7 or 3.2.10 as the case may be.
- 3.5.3 In order to facilitate Within-Day Interruptible VRF ~~Re~~Renominations and in the absence of a successful bid in the Joint Capacity Booking Platform, a Shipper will be allocated a quantity of Interruptible VRF Capacity of zero by the Transporter;
- 3.5.4 A valid Nomination/Re-nomination in excess of a Registered VRF Shippers' Booked VRF Capacity, will be considered to be an Over-nomination and increase the Shipper's VRF Capacity to equal the sum of the Shipper's ~~confirmed quantities~~ CQs. Calculated by reference to the VRF Shippers, valid Nominations/Re-nomination ('the Over-nomination Procedure'). The Transporter will in effect determine a Shipper's Booked VRF Capacity quantity based on the VRF Capacity Booked by the Shipper pursuant to the Daily Interruptible VRF Capacity Auction plus each Confirmed Quantity by reference to the Shippers valid Over-nominations received by the Transporter during the Re-nomination Period;
- 3.5.5 Shippers will be allocated VRF Capacity on a First Come First Served (FCFS) basis resulting from valid Over-nominations received by the Transporter provided that available Over-nomination VRF Capacity is available at that time;
- 3.5.6 The amount of Bookable VRF Capacity and Available Over-nomination Capacity will be updated on an hourly basis throughout the Re-nomination Period.

4 NOMINATIONS

4.1 General

- 4.1.1 Valid VRF Nominations/Re-nominations at IPs will be Double Sided;
- 4.1.2 Nominations and Re-nominations of Interruptible VRF Capacity provided by the registered VRF users to the Transporter shall contain at least the following information:
- a) interconnection point identification;
 - b) direction of the gas flow;
 - c) EIC or, if applicable, its balancing portfolio identification;
 - d) network user's counterparty identification or, if applicable, its balancing portfolio identification;
 - e) start and end time of the gas flow for which the Nomination/Re-nomination is submitted;
 - f) gas day D;&
 - g) the gas quantity requested to be transported.

4.2 Nominations on Booked Capacity in the Joint Capacity Auction

- 4.2.1 Registered Shippers in possession of Daily Interruptible VRF Capacity booked pursuant to the Daily Interruptible VRF Capacity Auction may Nominate/Re-nominate on this capacity during the Re-nomination Period from 17:00 D-1 to 02:00 D;
- 4.2.2 Nominations/Re-nominations of Capacity booked in the Daily Interruptible VRF Capacity Auction will become valid Nominations/Re-nominations provided that they are less than or equal to the Shippers' booked VRF Capacity as confirmed by the Transporter and are in compliance with sections in 3.2 and 4.1 of this document;

4.3 Over-nominations

- 4.3.1 Registered Shippers may submit VRF Renominations during the Re-nomination Period from 17:00 D-1 to 02:00 D in excess of their VRF Capacity booking;
- 4.3.2 Nominations/Re-nominations by Shippers in excess of their Booked VRF Capacity which are less than or equal to the Available Over-nomination VRF Capacity as determined by the Transporter and are compliant with sections in 3.2 and 4.1 of this document, will become valid Over-nominations, and ~~Confirmed Quantities CQs~~ will be determined in accordance with the Interconnection Agreement;
- 4.3.3 Valid Over-nominations will increase the sum of a Shipper's Booked VRF Capacity to equal to the sum of its ~~Confirmed Quantities CQs~~ by reference to valid Nominations/Re-nominations.;

4.4 Re-nominations

- 4.4.1 Re-nominations in respect of a Gas Day shall be submitted no earlier than 17:00 D-1 and no later than 02:00 D (the '**Re-nomination Period**').

4.5 Effective Times

- 4.5.1 The Transporter shall process Nominations/Re-nominations from the commencement of the hour immediately after the hour in which the Nominations/Re-nomination was submitted ('the Hour Bar');
- 4.5.2 The Transporter shall communicate the ~~Confirmed Quantity (CQ)~~ and Processed Quantities (PQ) to the Shipper no later than the end of the relevant Re-nomination Cycle;
- 4.5.3 The Re-nomination Cycle where Re-nominations are processed shall commence on the Hour Bar and have a duration as proposed in ~~Ceode M~~modification A063. A Re-nomination cycle shall commence each hour within the Re-nomination Period;
- 4.5.4 The effective flow time shall be the Hour Bar plus two following receipt of the Re-nomination from the Shipper.

4.6 Matching Process

4.6.1 The matching rules to be applied at each Interconnection Points shall be as per the relevant IAs at each Interconnection Point;

4.7 Rejection of Nominations and Re-nominations

4.7.1 The Transporter may reject a Nomination/Re-nomination if:

- a) it does not comply with the requirements as to its content;
- b) it is submitted by an entity other than a registered VRF Shipper;
- c) the acceptance of the Re-nomination would result in a Negative Implied Nomination Flow Rate (INFR);
- d) it results in an End of Day Quantity (EODQ) lower than the quantity of VRF deemed to have flowed at the effective time;
- e) exceed the Bookable Interruptible VRF Capacity as updated by the Transporter;
- f) such Nominations/Re-nominations in aggregate with all other Nominations/Re-nominations exceeds the Bookable Interruptible VRF Capacity as updated by the Transporter.

5.0 REDUCTION AND INTERRUPTIONS

5.1 General Principles

5.1.1 The Transporter shall issue a "Reduction Notice" or "Interruptible Capacity Interruption Notice" to one or more registered VRF Shippers that have VRF Capacity when appropriate;

5.1.2 A Reduction Notice or an Interruption Notice may be issued via the Transporter's IT System at any time after 17:00 D-1;

5.1.3 The Transporter may issue more than one Reduction Notice and/or Interruptible Capacity Interruption Notice in respect of a day;

5.1.4 A ~~R~~eduction hierarchy will apply based on the effective time of the submission of the Over-nomination, i.e. based on the contractual timestamp of the deemed Capacity booking resulting from the successful Over-nomination. The reduction hierarchy will be based on the same effective times as apply with respect to Interruption;

5.1.5 A Reduction Notice may only be issued to reduce the aggregate ~~Confirmed quantities~~CQs for all VRF Nominations/Renominations to facilitate a VRF Shipper which has Unutilised Booked VRF Capacity submitting VRF Nominations up to such Shippers' Booked Capacity, in accordance with the Code. A Reduction Notice shall not reduce Shipper's aggregate ~~Confirmed Quantity~~CQ below the amount of VRF Capacity booked pursuant to Daily Interruptible VRF Capacity Auction;

5.1.6 An Interruption Notice will issue when the Transporter wishes to reduce the aggregate ~~Confirmed Quantities~~CQs (other than in circumstances where a Reduction Notice applies). An

Interruption hierarchy will apply based on the effective time of a VRF Capacity ~~product~~ follows: booking as a result of an Over-nomination or as a result of a Daily Interruptible VRF Capacity Auction:

~~*First group to be interrupted*—VRF capacity resulting from an over nomination during D. Ranking within this band will be based on an effective time of 05:01 on D;~~

~~*Second group to be interrupted*—VRF capacity resulting from an over nomination on D-1 with an effective time of 05:00 on D;~~

~~*Third group to be interrupted*—VRF capacity booked in the Joint Capacity Auction on D-1 with an effective time of 16:30 on D-1.~~

5.1.7 If the total of the VRF ~~confirmed Quantities~~ CQs exceed the amount of VRF which the Transporter can accommodate then, save where a Reduction Notice would apply and adequately address the requirement of the Transportation System, interruptions at that time will be in accordance with the interruption hierarchy;

5.1.8 Where Shippers are ranked at the same level in the interruption hierarchy, reductions pro-rata to their capacity will apply;

5.1.9 In the event of an interruption notice being issued, the Transporter will reduce the Shipper's VRF ~~Confirmed Quantity~~ (CQ);

5.1.10 Shipper's CQs will not be reduced below their deemed VRF flow at the effective time of the interruption;

~~5.1.15.~~ 5.1.11 The lead time of a VRF interruption will be 45 minutes after the start of the Re-nomination Cycle for that gas hour;

6.0 TARIFFS

~~6.1~~ The current methodology for setting the charges for the Virtual Reverse Flow product is based on the marginal cost of providing the service, a depreciation profile of 10 years and the expected number of shippers in a given year. This results in a shipper registration fee. It is anticipated that the final Network Code on Tariffs will include details on the pricing of such products. The CER will consider the appropriate charge for the forthcoming year as part of the annual network tariff review in August. The ACER Tariff Framework Guidelines on rules regarding harmonised transmission tariff structures for gas, section 5.2. state the following regarding setting tariffs for VRF

~~‘At unidirectional interconnection points where TSO’s offer firm capacity only in one direction and capacity is offered in the other direction on an interruptible basis (non-physical backhaul capacity), the methodology for determining the reserve price shall be set to reflect the actual marginal (additional) costs that the TSO incurs to provide this service and shall not be below zero’.~~

~~Article 32 of the Initial Draft Network Code on Harmonised Tariff Structures for Gas, published by ENTSOG on 28th May 2014, propose the following:~~

~~The reserve prices for standard capacity products for interruptible capacity shall be calculated in accordance with either of the following approaches:~~

~~by applying an ex-ante discount to the reserve prices for the respective standard capacity products for firm capacity, as detailed in Article 33;~~

~~by using the same values as the reserve prices for the respective standard capacity products for firm capacity and in case the capacity is interrupted, by applying an ex-post discount to calculate the reimbursement, as detailed in Article 34;~~

~~by using a combination of approaches referred to in points (a) and (b), as follows:~~

~~the reserve prices for standard capacity products for interruptible capacity shall be calculated as detailed in Article 33; and~~

~~in case the capacity is interrupted, the reimbursement shall be calculated as detailed in Article 34.~~

~~The calculation referred to in paragraph 1 shall apply to all standard capacity products for interruptible capacity regardless of the direction of the gas flow at a given interconnection point.~~

~~This calculation shall also apply to interruptible capacity products offered at a unidirectional interconnection point in the direction which is opposite to the direction of the physical gas flow as set out in Article 21 of Commission Regulation (EU) No 984/2013.~~

~~The current tariff arrangements for VRF in ROI are that each Shipper who wishes to use the service must pay a registration fee and then is subject to a €0 capacity charge per peak day MWh. The registration fee is set to recover the marginal costs of providing the service;~~

7.0 ALLOCATIONS

7.1 VRF Allocations rules will be set out in the IAs.

8.0 OVERRUNS

8.1 Overruns apply in situations where Shippers use capacity in excess of their Active Capacity on a Day. The Over-nomination procedure allows Shippers to Nominate in excess of their VRF Capacity but only in situations where additional Capacity is available. If a Nomination is made seeking capacity in excess of the Available Over-nomination Capacity at the effective time, it will fail. Therefore overruns will not apply for VRF Capacity.