

Transportation Network Code Proposed Modifications No. 10 & 11

Final Modification Report

BGE (NI) (“The Transporter”) has prepared this report in accordance with Section 9 of the BGE (Northern Ireland) Transportation Network Code Modification Rules Version 2.0.

A Description of the nature and purpose of the modification

This proposed modification is required to facilitate the introduction of the Physical South-North Entry Point and two Virtual Exit Points to the BGE(NI) Transportation Network.

Background

On the 6th of April 2012, NIAUR designated Gormanston as the Relevant Point on the South-North Pipeline. Code Modifications have since been raised in order to introduce Physical Entry at the South-North Entry Point and Virtual Reverse Flow at both the South-North and Carrickfergus Virtual Exit Points. These modifications address infringements to Regulation (EC) 1775/2005, which allege that maximum capacity is not made available in the Northern Ireland market.

The table below outlines the code modification process thus far:

Date	Published By	Document
6 th April 2012	NIAUR	<u>High Level Business Rules:</u> Consultation on Introduction of South North Entry Point to the BGE(NI) Network <i>Note: Business Rules developed by BGE(NI)</i>
6 th April 2012	NIAUR	<u>High Level Business Rules:</u> Consultation on Virtual Reverse flow in Northern Ireland <i>Note: Business Rules developed jointly by BGE(NI) and PTL</i>
10 th May 2012	NIAUR	<u>Conclusions Paper:</u> Introduction of South North Entry Point to the BGE(NI) Network Virtual Reverse flow in Northern Ireland: High Level Business Rules
8 th June 2012	BGE (NI)	<u>Initial Modification Report – Code Mods 10 & 11</u> The Initial Modification Report was issued to Industry for consultation.

Representations or Objections made by any Consultee

No industry responses were received in relation to the Initial Modification Report consultation, however comments were received from NIAUR on 25th June 2012. Since the publication of the Initial Modification Report, BGE(NI) has engaged with NIAUR, CER, and PTL to further refine the streamlined code drafting in a number of areas.

Transporter’s Opinion of Proposed Modifications:

The Transporter supports the proposed changes insofar as they satisfy the terms of the infringement in a timely manner. However, it is felt that the introduction of a second Entry Point and Virtual Reverse Flow services into a point to point regime creates certain difficulties and complexities in terms of commercial arrangements. Therefore, the Transporter would welcome any future move to an entry/exit system in Northern Ireland.

B How the modification better facilitates the relevant objective

The implementation of this modification will allow Registered Shippers to physically import gas from Moffat through the South North Pipeline and virtually export gas from the BGE (NI) Transportation System at the South North and Carrickfergus Virtual Exit Points.

C The clauses of the Transportation Code that require amendment

The attached legal drafting combines Code Modifications No. 10 and 11 and also incorporates the drafting proposed with respect to BGE (NI) Code Modification No. 9 (Daily Capacity Products). While the attached Code mark-up shows all changes associated with Code Modifications No. 10 & 11, the following table identifies specific changes to the drafting, which were made subsequent to the publication of the Initial Modification Report on 8th June 2012:

Clause	Topic	Change
2.2	Firm Nominated Quantities and Interruptible Nominated Quantities	Heading was changed to include “Interruptible VRF Nominated Quantities”.
2.4 .6	Nominations	Clause added as required.
2.8	Zero Nomination	Section altered to include for an Interruptible VRF Renomination.
3.4.2	Entry Allocations	Section has been split to take account of Carrickfergus and the South North Relevant point separately.
1.1.2 (g)	VRF Interruption	Definition of “VRF Interruption” added

Clause	Topic	Change
3.8.3	Allocation of a Virtual Exit Point	Clause amended.
4.1.5	Negative Balance & Positive Balance	Clause altered as required.
6.2.6	Capacity Reduction & Emergencies	6.2.6 deleted as 6.1.4 was deemed sufficient
6.7.2(c)(i)	“Emergency” definition	Reference to NINEC removed
6.8.1 (e)	Emergency Steps	“may” changed to “shall” to ensure the Transporter and Shippers are compelled to comply with the NGEM
6.8.3 (c)	Emergency Steps	Reference to NINEC removed
9.6.4 (a)	Exit Point Adjustment Quantity	Drafting clarified.
9.13.2 (a)	Virtual Exit Quantity	Minor clarification – “or” added to end of clause
12.4.2 (d)	STC/VRF Invoice	Square brackets removed
12.16.1 (e)	Charges at Carrickfergus Virtual Exit Point	Reference to Interruptible VRF Charges changed to STC/VRF Charges
12.17.1 (a)	STC/VRF Charges	Square brackets removed
13.2.1 (c)	Credit Support	Reference changed from 13.2.5 to 13.2.4
13.3.1	Duration of required Credit Support	Streamlining consistency confirmed
16.2.1	Termination Default	Additional sub-clause 16.2.1(bb) allows the Transporter to declare a “Termination default” if a Shipper fails to make STC/VRF payments in accordance with the prescribed criteria.
16.5.2 (a)	Consequences of termination	Additional sub-clause 16.5.2 (a) (iii) stipulates that, upon termination, STC/VRF charges will fall due for payment by the Shipper to the Transporter
16.5.2 (b)	Consequences of termination	Additional sub-clause 16.5.2 (b) (iv) stipulates that, upon termination, the Shipper will be required to pay STC/VRF charges estimated by the Transporter which would have accrued to the Shipper for the remainder of the month in which the termination took effect and the following month.

Clause	Topic	Change
17.5.3 (f) (v)	Application for Exit Point Registration	“Where relevant” was added to the clause to provide clarification.
Appendix 1	Definitions	Definition of “PS Code Charges” updated to clarify that STC/VRF charges are not included.
Appendix 4: 1.1 B (11),(12)	Credit Committee	1.1 B (3) & (5) relocated to 1.1 B (11) & (12)
Appendix 4: 5.3	Credit Committee voting entitlements	5.2 (E) referenced in 5.3
Appendix 4: 6.1 (K)	Credit Committee Powers	Credit Committee has the power to disallow Interruptible nominations and Interruptible VRF Nominations in the event of a Default.

Please find the attached Code mark-up which outlines the proposed changes to the BGE (NI) Transportation Network Code. Mark-ups relating to Virtual Reverse Flow are highlighted in green, Short Term Capacity in yellow, with drafting common to Virtual Reverse Flow and Short Term Capacity highlighted in grey.

D The date proposed for implementation

The Transporter proposes that the modification be implemented on 1st July 2012.

E Impact on other Designated Pipeline Operator’s Network Codes:

Premier Transmission Ltd. and Belfast Gas Transmission Ltd. have also raised Code Modifications in order to introduce a Virtual Reverse Flow service in their respective Codes. While certain aspects of each TSO’s modifications are independent of the others’, there are also areas of commonality. In these areas, the TSOs have engaged with each other and with NIAUR with a view to achieving a streamlined outcome.