

# Proposed Modification & Initial Modification Report No.21 Revised Congestion Management Procedures

23<sup>rd</sup> July 2015

Please find attached details of Proposed Modification 21 and Initial Modification Report 21 raised by GNI (UK) as required under Section 2 and 3 of the GNI (UK) Transportation Code Modification Rules.

## **A Description of the nature and purpose of the modification**

This proposal is being made to revise the Congestion Management Procedures in the NI regime to reflect the introduction of an entry-exit transmission model. Congestion Management Procedures are required at Interconnection Points (IP) by Annex 1 of EU Regulation 715/2009, and were previously introduced into the point-to-point NI regime. This proposal is to revise the procedures to reflect the move to entry-exit, and in particular to ensure that the procedures operate independently at each IP and independently of similar pre-existing arrangements at exit points. GNI (UK) and PTL will operate separate Oversubscription and Buyback Schemes at each of South North IP and Moffat IP respectively.

## **B How the modification better facilitates the relevant objective**

The Relevant Objective, (condition 2.4 of the GNI (UK) Licence) will be better facilitated by the Licensee's Network Code as a result of this modification. The proposed changes will contribute to the secure, safe, reliable, efficient and economic development of the Network by ensuring that the procedures for congestion management are revised to reflect the introduction of an entry-exit regime in Northern Ireland and to maintain compliance with EU Regulations.

## **C The clauses of the Transportation Code that require amendment**

This proposal will introduce three new Sections at the end of Section 1A of the GNI (UK) Code. It will also introduce Transition Section T9 which deals with the implementation of the additions to Section 1A and the associated definitions in Appendix 1. Minor editorial changes to earlier parts of Section 1A are also proposed.

## **D Impact on other Designated Pipeline Operator's Network Codes:**

GNI (UK) has worked with BGTL and PTL to develop a co-ordinated approach to the Codes, and the TSOs are aiming to keep the changes to the GNI (UK) Code and the Premier Transmission Code as aligned/identical as possible. Premier Transmission is issuing a corresponding Modification Proposal, and the necessary changes will be made to the BGTL Code via a Modification Proposal later this summer

## **E The date proposed for implementation**

GNI (UK) suggests that the proposed implementation date is 1<sup>st</sup> October 2015.

## **F How to Respond**

Please send responses no later than 20<sup>th</sup> August 2015 to:

by email to: Avian Egan: [Avian.Egan@gasnetworks.ie](mailto:Avian.Egan@gasnetworks.ie)

by fax to: +00 353 (0)21 5006101

or by post to: BGE(NI) c/o Gas Networks Ireland  
Gasworks Road  
Cork

## **G. Further Information on the Modification Proposal**

### **Introduction**

The text of this proposal has been developed following Industry Consultation on the draft Business Rules published on 26<sup>th</sup> May 2015. One response to the Business Rules Consultation was received, supporting the Business Rules and querying the financial consequences of the surrender process. The TSOs have considered this question and aim to clarify any uncertainty within the text of this Code Modification Proposal. The TSOs are also publishing a response document alongside this Code Modification Proposal which is intended to provide further explanation on the issue.

### **Overview**

The old CMP rules were contained in Section 1 of the Codes, which will no longer apply from 1<sup>st</sup> October 2015. The rules for surrender and withdrawal of Exit Capacity (which pre-date the introduction of EU requirements) have been retained within the new Exit Capacity Section 1B which will apply from the 1<sup>st</sup> October. The TSOs propose in this Code Modification Proposal to add the revised CMP rules at the end of Section 1A, restated to apply for IPs from 1<sup>st</sup> October 2015.

In addition, minor changes are needed earlier in Section 1A to add the relevant terms for CMP-related capacity transactions. The term 'Priority Order' has been removed from Section 1B.11 in relation to the order of allocation of capacity, as it is used in Section 6 of the Code to refer to the order in which consumers are to be disconnected from the network in an emergency situation.

### **Changes relative to Business Rules:**

In development of the draft Code Modification text, the TSOs have made the following changes relative to the Business Rules:

- the Business Rules specified that Shippers would have to give a minimum of 2 weeks' notice when offering to surrender capacity for an Auction. The TSOs have investigated PRISMA functionality, and are seeking to align the rules with the Adjacent TSOs, and so are now proposing that this notice period be reduced, such that the deadline for surrenders will be 5 Business Days before the relevant Auction. In addition, the TSOs have provided for Shippers to make up to 10 Surrender Offers;
- the Business Rules specified that where there is more capacity offered for surrender than there is required to be allocated pursuant to an auction, the offers would be accepted on a pro-rata basis. The TSOs have considered this further including the systems implications, and have concluded instead on a 'timestamp' basis;
- in relation to the advance Buyback Agreements, the Business rules referred to an Advance Buyback Invitation, as the start of a public tender process for such agreements. Whilst the TSOs may still choose to operate such a mechanism, they have concluded that it is not necessary to specify this in the Codes and instead would write to Shippers setting out the full

terms and conditions of any tender process for Advance Buyback Agreements at the start of any such process;

The TSOs intend to publish the OS Scheme and CMP Methodology Statement separately. This document will be largely based on the existing OS Scheme document, amended to reflect the new entry-exit model. In particular, the TSOs do not anticipate any changes to the approach to historic data analysis or the other process steps in determining the amount of OS Capacity which may be offered in respect of any given Gas Day.

In relation to the financial consequences of surrender, the TSOs had provided in the Invoicing and Credit Modification Proposal 18 for the inclusion of a 'Surrender Payment' which would be payable to a Shipper for surrendered capacity. This would have operated like a 'rebate' mechanism for the period of the surrender only. In considering the query raised in the response to the Business Rules, and further developing this Code Modification Proposal, the TSOs have concluded that it would be more straightforward to simply reduce a Shipper's Registered Capacity for the period of an accepted surrender. So for example, if a Shipper has offered to surrender yearly capacity and the next month of that capacity is reallocated in the monthly capacity auctions, then the Shipper's Registered Capacity would be reduced by the surrendered amount for one month only. The Shipper would therefore not be invoiced for the surrendered capacity for that month, rather than being invoiced for it, and then receiving a rebate at a potentially different price. The text of this Code Modification Proposal reflects this approach and accordingly includes deletion of the 'Surrender Payment' term which was introduced into Section 12 in the Credit and Invoicing Code Modification.

#### **Transition Section T9**

This brings the revisions to the Code text into force.

#### **Legal Text**

Please find below the full legal text for this Code Modification Proposal, set out in the following order:

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*Amend Section 1A.3.4 to read as follows:*

1A.3.4 In this Code, an “**IP Capacity Transaction**” refers to:

- (a) the allocation of IP Capacity to a Shipper in an Auction;
- (b) voluntary bundling of IP Capacity in accordance with Section 1A.10;
- (c) the transfer of IP Capacity in accordance with Section 1A.11; ~~or~~
- (d) the assignment of IP Capacity in accordance with Section 1A.12; ~~or~~
- (e) the accepted Surrender of IP Entry Capacity in accordance with Section 1A.17;
- (f) the Withdrawal of IP Entry Capacity in accordance with Section 1A.18; or
- (g) the purchase of IP Entry Capacity by the Transporter in accordance with Section 1A.19.

.....

*Amend Section 1A.3.19 to read as follows:*

1A.3.19 A Shipper’s “**Available IP Entry Capacity**” is the IP Entry Capacity that the Shipper holds at an IP in respect of a Gas Flow Day after taking into account any:

- (a) transfers of IP Entry Capacity in accordance with Section 1A.11; ~~or~~
  - (b) assignments of IP Entry Capacity in accordance with Section 1A.12;
  - (c) Surrenders of IP Entry Capacity in accordance with Section 1A.17;
  - (d) Withdrawals of IP Entry Capacity in accordance with Section 1A.18; or
  - (e) purchases of IP Entry Capacity by the Transporter in accordance with Section 1A.19.
- .....

*Insert new Sections 1A.16, 1A.17, 1A.18 and 1A.19 to read as follows:*

**1A.16 Congestion Management Procedures Introduction**

- 1A.16.1 Sections 1A.16, 1A.17, 1A.18 and 1A.19 of this Code provide for the application of Congestion Management Procedures.
- 1A.16.2 In accordance with Section 1A.7.3(b), the Transporter will make Additional IP Entry Capacity available to Shippers as part of the Allocable IP Entry Capacity. For the purposes of this Code, **“Additional IP Entry Capacity”** comprises any of:
- (a) IP Entry Capacity made available from time to time as a result of Surrender Offers in accordance with Section 1A.17;
  - (b) IP Entry Capacity made available from time to time as a result of the application of the LTUIOLI Procedures in accordance with Section 1A.18;
  - (c) Oversubscription Capacity made available from time to time as a result of the implementation of the OS Scheme and CMP Methodology Statement.
- 1A.16.3 In accordance with Section 1A.19 and the OS Scheme and CMP Methodology Statement, the Transporter may purchase IP Entry Capacity from a Shipper where necessary.

**Order of Allocation of IP Entry Capacity**

- 1A.16.4 The Transporter shall allocate IP Entry Capacity to Shippers pursuant to an Auction utilising the Allocable IP Entry Capacity available pursuant to this Code as follows:
- (a) firstly, Unsold Technical IP Entry Capacity;
  - (b) secondly, IP Entry Capacity made available as a result of Surrender Offers;
  - (c) thirdly, IP Entry Capacity made available as a result of the application of LTUIOLI Procedures; and
  - (d) fourthly, Oversubscription Capacity.

**1A.17 Surrender of IP Entry Capacity**

- 1A.17.1 A Shipper may offer IP Entry Capacity for Surrender in an Auction in accordance with this Section 1A.17.
- 1A.17.2 For the purposes of this Code:
- (a) **“Surrender”** means the surrender of IP Entry Capacity for reallocation by Auction in accordance with this Section 1A.17;
  - (b) a **“Surrender Offer”** is an offer to Surrender IP Entry Capacity in respect of a relevant Auction;

- (c) a reference to the Auction in respect of which a Surrender Offer is made is to the Auction which relates to the IP Entry Capacity subject to the Surrender Offer, or (where the IP Capacity Period is a Gas Year) the next Annual Yearly Auctions for which the Auction Information Time is not less than 5 Business Days after the Surrender Offer is received;
  - (d) “**Surrender Deadline**” means 17:00 hours on the 5<sup>th</sup> Business Day before the Auction Information Time for the Auction in respect of which a Surrender Offer is made;
  - (e) the “**Surrender Quantity**” is the quantity of IP Entry Capacity offered for Surrender in a Surrender Offer; and
  - (f) the “**Aggregate Surrender Quantity**” in relation to a Surrender Offer is the sum of the Surrender Quantity and the Surrender Quantities under all (if any) Surrender Offers previously submitted by the Shipper in respect of the same Auction.
- 1A.17.3 A Shipper may only offer to Surrender IP Entry Capacity in respect of the following:
- (a) Annual Yearly Auctions;
  - (b) Annual Quarterly Auctions; and
  - (c) Monthly IP Entry Capacity Auctions.
- 1A.17.4 Subject to 1A.17.3, a Shipper may submit up to 10 Surrender Offers in respect of an Auction, each of which shall be a separate Surrender Offer independent of each other Surrender Offer.
- 1A.17.5 A Shipper may withdraw a Surrender Offer at any time up to, but not after, the Surrender Deadline and references in Sections 1A.17.11 to 1A.17.16 to a Surrender Offer are to the Surrender Offer prevailing at the Surrender Deadline.
- 1A.17.6 A Surrender Offer shall specify:
- (a) the identity of the Shipper;
  - (b) the IP and the IP Capacity Period for which the IP Entry Capacity is offered for Surrender;
  - (c) the Surrender Quantity;
  - (d) if requested by the Transporter, whether the IP Entry Capacity is Bundled or Unbundled; and
  - (e) any other information required by the CPO Rules and Processes.
- 1A.17.7 A Surrender Offer will only be valid if the following requirements are satisfied:
- (a) the Surrender Offer complies with the requirements of Section 1A.17.6;
  - (b) the Surrender Offer is submitted by no later than the Surrender Deadline;
  - (c) the IP Entry Capacity offered for Surrender is for an eligible IP Capacity Duration and an IP Capacity Period which will be subject to an Auction;

- (d) the Shipper holds an amount of Available IP Entry Capacity which is not less than the Aggregate Surrender Quantity (but without regard to whether the Available IP Entry Capacity is Bundled or Unbundled);
  - (e) if the Surrender Offer is made in respect of Bundled IP Entry Capacity, a surrender offer in respect of Equivalent Interconnected System Capacity is submitted to, and not rejected by, the Adjacent Transporter in accordance with the Adjacent Transporter's Rulebook; and
  - (f) any requirements of the CPO Rules and Processes are complied with,
- (a "**Valid Surrender Offer**").

1A.17.8 Where a Surrender Offer is not valid in accordance with Section 1A.17.7 it will be rejected by the Transporter and have no further effect.

1A.17.9 A Valid Surrender Offer operates as an offer to Surrender the Surrender Quantity at the Clearing Price determined in accordance with Section 1A.8.38, capable of acceptance (in whole or in part) in accordance with Section 1A.17.12 and may not be modified or (except as provided for in Section 1A.17.4) withdrawn.

1A.17.10 A Valid Surrender Offer will remain valid and available for acceptance until the Transporter determines the re-allocation of Surrender Offers following the next relevant Auction. Where a Shipper's Available IP Entry Capacity is reduced after the Surrender Deadline (as a result of an IP Capacity Transfer or IP Capacity Assignment or any other reason) the Surrender Offer will be rejected.

#### **Effect of a Surrender Offer: Acceptance, and Allocation**

1A.17.11 The Surrender Quantity in relation to a Valid Surrender Offer will be included in the Allocable IP Entry Capacity for the Auction in accordance with Section 1A.7.3.

1A.17.12 A Valid Surrender Offer is accepted where, following the Auction, the Surrender Quantity or part thereof is allocated towards the Auction Allocated Quantity in accordance with Section 1A.17.13, and subject to Section 1A.16.2, and if or to the extent not so accepted the Valid Surrender Offer shall lapse and be of no effect.

1A.17.13 For the purposes of Section 1A.17.12, where the aggregate quantity to be allocated in respect of Surrender Offers is less than the aggregate of the Surrender Quantities under all Valid Surrender Offers, Surrender Quantities shall be allocated in the order in which the Surrender Offers were submitted, and the amount so allocated shall be the "**Effective Surrender Quantity**" in respect of each Surrender Offer.

1A.17.14 For the purposes of Section 1A.17.12, where the aggregate quantity to be allocated in respect of Surrender Offers is greater than the aggregate of the Surrender Quantities under all Valid Surrender Offers then all the Surrender Quantities shall be allocated and the Effective Surrender Quantity for each Surrender Offer shall be the Surrender Quantity.

1A.17.15 Subject to Section 1A.17.16, where a Surrender Offer is accepted:

- (a) the Shipper's Registered IP Entry Capacity shall be reduced by the amount of the Effective Surrender Quantity determined under Section 1A.17.13 or Section 1A.17.14; and

- (b) the Shipper which submitted such Surrender Offer shall have no further rights or obligations in respect of the Effective Surrender Quantity for the IP Capacity Period for which the Surrender Offer was accepted.

1A.17.16 Where, in accordance with Section 1A.4.4 there are both Bundled and Unbundled Auctions:

- (a) a Surrender Offer may be allocated in more than one Auction; and
- (b) the allocation of Surrender Offers pursuant to Sections 1A.17.12, 1A.17.13 and 1A.17.14 shall be performed first in relation to the Bundled Auction and then in relation to the Unbundled Auction.

1A.17.17 Where a Valid Surrender Offer is not accepted in accordance with Section 1A.17.12, the Shipper which submitted the Surrender Offer shall retain all rights and obligations associated with the IP Entry Capacity that was the subject of the Surrender Offer including, for the avoidance doubt, the liability to pay for all PS Transmission Amounts in respect of such IP Entry Capacity.

#### **1A.18 Long Term Use-it-or-Lose-it**

1A.18.1 For the purposes of this Section 1A.18, a “**LTUIOLI Shipper**” is a Shipper holding IP Entry Capacity with an IP Capacity Duration of more than 1 year as determined in accordance with the OS Scheme and CMP Methodology Statement.

1A.18.2 For the purposes of monitoring a LTUIOLI Shipper’s utilisation of IP Entry Capacity, the Transporter shall produce two usage reports each Gas Year for the following periods:

- (a) 1<sup>st</sup> October to 31<sup>st</sup> March; and
- (b) 1<sup>st</sup> April to 30<sup>th</sup> September;

such reports to be produced and submitted to the Authority by 30<sup>th</sup> April and 31<sup>st</sup> October respectively (the “**Usage Reports**”).

1A.18.3 In respect of each LTUIOLI Shipper, the Usage Reports shall identify any Underutilisation in accordance with the OS Scheme and CMP Methodology Statement.

1A.18.4 In the event that:

- (a) there is an unfulfilled demand for IP Entry Capacity; and
- (b) Underutilisation has been identified in respect of a LTUIOLI Shipper,

the Transporter shall request that LTUIOLI Shipper to provide justification for its utilisation, and give 3 months’ notice of the intention to withdraw IP Entry Capacity (an “**Indicative Withdrawal Notice**”).

1A.18.5 A Shipper receiving an Indicative Withdrawal Notice under Section 1A.18.4 shall respond within 1 month of receipt of the Indicative Withdrawal Notice providing information (“**Written Submission**”) to justify its utilisation.



- 1A.18.6 Following receipt of a Written Submission, where the Transporter is satisfied that the Shipper's Underutilisation is justified, it shall inform the Shipper within 10 Business Days of receipt of such Written Submission and no IP Entry Capacity shall be withdrawn from that Shipper.
- 1A.18.7 Where a Shipper does not provide a Written Submission within 1 month in accordance with Section 1A.8.15, or where the Transporter is not satisfied that the Shipper's Underutilisation is justified, it shall, in accordance with the OS Scheme and CMP Methodology Statement:
- (a) determine the amount of IP Entry Capacity which should be withdrawn (the "**LTUIOLI Capacity**");
  - (b) determine the relevant IP Capacity Period for which the IP Entry Capacity should be withdrawn;
  - (c) inform the Shipper within 10 Business Days of its intention to withdraw such IP Entry Capacity (an "**Intended Withdrawal Notice**");
  - (d) specify the amount of LTUIOLI Capacity and the relevant IP Capacity Period in the Intended Withdrawal Notice; and
  - (e) inform the Authority.
- 1A.18.8 If the Shipper does not agree with the decision of the Transporter to withdraw IP Entry Capacity, the Shipper may, by no later than 2 weeks following receipt of the Intended Withdrawal Notice, refer the matter (by submission in writing) to the Authority for review.
- 1A.18.9 If no referral is made to the Authority in accordance with Section 1A.18.8, the Intended Withdrawal Notice shall become effective on the expiry of the 3 month notice period given under Section 1A.18.4 and Section 1A.18.11 shall apply.
- 1A.18.10 If a referral is made to the Authority in accordance with Section 1A.18.8, the determination of the Authority as to whether the Underutilisation is properly justified shall be final and binding and:
- (a) the Intended Withdrawal Notice shall not become effective until the determination of the Authority has been reached; and
  - (b) where the Authority determines that the Underutilisation is:
    - (i) not properly justified, the Intended Withdrawal Notice shall become effective and Section 1A.18.11 shall apply; or
    - (ii) properly justified, no IP Entry Capacity shall be withdrawn, and the Transporter shall inform the Shipper (in writing) accordingly.
- 1A.18.11 Where an Intended Withdrawal Notice becomes effective in accordance with Sections 1A.18.9 and 1A.18.10(b)(i), the amount of LTUIOLI Capacity shall be offered as Allocable IP Entry Capacity in the first possible Annual Yearly Auction or Annual Quarterly Auction in accordance with the OS Scheme and CMP Methodology Statement.

1A.18.12 The Shipper will retain its rights and obligations (including the obligation to pay PS Transmission Amounts) in respect of such LTUIOLI Capacity until such time as it is allocated in part or in whole pursuant to Section 1A.16.4(c), and to the extent (both in amount and IP Capacity Duration) that the IP Entry Capacity is not allocated pursuant to Section 1A.16.4(c).

1A.18.13 Where LTUIOLI Capacity is allocated pursuant to Section 1A.16.4(c), the Transporter shall reduce the Available IP Entry Capacity and Registered IP Entry Capacity of the Shipper by the amount of LTUIOLI Capacity allocated for the relevant IP Capacity Period (a **“Withdrawal”**).

#### **1A.19 Buyback of IP Entry Capacity**

1A.19.1 Where the Transporter has allocated Oversubscription Capacity in respect of a Gas Flow Day, the Transporter may purchase IP Entry Capacity from Shippers in respect of that Gas Flow Day where it becomes necessary in accordance with the OS Scheme and CMP Methodology Statement.

1A.19.2 The Transporter may (but shall not be required to) enter into an **“Advance Buyback Agreement”** with a Shipper, whereby a Shipper gives the Transporter the right but not the obligation to purchase IP Entry Capacity at a price calculated in accordance with the Advance Buyback Agreement if it becomes necessary for the Transporter to purchase IP Entry Capacity from a Shipper on any Gas Flow Day within a defined period of time.

1A.19.3 In respect of any Gas Flow Day, where the Transporter determines that it may be appropriate to purchase IP Entry Capacity, it shall first assess whether the integrity of the NI Network may be maintained in a more cost efficient manner by other operational or commercial means.

1A.19.4 In respect of any Gas Flow Day, where the Transporter deems it necessary to buy back IP Entry Capacity, it shall publish a **“Buyback Invitation”** specifying:

- (a) the IP at which it wishes to purchase IP Entry Capacity;
- (b) the required IP Capacity Period;
- (c) the quantity of IP Entry Capacity it wishes to purchase; and
- (d) the time within which it requires Buyback Offers to be submitted.

1A.19.5 A Shipper may submit a **“Buyback Offer”** specifying:

- (a) the identity of the Shipper;
- (b) the IP;
- (c) the IP Capacity Period offered;
- (d) the amount of IP Entry Capacity offered;
- (e) the unit price in p/kWh (the **“Buyback Offer Price”**) at which the Shipper wishes to offer the IP Entry Capacity; and

- (f) any other information as may be required by the Transporter (or if applicable the CPO Rules and Processes).
- 1A.19.6 A Buyback Offer must be submitted in accordance with the timelines specified in the Buyback Invitation.
- 1A.19.7 A Buyback Offer submitted in accordance with Section 1A.19.5 and Section 1A.19.6 shall be considered a “**Valid Buyback Offer**”.
- 1A.19.8 A Buyback Offer not submitted in accordance with Section 1A.19.5 and Section 1A.19.6 shall be rejected and the Transporter shall notify the Shipper of such rejection.
- 1A.19.9 In accordance with the OS Scheme and CMP Methodology Statement, in respect of a Gas Flow Day, the Transporter shall:
- (a) decide whether to accept Valid Buyback Offers and/or purchase IP Entry Capacity pursuant to an Advance Buyback Agreement; and
  - (b) accept Valid Buyback Offers and, where applicable, Advance Buyback Offers which best address the operational needs of the NI Network, in order of least cost, and to an amount which it considers appropriate to maintain system integrity.
- 1A.19.10 The Transporter may accept a Valid Buyback Offer or Advance Buyback Offer in whole or in part with respect to:
- (a) the amount of IP Entry Capacity, which may be less than the amount specified by the Shipper in its Buyback Offer or Advance Buyback Offer; and/or
  - (b) the IP Capacity Period which may be less than the IP Capacity Period specified by the Shipper in its Buyback Offer or Advance Buyback Offer.
- 1A.19.11 Where the Transporter accepts a Buyback Offer or Advance Buyback Offer (in whole or in part), it shall inform the Shipper of such acceptance by issuing a “**Buyback Notification**” which shall specify at least the following:
- (a) the Buyback Offer or Advance Buyback Offer reference number (where applicable);
  - (b) the identity of the Shipper;
  - (c) the IP;
  - (d) the IP Capacity Period for which the IP Entry Capacity is to be purchased;
  - (e) the quantity of IP Entry Capacity purchased; and
  - (f) the unit price (in p/kWh) which shall be payable to the Shipper, which shall be equal to the Buyback Offer Price specified by the Shipper in its Buyback Offer or Advance Buyback Agreement.
- 1A.19.12 The aggregate amount of IP Entry Capacity which the Transporter accepts to purchase pursuant to the Buyback Nominations in respect of a given Gas Flow Day may not be equal to the amount requested in a Buyback Invitation.

- 1A.19.13 Where the Transporter issues a Buyback Notification, it shall reduce the amount of Available IP Entry Capacity of the Shipper by the amount specified in the Buyback Notification.
- 1A.19.14 Notwithstanding any purchase of IP Entry Capacity in accordance with Section 1A.19.9(b), a Shipper shall remain liable for the payment of all PS Transmission Amounts in respect of its' Registered IP Entry Capacity regardless of the issuance of the Buyback Notification and Section 1A.19.15 shall apply.
- 1A.19.15 Where a Shipper has received a Buyback Notification, the Shipper shall receive a Buyback Payment calculated as follows:
- (i) the quantity of IP Entry Capacity being purchased as specified in the Buyback Notification; multiplied by
  - (ii) the unit price specified in the Buyback Notification.
- 1A.19.16 In the event that the Transporter is unable to secure a sufficient amount of IP Entry Capacity in accordance with Section 1A.19 to maintain system integrity, Section 6 (Capacity Reduction & Emergencies) may apply.

*Amend Section 1B.11 to read as follows*

**1B.11 Order of Allocation of Exit Capacity; ~~Priority Order~~**

The Transporter shall allocate Exit Capacity to Shippers submitting Exit Capacity Applications, utilising Exit Capacity available pursuant to this Code as follows:

- (a) firstly, Exit Capacity which becomes available pursuant to Section 1B.8 (Exit Capacity Surrender);
- (b) secondly, Exit Capacity which becomes available pursuant to the operation of procedures in Section 1B.7 (Annual Review of Exit Capacity); and
- (c) thirdly, unsold Technical Exit Capacity.

.....  
*Amend Section 12.5.2 to read as follows:*

12.5.2 Each PS Invoice shall itemise the amounts due in respect of PS Transmission Amounts payable by that Gas Supplier to the Transporter, or by the Transporter to that Gas Supplier, and in either case, in accordance with the Licence, by detailing, on a separate line, any sums due for each of the following:

- (a) (i) Monthly Postalised Yearly IP Entry Capacity Payment;
- (ii) Monthly Postalised Exit Capacity Payment;
- (iii) Monthly Postalised Quarterly IP Entry Capacity Payment;
- (iv) Monthly Postalised Monthly IP Entry Capacity Payment;
- (v) Monthly Postalised Daily IP Entry Capacity Payment;
- (vi) Monthly Postalised Interruptible VRF IP Exit Capacity Payment;
- (vii) IP Entry Capacity Overrun Payment;
- (viii) Exit Ratchet Payment;
- (ix) Monthly Postalised Commodity Payment;
- (x) Supplemental Payment;
- (xi) Auxiliary Payment;
- (xii) Debt Payment;
- (xiii) Reconciliation Payment payable by the Gas Supplier to the Transporter;
- (xiv) Reconciliation Payment payable by the Transporter to the Gas Supplier;
- (xv) Debt Repayment payable by the Transporter to the Gas Supplier;
- ~~(xvi) Surrender Payment payable by the Transporter to the Gas Supplier;~~
- (xvii) Buyback Payments payable by the Transporter to the Gas Supplier; and

(xviii) Incentive Scheme Payments payable by the Transporter to the Gas Supplier,  
(known collectively as “**PS Transmission Amounts**”)

(b) the amount of VAT payable in accordance with Sections 12.5.3(c) and 12.5.4(c); and

(c) the amount of tax payable in accordance with Sections 12.5.3(d), 12.5.4(d) and 12.12,

provided that if any payment of PS Transmission Amounts due to the Transporter under this Code remains unpaid after the Due Date a PS Invoice shall be accompanied by: (i) a statement setting out the amount so overdue; and (ii) an invoice of the amount of interest due on such overdue amount calculated to the date of the invoice.

*Insert new Section T9 immediately after Section T7*

## **T9 TRANSITIONAL ARRANGEMENTS FOR THE INTRODUCTION OF CONGESTION MANAGEMENT PROCEDURES**

### **T9.1 Introduction**

T9.1.1 This Section T9 will apply from the T9 Implementation Date and sets out when the provisions of:

(a) the:

- (i) modified Section 1A.3.4;
- (ii) modified Section 1A.3.19;
- (iii) new Section 1A.16;
- (iv) new Section 1A.17;
- (v) new Section 1A.18; and
- (vi) new Section 1A.19;

(together, the “**Modified CMP Sections**”); and

(b) the modified Appendix 1 (*Definitions and Interpretation*) (the “**CMP Modified Appendix 1**”); and

(c) the amendments to Section 1B.11 and 12.5.2

all as set out in Code Modification 21, shall be effective. Existing terms or Sections of the Code in force prior to Code Modification 21 becoming effective in accordance with this Section T9 are referred to in this Section T9 as “**Unmodified**”.

T9.1.2 In this Section T9:

- (a) “**T9 Implementation Date**” means 1<sup>st</sup> October 2015 or if later the date the Authority approves Code Modification 21
- (b) “**Activation Test**” means the test set out in the OS Scheme and CMP Methodology Statement for the determination of contractual congestion;
- (c) “**CMP Activation Date**” means the date at which the Activation Test is passed; and
- (d) “**OS Effective Date**” means a date specified by the Transporter which shall be 6 months after the CMP Activation Date or sooner where feasible.

### **T9.2 Commencement of Modified CMP Sections**

T9.2.1 The Modified CMP Sections shall come into effect:

- (a) on the CMP Activation Date; or
- (b) they may come into force together or separately before the CMP Activation Date where the Transporter otherwise determines that the procedures in any or all of those Sections are required, in accordance with the OS Scheme and CMP Methodology Statement and the Licence, in which case the Transporter shall specify the date of commencement of such Section(s) individually by publishing the relevant effective date(s) of the Section(s) on its website.

T9.2.2 The Modified CMP Sections shall not apply before the date determined under Section T9.2.1.

T9.2.3 Shippers shall not be able to submit Surrender Offers in accordance with Section 1A.17, or Buyback Offers in accordance with Section 1A.19 before the OS Effective Date.

T9.2.4 In respect of Sections 1A.17 and 1A.19, the Transporter shall inform Shippers in writing of the means by which it proposes to administer Sections 1A.17 and 1A.19 at the CMP Activation Date, or such date published in accordance with Section T9.2.1(b), and may amend or update this information from time to time, by informing the Shippers in writing.

### **T9.3 Commencement of CMP Modified Appendix 1**

T9.3.1 From the T9 Implementation Date, the terms set out in CMP Modified Appendix 1 shall, subject to T9.4, become effective as and when use of each of those terms is required by the coming into force of the provisions set out in this Section T9 and shall continue to apply thereafter.

### **T9.4 Successional Changes to Appendix 1**

T9.4.1 In this Section T9:

- (a) **“CAM Modified Appendix 1”** and **“CAM Effective Date”** have the meanings given to them in Section T2 implemented or to be implemented in accordance with Code Modification 14;
- (b) **“Nominations Modified Appendix 1”** has the meaning given to it in Section T4 implemented or to be implemented in accordance with Code Modification 16;
- (c) **“Allocations Modified Appendix 1”** has the meaning given to it in Section T5 implemented or to be implemented in accordance with Code Modification 17;
- (d) **“Invoicing and Credit Modified Appendix 1”** has the meaning given to it in Section T6 implemented or to be implemented in accordance with Code Modification 18;
- (e) **“Balancing Modified Appendix 1”** has the meaning given to in Section T7 implemented or to be implemented in accordance with Code Modification 19; and
- (f) **“Section 6 Modified Appendix 1”** has the meaning given to it in Section T8 implemented or to be implemented in accordance with Code Modification 20.

T9.4.2 CMP Modified Appendix 1 adds new defined terms to the Code and where relevant modifies terms set out in CAM Modified Appendix 1, Nominations Modified Appendix 1, Allocations Modified Appendix 1, Invoicing and Credit Modified Appendix 1 and Balancing Modified Appendix 1.



T9.4.3 Terms contained in Unmodified Appendix 1 which are not otherwise amended or deleted by CAM Modified Appendix 1, Nominations Modified Appendix 1, Allocations Modified Appendix 1, Invoicing and Credit Modified Appendix 1, Balancing Modified Appendix 1, Section 6 Modified Appendix 1 or CMP Modified Appendix 1 or any other subsequent Code Modifications shall continue to apply in this Code after the CAM Effective Date.

**T9.5 Commencement of Amended Sections 1B.11 and 12.5.2**

T9.5.1 The amendments to Sections 1B.11 and Section 12.5.2 pursuant to Code Modification 21 shall take effect from the T9 Implementation Date.

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Amend Appendix 1 to include new terms (and modify existing terms) to read as shown in the list below:

## APPENDIX 1

### DEFINITIONS AND INTERPRETATION

**“Additional IP Entry Capacity”**

~~means IP Entry Capacity which may be made available by Premier Transmission as a result of the application of congestion management procedures;~~ has the meaning given to it in Section 1A.16.2;

**“Advance Buyback Agreement”**

has the meaning given to it in Section 1A.19.2;

**“Advance Buyback Offer”**

means a Buyback Offer which is made available to the Transporter as a result of an Advance Buyback Agreement and “Advance Buyback Offers” shall be construed accordingly;

**“Aggregate Surrender Quantity”**

has the meaning given to it in Section 1A.17.2(f);

**“Buyback Invitation”**

has the meaning given to it in Section 1A.19.4;

**“Buyback Notification”**

has the meaning given to it in Section 1A.19.11 and “Buyback Notifications” shall be construed accordingly;

**“Buyback Offer”**

has the meaning given to it in Section 1A.19.5 and “Buyback Offers” shall be construed accordingly;

**“Buyback Offer Price”**

has the meaning given to it in Section 1A.19.5(e);

**“Congestion Management Procedures” or “CMP”**

means the arrangements for ~~surrender~~ of IP Entry Capacity, purchase of IP Entry Capacity by the Transporter and Long Term Use it or Lose it;

**“Effective Surrender Quantity”**

has the meaning given to it in Section 1A.17.13;

**“Indicative Withdrawal Notice”**

has the meaning given to it in Section 1A.18.4;

**“Intended Withdrawal Notice”**

has the meaning given to it in Section 1A.18.7(c);

**“Long Term Use it or Lose it”**

means ~~arrangements for the monitoring of long term IP Capacity utilisation and the withdrawal of IP Capacity;~~

**“LTUIOLI Capacity”**

has the meaning given to it in Section 1A.18.7(a);

**“LTUIOLI Procedures”**

means the procedures for Long Term Use it or Lose it as set out in the OS Scheme and CMP Methodology Statement;

**“LTUIOLI Shipper”**

has the meaning given to it in Section 1A.18.1;

**“OS Scheme and CMP”**

<b><u>Methodology Statement</u></b>	means the document published by the Transporter containing <u>the OS Scheme and the methodology supporting the implementation of congestion management procedures</u> ;
<b><u>“Surrender”</u></b>	has the meaning given to it in Section 1A.17.2(a) and <b><u>“Surrenders”</u></b> shall be construed accordingly;
<b><u>“Surrender Deadline”</u></b>	has the meaning given to it in Section 1A.17.2(d);
<b><u>“Surrender Payment”</u></b>	<del>means a payment which shall be payable from the Transporter to a Shipper in respect of IP Capacity which is accepted for surrender in accordance with the OS Scheme;</del>
<b><u>“Surrender Offer”</u></b>	has the meaning given to it in Section 1A.17.2(b) and <b><u>“Surrender Offers”</u></b> shall be construed accordingly;
<b><u>“Surrender Quantity”</u></b>	has the meaning given to it in Section 1A.17.2(e) and <b><u>“Surrender Quantities”</u></b> shall be construed accordingly;
<b><u>“Underutilisation”</u></b>	means a lack of utilisation of IP Entry Capacity determined in accordance with the OS Scheme <u>and CMP Methodology Statement</u> ;
<b><u>“Usage Reports”</u></b>	has the meaning given to it in Section 1A.18.2;
<b><u>“Valid Buyback Offer”</u></b>	has the meaning given to it in Section 1A.19.7 and <b><u>“Valid Buyback Offers”</u></b> shall be construed accordingly;
<b><u>“Valid Surrender Offer”</u></b>	has the meaning given to it in Section 1A.17.7 and <b><u>“Valid Surrender Offers”</u></b> shall be construed accordingly;
<b><u>“Withdrawal”</u></b>	has the meaning given to it in Section 1A.18.13 and <b><u>“Withdrawals”</u></b> shall be construed accordingly;
<b><u>“Written Submission”</u></b>	has the meaning given to it in Section 1A.18.5;