

Initial Modification Report No.23

Incorporation of WTL and

Changes following October 2015 Code Implementation

22nd June 2016

Please find below Initial Modification Report 23 raised by Gas Networks Ireland (UK) (GNI (UK)) as required under Section 2 and 3 of the GNI (UK) Code Modification Rules. The proposed changes for this Modification Proposal No. 23 affect the whole of the Code, and are published alongside this Initial Modification Report in a separate document.

A Description of the nature and purpose of the modification

This proposal is being made to incorporate references to the new WTL Transmission Code as well as to make 'housekeeping changes' in the GNI (UK) Code following the implementation of the series of Modifications made during 2015 for the purposes of compliance with EU legislation. In addition, it includes four areas of more significant change intended to update the Code and aid clarity. Please see section G for more information.

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. This set of changes will contribute to the secure, safe, reliable, efficient and economic development and maintenance of the Network by incorporating references to the new NI TSO and addressing typographical and minor drafting inconsistencies.

C The clauses of the Transportation Code that require amendment

This proposal includes changes to all the sections of Code as shown in the table in section G.

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

GNI (UK) has worked with WTL, BGTL and PTL to develop a co-ordinated approach to the Codes. All the other NI TSOs are publishing a corresponding Modification Proposal which closely mirrors the changes contained in this Code Modification Proposal for the GNI (UK) Code.

E The date proposed for implementation

September 2016

F How to Respond

Please send responses no later than 22nd July 2016 to:

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Cork

G Further Information on the Modification Proposal

Introduction

The text for this Modification Proposal has been developed following the implementation of the WTL Code, and the series of modifications made to the GNI (UK) Code during 2015 for the purposes of compliance with EU legislation. The proposed full text of the Code is shown in the mark-up of the Code document which is published alongside this document. All the changes in the mark-up document are highlighted in yellow for ease of reading.

Proposed Changes

A number of changes are proposed in this Modification Proposal, the majority of which are to address typographical errors or inconsistencies, for example cross referencing. Some changes are intended to improve clarity, in particular around the role of PTL in managing the disbursement account on behalf of all the NI TSOs. These have been prepared in conjunction with the introduction of the West Transmission Code in NI, and a number of further changes are for the purposes of aligning all the NI Codes in this context.

The summary table below outlines all the areas of the Code where changes are proposed and gives details of the nature/purpose of the changes.

There are four areas where more significant changes are proposed:

- **System Clearing:** In response to Shippers queries, the NI TSOs have concluded that it would be helpful to clarify in the Code how the process of Shippers being charged for, and paying for, imbalance positions constitutes 'clearing' the system each day, and how title is transferred between the parties at the Trading Point. A new section of text on System Clearing is proposed for the PTL Code at 4.3.6 – 4.3.11 accordingly, and the corresponding provision in this Code is proposed at 4.3.6. It should be noted that the clearing of Shippers imbalances has always operated in this way under the Codes, and these sections are being added simply to ensure the arrangement is explicitly described. Title transfer for trades is addressed in the PTL Code in section 3.11.
- **Credit Provisions:** A new section at 13.1A is proposed to clarify the credit provisions which apply for a new Shipper which does not necessarily want to commence shipping gas immediately. A new section at 13.2.11A is proposed to clarify the credit provisions applicable when a Shipper holds capacity for, and intends to ship in, future gas years but is not proposing to ship any gas in the next gas year.
- **Assignment:** With the experience of operating the new arrangements at Moffat IP in conjunction with National Grid, it has become clear that assignment of IP Capacity is no longer required, since National Grid does not permit it. Also, the arrangements for transfer of capacity in section 1A.11 enable one company to effectively pass IP Capacity to another, and are fully systemised. In addition, where a Shipper wishes to assign all its rights (including capacity) and obligations under the code to another company, for example perhaps as a result of company expansion or development into new market areas, there are provisions in the code to enable this (section 19.11). The NI TSOs therefore propose to remove the IP Capacity assignment rules (section 1A.12). Similarly, the NI TSOs consider that the Exit Capacity transfer rules in section 1B.9 and the provisions in section 19.11 provide sufficient opportunity for Shippers to pass Exit Capacity from one to another. Therefore, and for the additional purpose of consistency across the Code, the NI TSOs also propose to remove the Exit Capacity assignment rules (section 1B.10).

- Congestion Management Procedures:** Congestion management procedures (CMP) are not currently required in Northern Ireland, but TSOs are required by EU legislation to include CMP provisions in their codes for points where they may be applicable at some point in the future. The provisions for the start of operation of CMP had been included last year in the Transition Section T9. With the deletion of the other transition sections, and the requirement to maintain CMP rules in the Code, the NI TSOs are now proposing to include the provisions for the start of CMP in the main body of the Code (see proposed amendment to section 1A.16). An additional section is also proposed at 1A.20 to cover how Firm Day Ahead Use-it-or-Lose-it would come into force, if needed.

All of the proposed changes are summarised in the table below:

Section	Ref	Nature of change
Global Changes (throughout the document)		Replacement of BGE (UK) with GNI (UK) Changes to align minor drafting inconsistencies with PTL and WTL Codes and to correct defined terms Some format changes for consistency throughout code (e.g. where numbers of days are used in the text)
Contents	T sections	Deleted to reflect the removal of these now redundant sections from the text
1A: Entry Capacity	1A.3	Removal of redundant references to Assignment
	1A.3.13	Cross reference correction
	1A.6.8	Cross reference correction
	1A.8.22	Correction of reference to an earlier auction round
	1A.8.37	Correction of references to auction closure deadline
	1A.9.6	Clarification that within day capacity is only held for one day
	1A.9.11	Addition of missing item in bid information
	1A.11.13	Addition to clarify that trades are unavailable in the event of PRISMA outage
	1A.12	Removal of redundant Assignment section
	1A.13	Provision added to clarify that overrun charges don't apply in the event of a PRISMA outage which causes the unavailability of 6 within day auction bid windows and/or the last bid window in respect of the day
	1A.16	Amendments to incorporate the relevant parts of previous Transition Section T9 into the main text

	1A.17.10	Removal of redundant reference to Assignment
	1A.17.12	Cross reference correction
	1A.18.7 & 1A.18.12 & 1A.18.13	Cross reference correction
	1A.19.16	Correction of section title reference
	1A.20	Inclusion of paragraph on FDA UIOLI
1B: Exit Capacity	1B.3.2(f)	Lower case daily profile as it is no longer a defined term
	1B.3.5	Cross reference correction
	1B.3.6	Addition of a provision to refer to new credit arrangements in 13.1A
	1B.6.2 & 1B.7.4	Cross reference correction
	1B.7.5	Correction of licence reference
	1B.10	Removal of redundant Assignment section
	1B.11	Correction of section title reference
2: Nominations	2.1	Amendments to align with WTL and PTL Codes and clarify roles under each code
	2.7.1	Additional item (d) added to clarify that nominations may be rejected if there is not sufficient Provided Level of Credit Support
	2.7.11	Numbering correction
	2.10.1	Correction of a defined term
	2.11.1	Additional item (c) added to clarify that nominations may be rejected if there is not sufficient Provided Level of Credit Support
	2.11.6	Correction to text to incorporate newly defined terms correctly. (Confirmed Exit Nominations is no longer defined in its own right)
3: Allocations	3.1	Introductory paragraph has been amended to align with WTL Code including to take account of new terms introduced in that Code (NI Interconnection Point and new definition of NI Network Exit Point) – for consistency across all the codes
	3.3.7	Correction of an erroneous defined term
	3.4	Amendment of term to incorporate new term NI Network Final IP Entry Allocations, to reflect inclusion of WTL as an NI Network Operator and

		to clarify PTLs role
	3.5.3 & 3.7.2	Correction of an erroneous reference to Belfast Gas Exit Points and inclusion of the correct term, Distribution System Exit Point
	3.9	Clarification of PTLs role and correction of defined terms
	3.10	Amendment of term to incorporate new terms NI Network Final Exit Allocations and NI Network Final VRF IP Exit Allocations, to reflect inclusion of WTL as an NI Network Operator and to clarify PTLs role
	3.11	Clarification of PTLs role
4: Balancing and Scheduling Charges	4.1.1	Relocated old section 4.1.3 to be introductory, for clarity. Section is also amended to refer to WTL and to further clarify PTLs role with respect to the disbursement account
	4.1.2	Correction of cross references and references to PTL
	4.2.1 and 4.2.2	Amended to clarify that PTL will determine tolerances even though Shippers submit downstream load statements to the respective NI Network Operator
	4.2.3	Amended to clarify PTLs role
	4.3.1	Correction of cross reference and addition of reference to PTL Code
	4.3.3	Correction of typographical error
	4.3.6	New section to clarify that Shipper imbalances are 'cleared' by Premier Transmission via a System Clearing Contract pursuant to the PTL Code
	4.4.1 & 4.5.1	Amended to clarify PTLs role
	4.5.2	Amended to refer to new definition of NI Network Exit Point and to use generic language to avoid specific reference to PTL (PTLs role being clarified elsewhere). Correction of the FPACapCt term to align with the revised term in the licence, and correction of the licence cross reference
5: Balancing and Shrinkage Gas	5.2.1 & 5.2.2	Amended to reflect inclusion of WTL as a NI Network Operator
	5.3	Clarification of PTLs role and alignment with WTL text
	5.5.1	Correction of numbering error and clarification of PTLs role
	5.6.1	Clarification of PTLs role and alignment with WTL text
6: Exceptional	Title	Correction of title name

Events and Emergencies	6.1.3	Added reference to WTL
	6.13	Amended text to refer generically to imposition of scheduling charges and clarification of PTLs role in clearing imbalance positions following an emergency. Correction of reference to the title of section 15
	6.16	Inclusion of reference to WTL
7: Entry Requirements	7.2.2	Correction of defined term
	7.2.3	Removal of redundant section referring to agreement provisions which no longer apply
	7.4.4	Removal of reference to a warranty in respect of joint title – this no longer applies in the single entry-exit system
8: Exit Requirements	8.1.4 & 8.3.10	Correction of use of defined terms
	8.3.11	Correction of a cross reference
	8.3.13	Correction of erroneous reference to section 11
	8.8.5	Correction of erroneous use of a defined term
9: Measurement	9.3	Correction of erroneous reference to Moffat
	9.5	Cross reference corrections
	9.6	Alignment of text with PTL and WTL
	9.10	Correction of defined term
10: Maintenance	10.2.1	Correction of defined term
	10.2.3	Correction of defined term
	10.5.1	Removal of redundant reference to Virtual Exit Point
11: Shipper Information Forecasts and the Ten Year Statement	11	Title amendment to align with phrasing in text
	11.2.6	Correction of defined term
12: Charges, Payment and Tax	12.1.2	Clarification of PTLs role
	12.4.3 & 12.4.5	Relocation of reference to Charging Methodology Statement (to correct typographical error)
	12.5.2 (a)	Correction of numbering errors
	12.6	Amendment of reference to PTL for consistency with the remainder of

		this section
	12.11.3	Correction of numbering error
	12.13.1	Amendment to align with PTL code and reflect updated practice
	12.14	Removal of redundant section
13: Credit Procedures	13.1A	Additional paragraph 13.1A inserted to align with WTL Code, which clarifies rules for parties acceding some time before they want to book/hold capacity (i.e. before credit is actually required to be placed)
	13.2.11A	Additional paragraph 13.2.11A inserted to clarify what happens with credit if a Shipper wishes to remain a Shipper (and they may hold capacity in gas years after Y) but does not forecast to flow any gas for a given year Y
	13.3.7(b)	Correction of defined term
	13.3.26	Renumbering of section and correction of cross references
	13.8	Correction of numbering error
14: Liabilities and Indemnities	14.1.4	Correction of cross referencing error
	14.4.1 & 14.5.1	Removal of redundant cross reference
	14.8.	Correction of numbering error
	14.12.2 & 3	Text amended to reflect additions to WTL and GN(UK) Code, clarifying PTL's roles and obligations
15: Force Majeure		No major changes
16: Termination	16.1.1	Correction of cross references
	16.2.1 (d) and (e)	Removal of the phrase 'Enter gas to or Exit gas from' for consistency with licence provisions
	16.5.2	Removal of redundant references to PS Code Charges
	16.7.2	Correction of cross reference
17: Accession to the Code, Registrations, Downstream Load Statements and Retirement from the Code	17.1.2 & 17.1.3	New paragraph to clarify that new Shippers must sign to all the codes of each of those Transporters on whose networks the points the Shipper wishes to use are located
	17.2.2	Addition of reference to new credit provisions
	17.2.2	Removal of the phrase 'Enter gas to or Exit gas from' for consistency with licence provisions

	17.4.1	Inclusion of reference to WTL
	17.9.6	Removal of the phrase 'Enter gas to or Exit gas from' for consistency with licence provisions
	17.10.7	Removal of redundant references to Assignment
18: Confidentiality	18.1.1	Alignment of the form of the defined term with PTL and WTL
	18.3	Correction of numbering error
	18.4.2	Correction of a cross reference
19: General	19.6A	Added new paragraphs to align with WTL code, clarifying that PTL can appoint a third party to carry out functions of the code but remains liable (subject to section 14) for those obligations
	19.11.4	Correction and clarification of previous wording (and alignment with WTL) to set out that assignment is only permitted to a party with appropriate licence /permission
	19.13	Removal of redundant section and replacement with section on definitions and interpretation for completeness and alignment with PTL code
20: Governing Law and Dispute Resolution	20.2.1	Correction of defined term
	20.4.9	Correction of erroneous cross reference
Transition Section	T1 to T10	Deletion of transition sections which have expired
Appendix 1: Defined Terms Listing		Correction of cross referencing and typos, deletion of unnecessary terms, amendment of terms to align with text changes, relocation of BGE (UK) terms being updated to GNI (UK) terms in alphabetical order, and updates to reflect completed implementation of the transition sections. Revised definitions of South-North Interconnection Point, South-North Entry Point and VRF IP Exit Point for consistency across the codes
Appendix 2: Gas Specification		Updated as previous was out of date, and to align with other codes
Appendix 5: Credit Committee Terms		Removal of the phrase 'Enter gas to or Exit gas from' for consistency with licence provisions, correction to use proper defined term for PS Transmission Amounts