

Transportation Network Code Proposed Modification No. 8**Initial Modification Report****1. Introduction**

BGE(NI) (“The Transporter”) has prepared this report in accordance with Section 4 of the BGE(Northern Ireland) Transportation Network Code Modification Rules.

2. Proposed Modification

This proposed modification is required to change certain aspects of the BGE(Northern Ireland) Transportation Network Code to facilitate the transportation of Natural Gas for offtake to the Firmus Energy Distribution Network. The modification also aims to clearly define the information flows required between BGE(NI) and Firmus Energy Distribution Limited (FEDL).

Background

In March 2005, Firmus Energy was awarded supply and distribution licences for the development of a natural gas network in ten key towns connected to the BGE(NI) transmission network. Firmus Energy Supply was granted exclusivity of supply in the supply licence in order to allow development of the distribution network to work in tandem with the volume incentive enshrined within the distribution price control.

When exclusivity ends on 1st October 2012, Firmus Energy Distribution Limited (FEDL) will be required to publish a distribution charge or tariff which will be payable by all suppliers utilising the system. This will facilitate other suppliers in competing against Firmus Energy Supply.

Market opening will also require the introduction of a distribution code, to which Firmus Energy Supply and any prospective supplier wishing to supply gas to customers connected to the FEDL distribution network will be required to accede. FEDL is currently seeking approval from NIAUR for this document, which is largely based on the code which governs the transportation of gas on the Phoenix distribution network in Belfast. This approach aims to encourage a smooth transition to market opening, with minimal disruption to suppliers and gas customers alike.

In order to reflect the developments as outlined above, it is necessary for BGE(NI) to make amendments to the BGE(Northern Ireland) Transportation Network Code. This proposal is based on the arrangements which currently exist between Premier Transmission Limited (PTL) and Phoenix Natural Gas (PNG) in Greater Belfast.

Proposals

General Principles

It is intended that the BGE (NI) Transportation Code will designate a single Transmission Exit Point to the Firmus Energy Distribution System. It is proposed that FEDL will book capacity on the BGE(NI) Transmission System on behalf of all Shippers operating under the Firmus Energy Distribution Code. Shippers on the Firmus Energy Distribution System would be required to accede to the BGE(NI) Transmission Code, thereby allowing them to nominate, on an interruptible basis, against the capacity booked by FEDL.

BGE(NI) will issue allocations to each FEDL Shipper (on D+1 and D+5) pro rata to Nominations received. At the start of the subsequent month, BGE(NI) will receive FEDL Shipper Allocations based on FEDL meter data. Revised allocations will then be issued by BGE(NI) in line with the information received.

The proposed modifications to the code include;

Section 1: Firm Capacity

The required modifications to this section are minimal and aim to clarify the obligation imposed on Firmus Energy Distribution Limited in their Distribution Licence to hold Firm Capacity at the Exit Point on behalf of its Shippers.

- Any Shipper wishing to supply gas using the Firmus Energy Distribution System would be required to accede to the BGE(NI) Transportation Network Code and register as a Shipper at the Firmus Energy Distribution Limited Exit Point (FEDL Exit Point).
- It is proposed that FEDL would book Firm Capacity from BGE(NI) on behalf of all Shippers operating under the FEDL Network Code, as per Condition 2.12.1 of the Firmus Energy Distribution Licence.
- FEDL would be required to submit an application for such Firm Capacity in line with the existing arrangements in the BGE(NI) Transportation Network Code.

Section 2: Nominations

It is proposed that the existing Nomination process in the BGE(NI) Code be followed by FEDL Shippers. The proposed amendments to the code would allow FEDL to perform the matching process in relation to Nominations at the FEDL Exit Point. In practice, this would involve BGE(NI) advising FEDL of each Shipper's nominated quantity along with the aggregate quantity nominated by all Shippers at the FEDL Exit Point.

A further minor amendment would require each Nomination to specify the identity and quantities of gas relating to any Gas Supplier downstream of the Nominating Shipper.

The proposed Nomination process would be as follows;

- FEDL Shippers would make a nomination for a quantity of gas to be offtaken at the FEDL Exit Point as per the existing Nominations process in the BGE(NI) Transportation Network Code.
- The proposed Nomination information flow between BGE(NI) and FEDL is shown below;

	BGE(NI)	FEDL
Nominations	Window closes at 08:00 D-1	Window closes at 08:00 D - 1
	No later than 08:30 D-1, BGE(NI) inform FEDL of BGE(NI) Shippers' Nominations at the FEDL Exit Point.	
	No later than 16:00 D-1, BGE(NI) will provide an update to FEDL of BGE(NI) Shippers' Nominations at the FEDL Exit Point.	
Renominations	18:00 D – 1 to 01:00 D	08:00 D-1 to 01:00 D

Section 3: Allocation

The proposed changes to the Allocation section of the code require written confirmation from FEDL in order for BGE(NI) to approve any change to the Initial Allocation in accordance with Clause 3.6.3. The proposed allocations process is outlined as follows;

- Allocations will be issued directly by BGE(NI) to each FEDL Shipper on a pro rata basis as per the existing BGE(NI) Transportation Network Code arrangements.
- Any request for a change to the Final Allocations of two or more FEDL Shippers (in accordance with Clause 3.6.3 of the BGE(NI) Transportation Network Code) must be approved in writing by FEDL, prior to acceptance of the change by BGE(NI).
- Proposed Allocation Information Flows as follows;

Time	Information	BGE(NI) to Shippers	FEDL to Shippers	FEDL to BGE(NI)
D + 1	Initial Exit Allocation at the FEDL Exit Point - Pro Rata Allocation	Y		
D + 1	Initial UDQI (i.e. FEDL Entry) allocations		Y	
16:00 D + 5	Final Exit Allocation at the FEDL Exit Point - Pro Rata Allocation	Y		
D + 7	Issue Final UDQI allocations		Y	
M + 1 to 16:00 M + 5	Two or more FEDL Shippers (with written approval from FEDL) may request an amendment of their Final Allocations based on FEDL metering data, providing the aggregate allocated quantity remains the same.			Y

The proposed amendments outlined above are indicative of the key principles guiding the Code Modification proposal. Consequential changes to other sections of the code may also be required.

3. Modification Proposed by:

Firmus Energy Distribution Limited.

4. Proposed Modification Submitted

2nd February 2012

5. Transporter's Opinion of Proposed Modification

The Transporter supports the proposal insofar as it serves the purpose of facilitating the market opening of the Firmus Energy Distribution System in an equitable and transparent manner. The proposed amendments ensure that the transportation of gas through the BGE(NI) transmission network and onward to the Northern Ireland gas customer via the Firmus Energy Distribution System is conducted according to approved rules and regulations. It also puts in place mechanisms and processes by which relevant information may be exchanged between the Transporter and Firmus Energy Distribution Limited.

The proposed modification aims to facilitate the establishment of Shipper processes which are largely consistent with those already in place in Greater Belfast, thus increasing the likelihood of the entry of new suppliers on the Firmus Energy Distribution System.

6. Impact on other DPO's Codes

As previously stated, the proposed modification is designed to replicate, insofar as is possible, the arrangements as they currently exist between PTL and PNGL in Greater Belfast. Clearly, there is a requirement that the FEDL code be complementary to the BGE(NI) code, particularly in terms of the timing of information flows as outlined in this report.

7. Proposed Implementation Date

1st October 2012

8. Consultation Period for Initial Modification Report

Comments are requested on or before Wednesday 18th April 2012.

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