

13th November 2008

Transportation Network Code Proposed Modification 2

Final Modification Report

1. Introduction

BGE(NI)¹ (“the Transporter”) has prepared this report in accordance with Section 9 of the BGE(Northern Ireland) Transportation Network Code Modification Rules.

BGE(NI) issued an Initial Modification Report on 7th December 2005. Legal drafting was circulated for industry consultation on 19th December 2007. Industry consultation finished on 28th January 2008.

A Final Mod Report was circulated to industry on 26th February 2008. Discussions with UREG and PTL have progressed since this date with a view to keeping the NI Codes as similar as possible. It is understood that a modification to the PTL code will be progressed also.

This Final Modification Report has been compiled in respect of the initial proposed modification.

2. Proposed Modification

This proposed modification is to amend various sections of the BGE(Northern Ireland) Transportation Network Code (the Code) to facilitate the introduction of an interruptible service on the BGE(NI) Network.

Modifications to the specific sections of the Code include;

1. Change from “Reserved Capacity” to “Firm Capacity” to allow for Firm and Interruptible Capacity;
2. Section 2 - modifications to the Nomination section to provide for separate Nominations in respect of Firm and Interruptible Capacity and the introduction of relevant definitions;
3. Section 3 - modifications to the Allocation section to provide Shippers with separate Allocations in respect of Firm and Interruptible Nominations and the introduction of relevant definitions;
4. Section 4 - modifications to Balancing and Scheduling Charges section arising from a Shipper’s separate Firm and Interruptible Entry and Exit Allocations;

¹ BGE(UK) were awarded a Conveyance Licence in Northern Ireland in February 2002 for the North-West pipeline (NWP) and South-North Pipeline (SNP). BGE(UK) operate under the trading name BGE(Northern Ireland) or BGE(NI) in Northern Ireland.

5. Section 5 - modifications to Capacity Reduction and Emergencies section to provide for a Reduced Interruptible Capacity Day on which a Shipper's Interruptible Nominated Quantities shall be reduced or limited;
6. Section 8 – modifications to Exit Requirements section to provide for Firm and Interruptible Allocated Quantities in the calculation of the Enhanced Pressure charge;
7. Section 14 – modifications to Liabilities and Indemnities section to introduce Mismatched Interruptible Deliveries in addition to Mismatched Firm Deliveries in respect of failure to deliver Nominated Quantities;
8. Section 17 – modifications to sections of the Code dealing with Accession to the Code, Exit Point Registration, Downstream Load Statements and Retirement From the Code modifications will also facilitate for Shipper registration before applying for Firm Capacity and that once registered Shippers will be entitled to submit Nominations with respect to Firm and/or Interruptible Capacity; and
9. Typographical and other minor drafting amendments;

The proposed drafting amendments to the Code are detailed as attached in Appendix 1. For ease of review the draft changes are presented as a redline mark-up of the Code including all Modifications approved up to 1st October 2008. The modification proposal which was issued on the 31 October 2005 is also available on the BGE(NI) website at www.bordgais.ie/htm/transportation/index.htm

3. Third Party Representations Made

The Transporter received one response in relation to the modification proposal from Phoenix Natural Gas (PNG).

PNG supported the introduction of an interruptible service under the BGE(NI) Code. PNG asked for clarification from the Transporter on how a Shipper on the North-West pipeline (NWP) would pay for an interruptible service and the impact on the postalisation regime in Northern Ireland.

The Transporter anticipates that the charges for the interruptible service will be consistent with the charges elsewhere on the Postalised Network and consistent with the Licences.

The Transporter received one response in relation to the proposed legal drafting from firmus energy.

firmus energy have confirmed that they are satisfied with and support the proposal for BGE(NI) to introduce an Interruptible Service consistent with that offered under the

PTL Code. firmus energy indicated that they have no objections to the legal drafting for the proposed Interruptible Service.

Third party representations are also available on the BGE(NI) website.

4. Transporters Opinion of Proposed Modification

This Code Modification was prepared to reflect a service similar to that provided by PTL, as instructed by UREG. Further development regarding the requirements of Regulation EC1775/2005, including with respect to Interruptible Tariffs will be required and as instructed by UREG, these developments will take place as part of the Common Arrangements for Gas (CAG) project.

The Transporter supports the proposal as outlined in this Final Modification Report. The modification, when implemented, will better facilitate the relevant objective in the BGE(NI) licence as it increases the level of commonality between the Transmission Codes on the Northern Ireland Postalised Network by the introduction of an interruptible service on the BGE(NI) Network.

5. Proposed Implementation Date

The Transporter was granted a revision of the timescales for Code Modification 2 from UREG in accordance with Section 12 of the Code Modification Rules. The proposed implementation date is the first day of the month following a period of one month after approval of the Modification by the UREG.

6. Impact on the Operation of Other Designated Pipeline Operator's Network Codes

The Transporter believes that the modification proposal will increase consistency with the other DPO Network Codes on the Northern Ireland Postalised Network. A significant amount of discussion has taken place between the Transporter, PTL and UREG on the introduction of the interruptible service pursuant to the BGE(NI) Code, particularly regarding the allocation methodology.

Further work may be required to further develop the interruptible service under the Common Arrangements for Gas project (CAG) and due to developing European legislation requirements.

APPENDIX 1

Proposed drafting amendments attached. (clean and redline version)