



GAS INDUSTRY WORKSHOP – TSO UPDATE

21ST NOVEMBER 2016



PRESENTATION STRUCTURE

- CJV Update:
 - CJV Overview
 - CJV Activities
 - Programme
- Single Code
- Extension of Transportation Agreement
- Capacity Statement – Gormanston Arrangements
- Code Modifications



CJV UPDATE



CONTENTS

- CJV Overview
- CJV Activities
- Programme

CJV OVERVIEW

- WHAT IS THE CJV AND WHAT WILL IT DO?

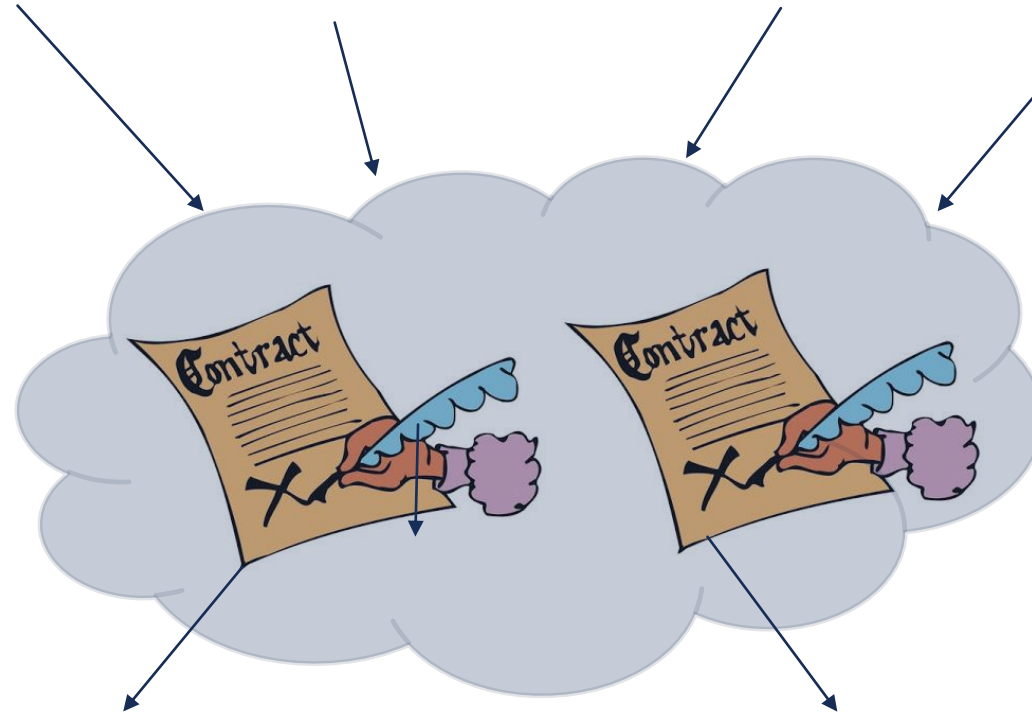
Contractual Joint Venture (“CJV”) between NI TSOs

Carry out the gas commercial / market related activities of the TSOs as one “entity”

CJV OVERVIEW - FORMATION



Contractual Joint
Venture ("CJV")
Agreement



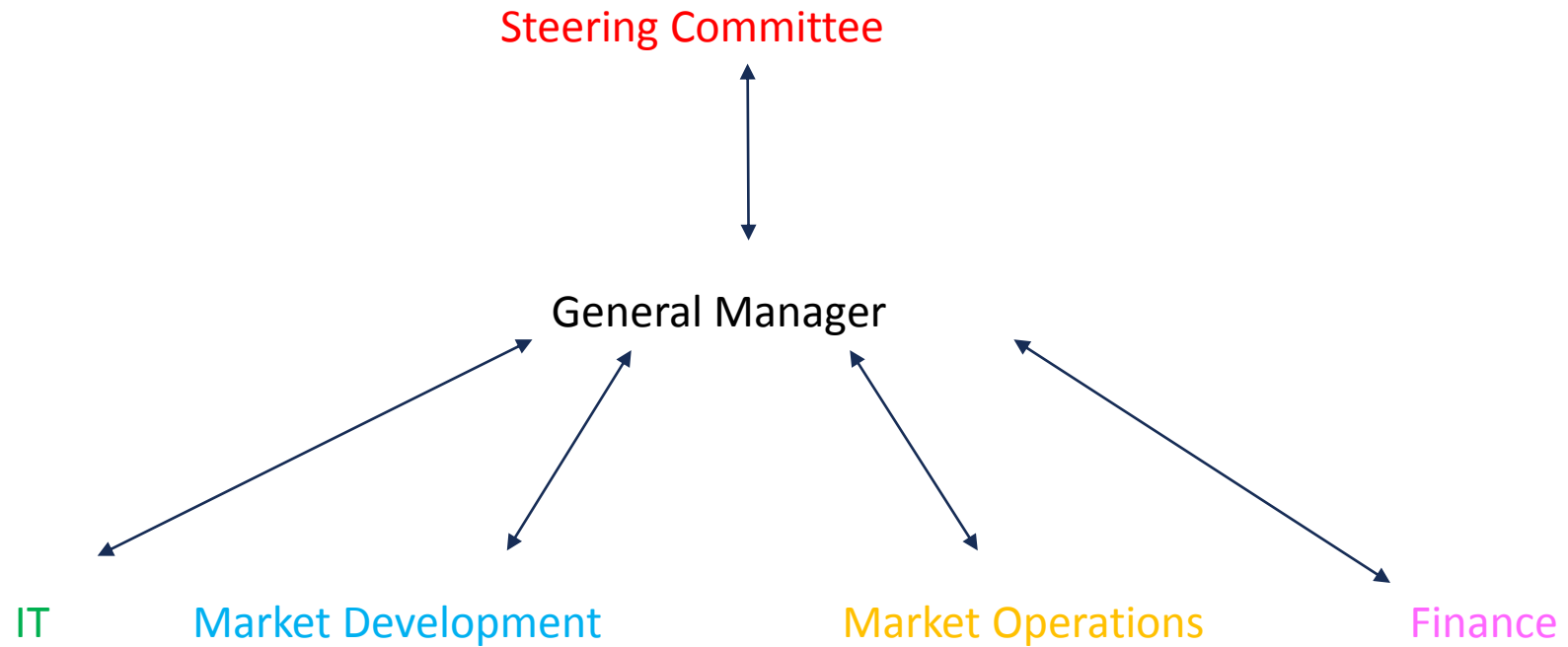
System
Operator
Agreement ("S
OA")

Formation of the CJV "Entity"

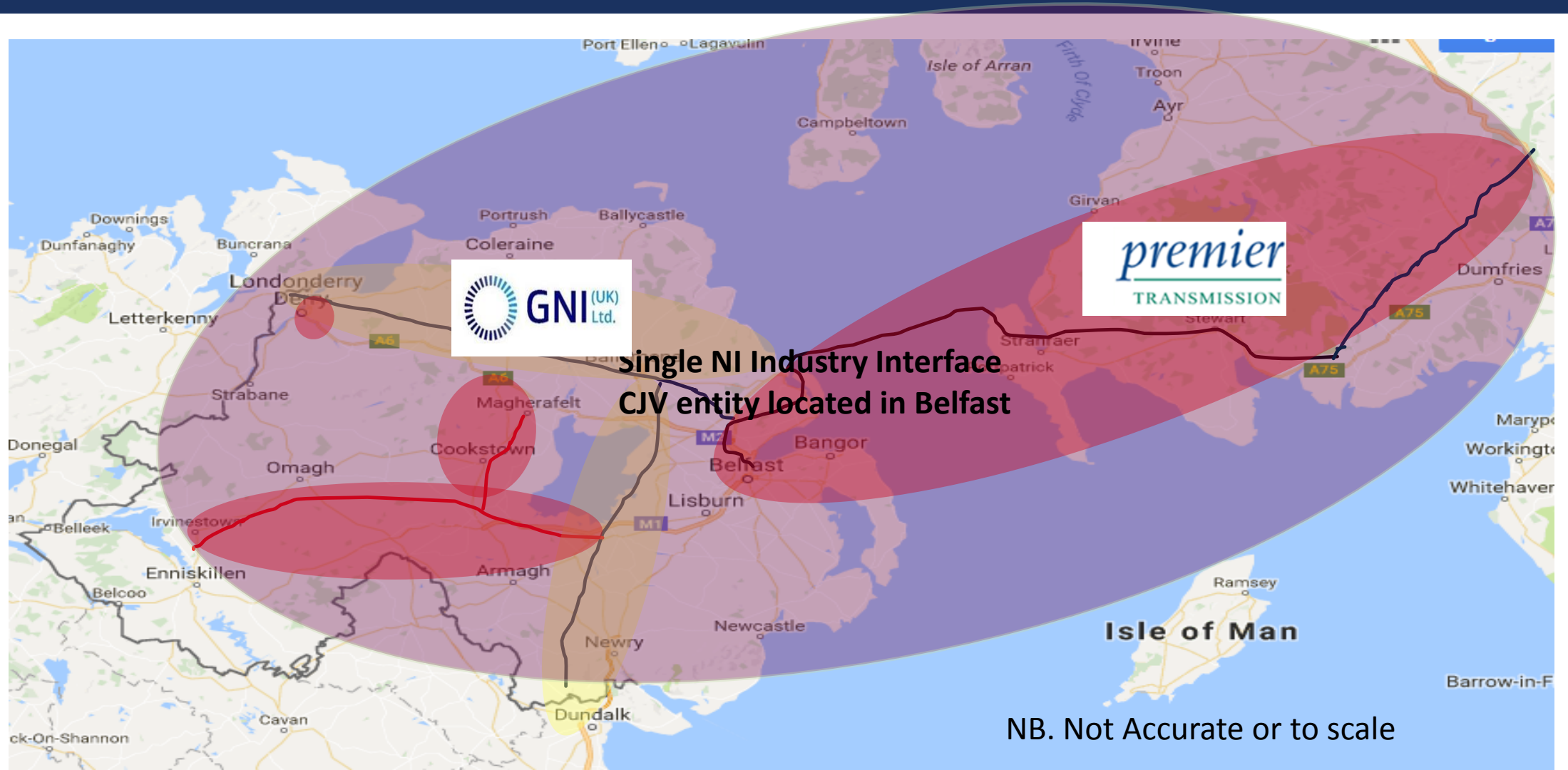
TSO – TSO Operational Arrangements

CJV OVERVIEW

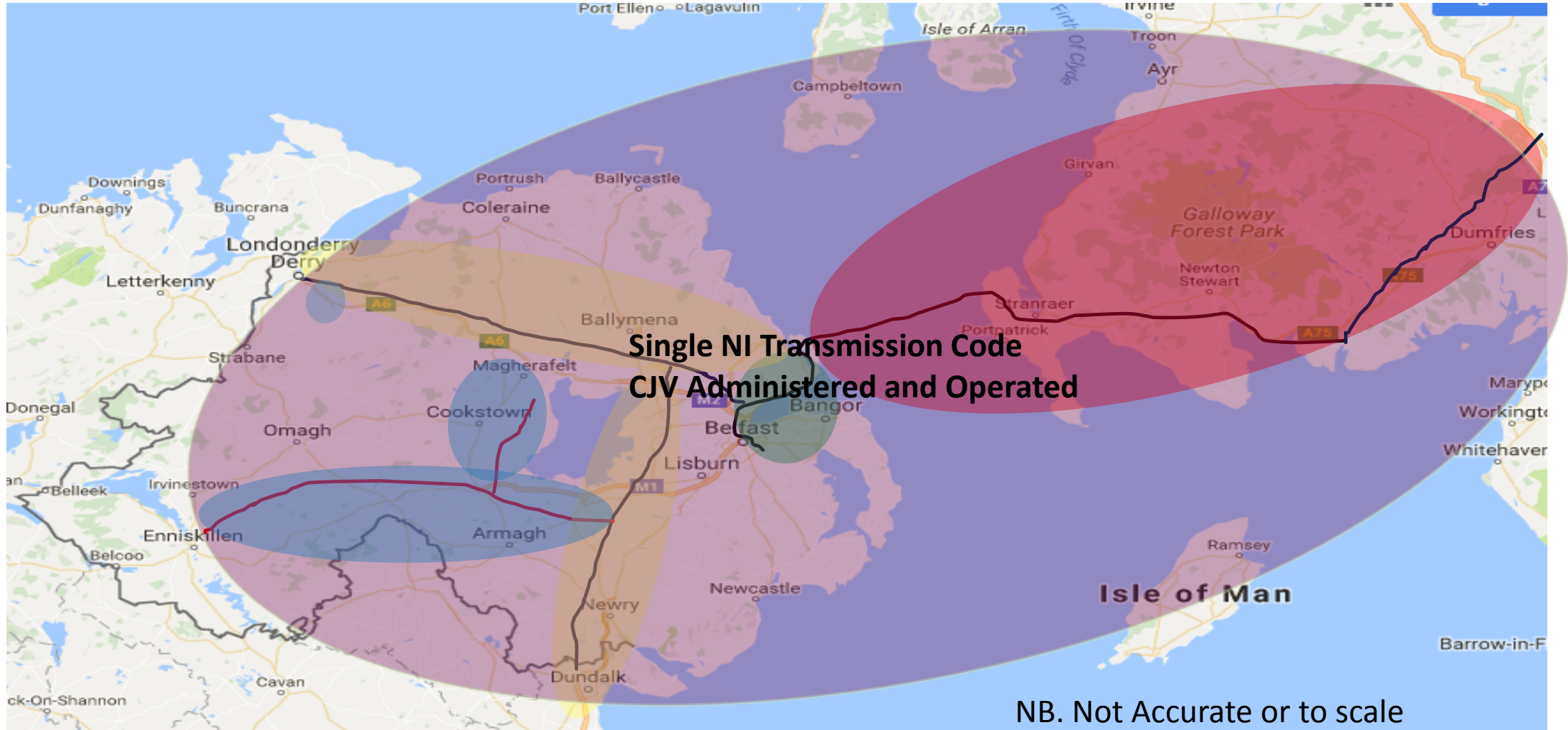
- STRUCTURE



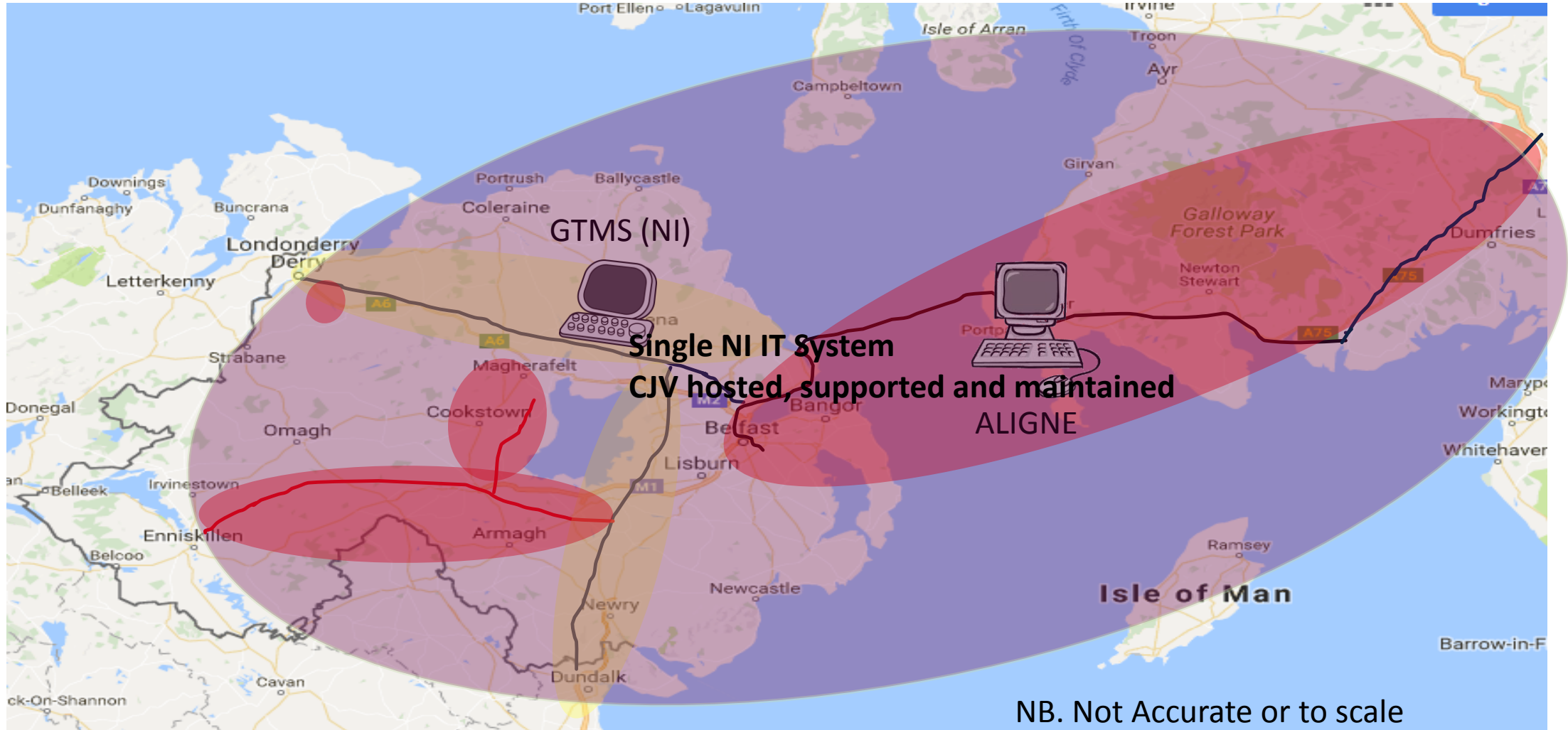
CJV ACTIVITIES - INTERFACE



CJV ACTIVITIES - TRANSMISSION CODE



CJV ACTIVITIES - IT SYSTEM



CJV ACTIVITIES

- SUMMARY & BENEFITS

Summary

Single Interface for Shippers, Industry and Stakeholders

Administration and operation of the single code

Hosting, support and maintenance of the single IT system

Commercial related compliance monitoring and implementation

Benefits

Efficiencies due to single code, IT system and interface (no duplication)

Shipper engagement experience will be easier, quicker and overall more enhanced

One entity focused on the Northern Ireland commercial gas market

PROGRAMME

- TRANSITION / MOBILISATION ACTIVITIES

Transition / Mobilisation

21st November 2016

1st October 2017
CJV Go Live

Business Readiness

eg. Contracts, Recruitment, Process Mapping,
Branding & Communications

Code Readiness

HLP Consultation, Code Modification Process,
Shipper transition activities

IT Readiness

Selection, Scoping, Design, Build, Test, Deploy

PROGRAMME

- IT SINGLE SYSTEM SELECTION

- In June 2014 the CJV steering committee requested a review of the potential solutions available for the delivery of a CJV IT system.
- The review determined, that at that time, it was not possible to select a system due to the ongoing development to meet the changing European regulations.
- As a result the review recommended that parties reconvene at a future date.
- The CJV single system assessment process re-started in January 2016.
- The NI Utility Regulator requested that Gemserv work in partnership with the TSO's to undertake a review and assessment of two IT systems (GNI's GTMS ROI system and PTL's Aligne System) against a set of high level requirements and other defined assessment criteria.
- Gemserv's recommendation (accepted by the Utility Regulator) was that GTMS is the chosen system.
- The current Aligne system will no longer be used by NI Shippers from Oct 2017 (decommissioning will be planned appropriately).

PROGRAMME

- IT SINGLE SYSTEM SCOPING

- The high level requirements identified as part of the Gemserv assessment, served as a starting point for detailed business requirements. Both TSO's have worked together since late August to complete the requirements phase at the end of Oct.
- The CJV system Requirements Catalog was signed off on 28th Oct 2016.
- The CJV system is modelled on the functionality of the GTMS ROI system. Many of the Shippers using the NI CJV system post Oct 2017, will already be familiar with the look and feel of system.
- The CJV system incorporates approx.150 functions.
- The project team are now in the design phase of the project.

PROGRAMME

- CURRENT SNAPSHOT

Business Readiness

CJV Manager Appointment – 28th November start date

CJV Agreement & SOA Heads of Agreements approval pending

Business Programme Plan Development & Baselineing

Code Readiness

HLP Consultation

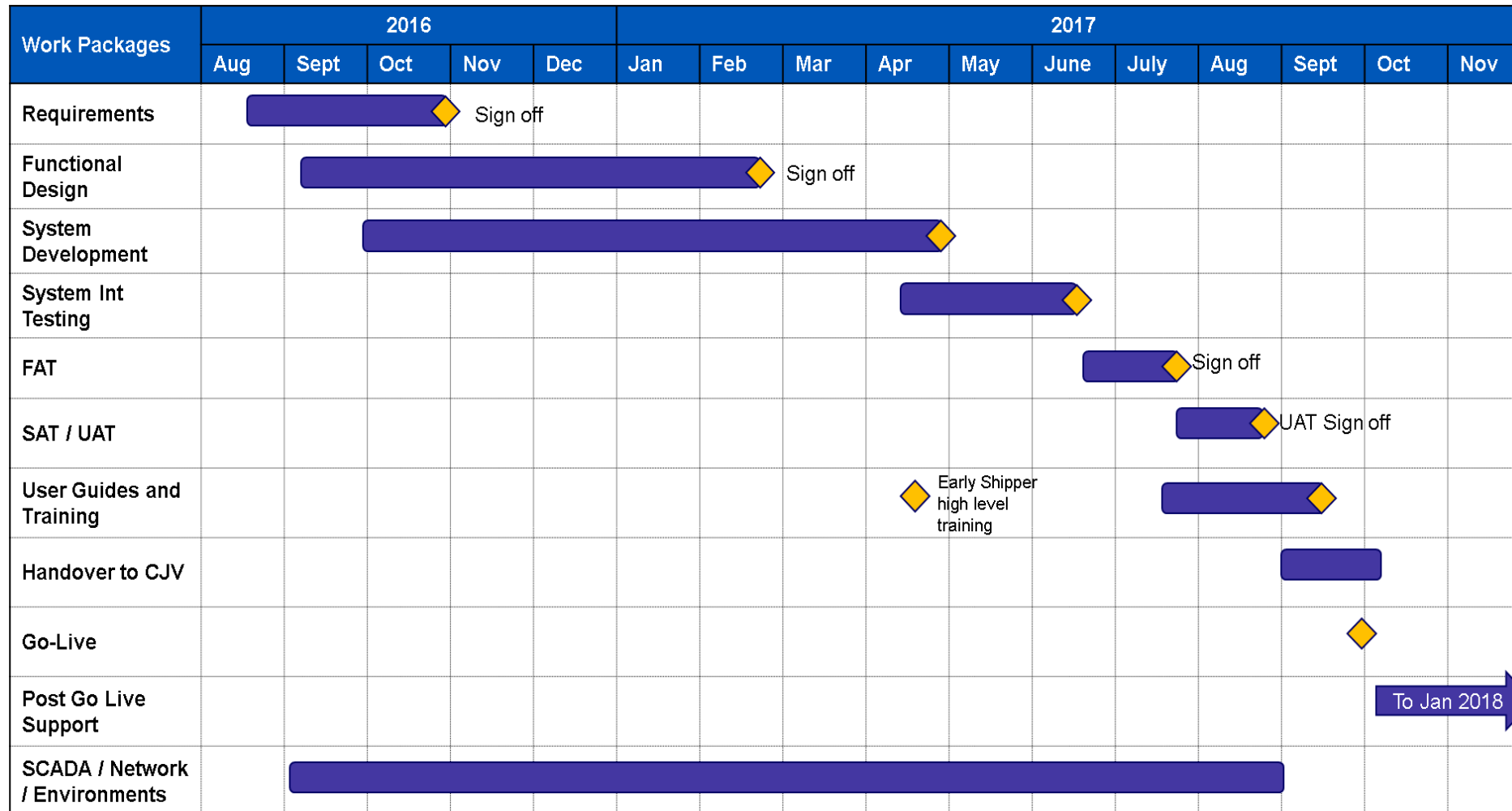
IT Readiness

IT System Selection completed (GTMS)

Provisional Functional Scope Signed off by TSOs

PROGRAMME

- SINGLE SYSTEM – PLAN ON A PAGE



PROGRAMME

- PROVISIONAL SHIPPER ENGAGEMENT TIMELINE

| | Nov-16 | Dec-16 | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 |
|----------|------------------|--------|--------|--------|--------|------------------|--------|--------|--------------------|----------|--------|---------|
| Business | Update | | | Update | | Update | | | | [Update] | | Go Live |
| Code | HLP Consultation | | | | | Code Mod Process | | | Shipper Transition | | | Go Live |
| IT | | | | | | Early View | | | System Training | | | Go Live |



SINGLE CODE



RECAP - OVERVIEW OF CHANGES

- Moved from a Point-to-Point to Entry-Exit
 - Introduction of Entry capacity products and Nominations
- Transition to a new Gas Day (06:00 – 06:00 to 05:00 – 05:00)
- Significant update of GTMBS IT System
- In conjunction with adjacent TSOs:
 - Developed joint matching arrangements (Process and IT)
 - Developed bundling arrangements
 - Joint technical capacity maximisation process
 - Voluntary bundling process

RECAP - OVERVIEW OF CHANGES CONTINUED

- Introduced new credit rules for Short Term Products
- Revised CMP arrangements
- Modified VRF arrangements
- Commenced capacity auctions on PRISMA
- Trading at the NIBP
- New allocation methods
- Revision of charging methodologies

RECAP - OVERVIEW OF CHANGES CONTINUED

- Increased publication of transparency information
- Drafting and submission of Interim Measures Report
- Updated Shipper registration procedures
- De-designation of the Moffat Agent
- Significant rewrite of the NI Network Codes
- Development of the WTL Transportation Code

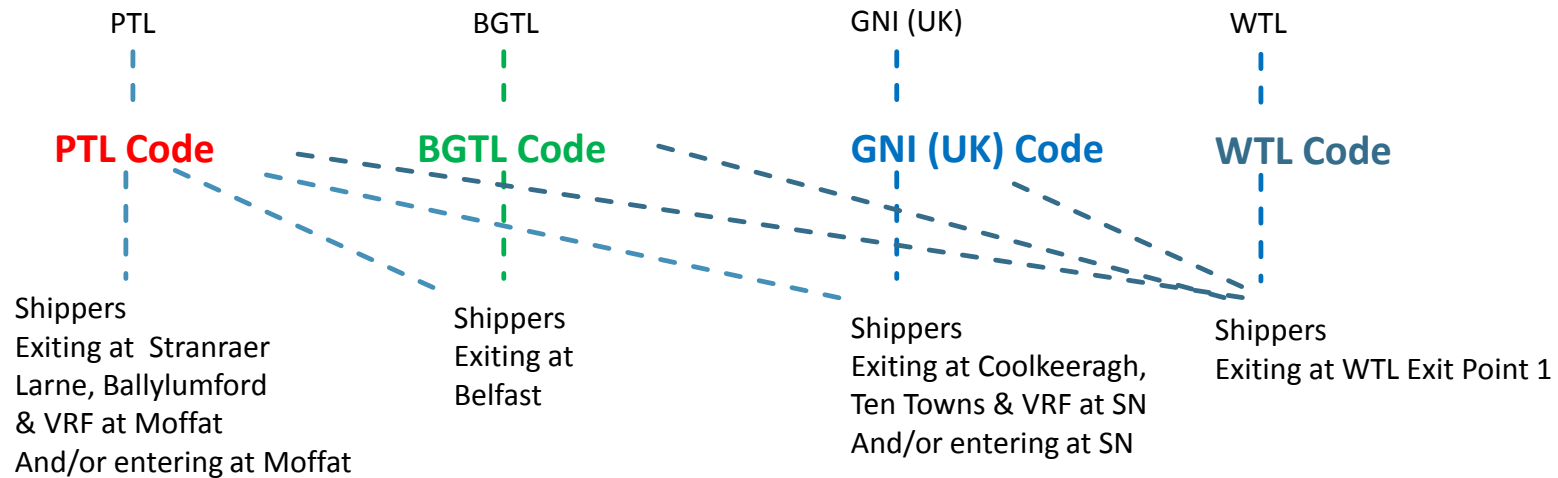
SINGLE CODE INTRODUCTION

- One of the key aspects of the Single System Operator model is the development of a single gas transmission code across all networks
- There are 4 NI TSOs who each own and operate separate parts of the gas transmission pipelines and associated infrastructure in Northern Ireland.
- Each NI TSO currently has its own gas transmission code, which forms the contractual basis for gas transmission with its respective customers

SINGLE CODE INTRODUCTION CONTINUED

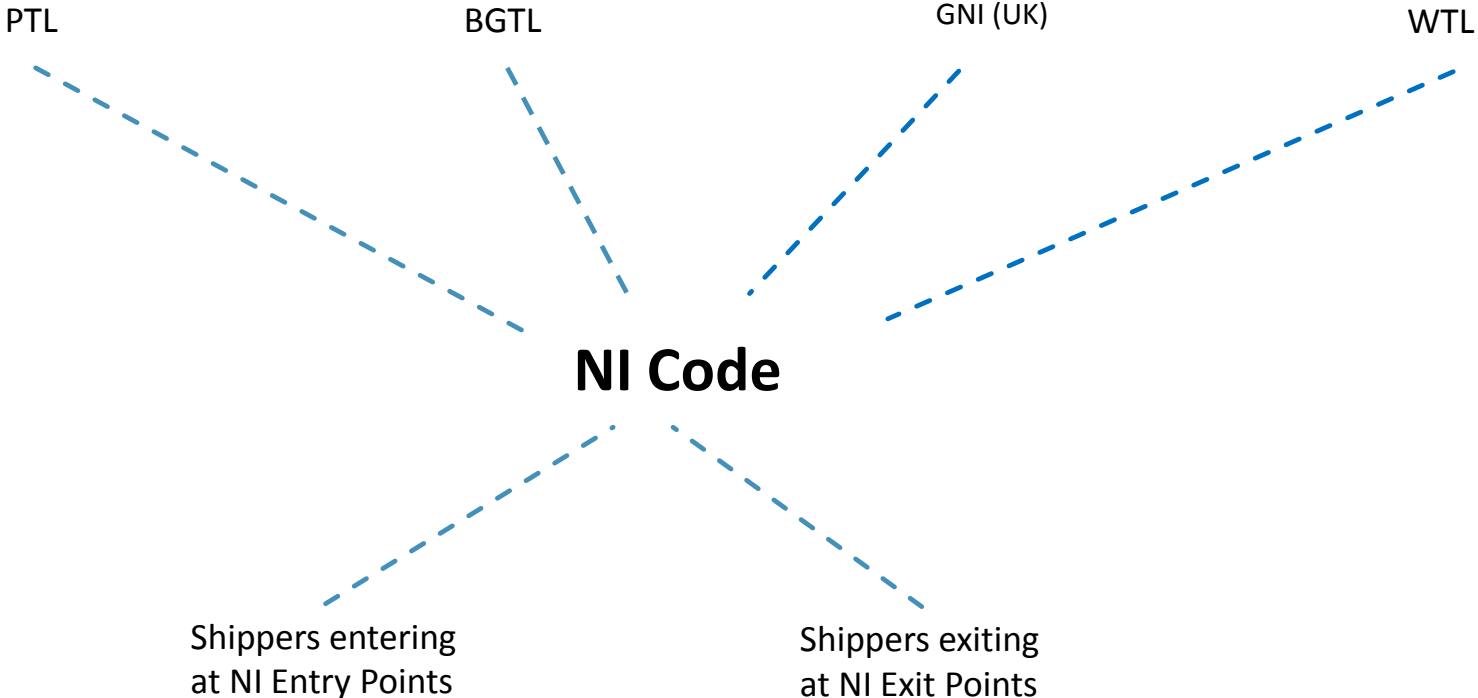
- During 2016, the NI TSOs have undertaken a detailed comparative review of the existing NI Codes to develop the high level approach to the production of a Single Code
- The PTL, GNI(UK) and WTL Codes are very highly aligned with very few substantive differences
- As a result, much of the approach to preparing the Single Code is simply to bring the existing WTL, PTL and GNI (UK) Code texts together
- The NI TSOs expect that the implementation of the Single Code should not, per se, have a significant impact on Shippers in terms of their day to day business processes

CURRENT CODE CONTRACTUAL FRAMEWORK



- Shippers accede to each of the Codes of the TSOs whose networks they will be using
- All Shippers accede to PTL Code for energy balancing purposes
- WTL Shippers also accede to GNI (UK) Code and BGTL Code

SINGLE CODE CONTRACTUAL FRAMEWORK



CONTRACTUAL IMPLEMENTATION - FRAMEWORK AGREEMENT

- The NI TSOs are planning to implement the new Single Code by introducing a Framework Agreement
- All the existing parties who are Shippers under one or more of the existing NI Codes will be asked to sign the Framework Agreement, and each of the TSOs will also sign the Framework Agreement
- The Framework Agreement will simply set out that the parties all agree to utilise the terms of the Single Code
- The Framework Agreement will also provide the legal means for all Shippers and TSOs to agree how to admit new Shippers after the date of signature of the Framework Agreement.
 - It will state that all the initial signatories of the Framework Agreement give their permission for the CJV General Manager to 'sign up' new Shippers, on behalf of all the existing members (Shippers and TSOs) of the Framework Agreement
- Parties who wish to sign up as a Shipper after October 2017 will be asked to sign an Accession Agreement, joining them to the Framework Agreement and hence contractually binding them to the provisions of the Single Code along with all the other parties
- The CJV General Manager will sign the Accession Agreement on behalf of all the parties

CONTRACTUAL IMPLEMENTATION - FRAMEWORK AGREEMENT CONTINUED

- Subject to approval of the Single Code legal text by the Utility Regulator, it is anticipated that the Framework Agreement will be signed by existing Shippers and the NI TSOs in the period July - early August 2017
- A 'Transition Section' of the Single Code will provide for the start date of relevant processes which must occur prior to the start of the new gas year
 - Similar/corresponding provisions to be added to the existing Codes to transition Shipper's existing rights into the new Code regime
- The main operational provisions of the Single Code will be effective from 1st October 2017

SINGLE INTERFACE - THE TRANSPORTER

- A key objective of the Single Code is to provide a single interface for Shippers when interacting with the NI TSOs
- Although each TSO will separately sign the Framework Agreement, it is expected that the NI TSOs will generally be referred to in the Single Code as a single unit – ‘the Transporter’
- The NI TSOs will continue to be responsible for all their obligations to Shippers
- To the extent that it is necessary for the NI TSOs to specifically define between them how those responsibilities fall, those arrangements will be contained in the CJV Agreement and the System Operators Agreement

SHIPPER ACCESS TO THE NI NETWORK

- The CJV team will be responsible for:
 - Managing the process of 'signing up' new Shippers to the Single Code
 - Maintaining the ongoing administration of the Single Code
- At present under the existing codes, in order to utilise a specific network entry or exit point and/or to trade at the Trading Point, a Shipper must first apply for and be given a Registration in respect of the relevant point by the relevant TSO
- Parties who are existing Shippers at the time of signing the new Framework Agreement will have their existing Registrations transitioned into the Single Code arrangement
- Under the Single Code, the requirement for Registrations will be maintained
- To access points on the NI Network where a Shipper has not previously held a Registration, a Shipper will have to apply for a new Registration for the relevant point, and the CJV team will administer the process of providing a Registration

ROLE OF DISTRIBUTION NETWORK OPERATORS

- The Distribution Network Operators (DNOs) have a specific role in Northern Irish gas transmission, as required by their respective licences
- They are responsible for booking and paying for transmission capacity at the exit points into the distribution networks
 - DNOs re-charge the costs of that capacity to their DN Shippers.
- DNOs do not make nominations or get allocations of gas under the Codes
 - Shippers supplying end users in the downstream Distribution Network nominate and are allocated gas flows at transmission exit points.
- The implementation of the Single Code provides an opportunity to clarify the roles of the DNOs

KEY CHANGES – FORECASTING PARTY

- For the purposes of compliance with the Balancing Network Code (EU 312/2014) the NI TSOs are required to implement arrangements whereby certain forecast consumer demand information is provided to Shippers via the TSO
- This information is currently provided to Shippers by the relevant DNO to whose distribution network the consumer is connected
- In September 2015, the Utility Regulator published its decision designating PTL as the Forecasting Party for NI
- The NI TSOs are currently working towards implementing the requirements of the Balancing Network Code in the context of the CJV, and will provide more information on the details of the arrangements once these are further developed
- The target date for implementation of the Forecasting Party requirements is October 2017
- It is anticipated that the Single Code will contain certain provisions and obligations relating to the Forecasting Party requirements

KEY CHANGES – NOMINATIONS

- The Single Code will contain all the rules for both Matching and Initiating TSO, and specify which applies for which IP.
 - PTL is a Matching TSO for Moffat, and GNI (UK) is an Initiating TSO for Gormanston
- The current approach to Trade Nominations will be slightly modified:
 - Currently, where a Shipper wishes to make a change to the quantity that it has agreed to trade with a counterparty during the gas day, it simply makes an additional Trade Nomination for the additional quantity, or a trade in the opposite direction if the parties wish to reduce the quantity
 - The NI TSOs intend to introduce the capability for Shippers to instead make Trade Renominations, whereby counterparties wishing to amend the quantity traded on a day make a Trade Renomination, instead of new Trade Nomination
 - It will not be possible for Shippers to have more than one Trade per day with the same Counterparty.
 - The NI TSOs do not currently anticipate that the rules for submitting Trade Renominations will be substantially different to the rules for submitting Trade Nominations
 - There will be some minor consequential changes to the way in which Trade Nominations are referred to elsewhere in the Code, in particular in the allocations section

KEY CHANGES – EXCEPTIONAL EVENTS AND EMERGENCIES

- In respect of the arrangements with Shippers in an Emergency, the Codes are all highly aligned, as they are required to be so
- In respect of the arrangements for constraints/Exceptional Events there are some differences which are largely down to slightly differing definitions of the circumstances of a constraint
- The NI TSOs have concluded that in order to harmonise and combine the definitions used in all the Codes and cover all the potential constraint scenarios, it would be appropriate to define two 2 basic circumstances of constraint as follows:
 1. Where the system capability is the same as usual but Shippers have requested a profile or nominated an End of Day Quantity which exceeds the capability of the system; and
 2. Where the system capability is reduced for some reason (e.g. a linebreak, or corrosion on a line) which leads to either
 - i. a NI-wide constraint,
 - ii. a localised constraint.
- The Single Code text would therefore contain new constraint definitions along these lines

KEY CHANGES – EXCEPTIONAL EVENTS AND EMERGENCIES CONTINUED

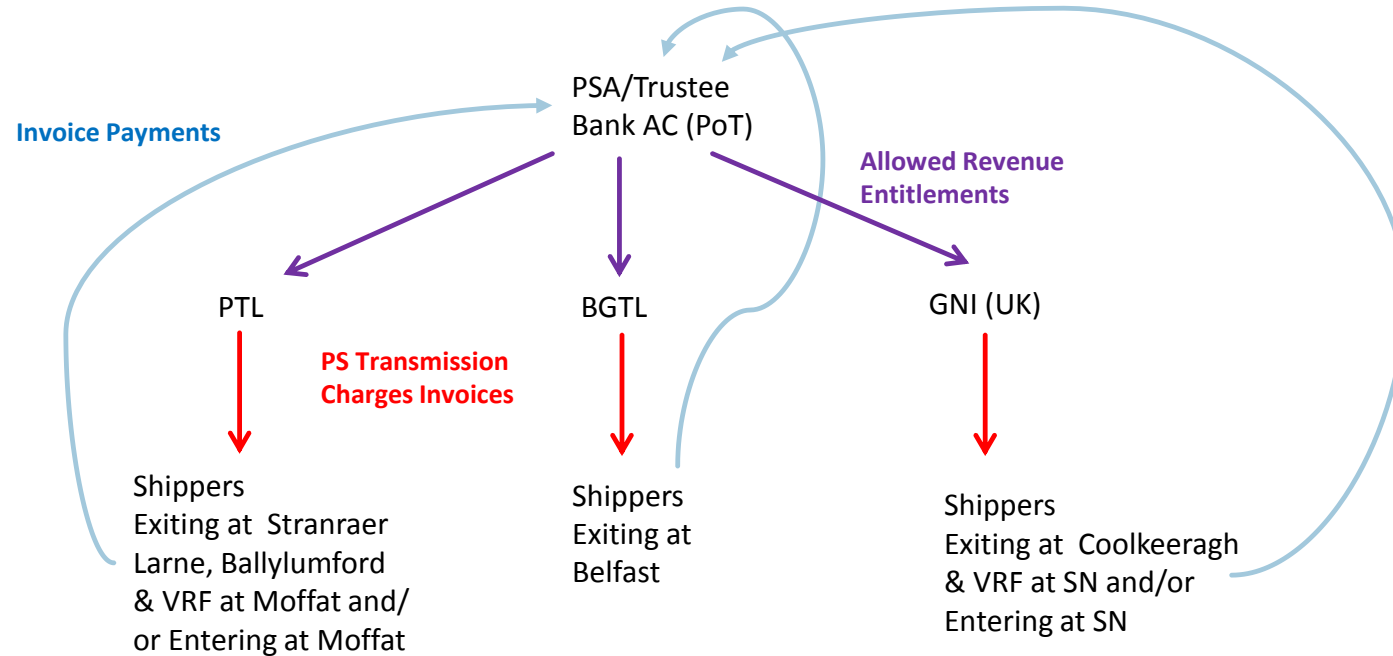
- The NI TSOs also consider that for a NI-wide constraint:
 - a) the step of requesting SONI to re-dispatch should always be the first step where a reduction in power station usage would be operationally beneficial; and
 - b) the use of the ‘flip flop’ should be the default in all NI-wide constraint circumstances, in the unlikely event that SONI does not respond to a request to re-dispatch
- The Single Code text would therefore incorporate these steps in all NI-wide constraint circumstances

KEY CHANGES – TITLE TRANSFER IN THE CJV CONTEXT

- ‘Title transfer’ describes how the ownership of gas is transferred from the Shipper to the TSO as it enters the NI Network, and at exit, it is transferred from the TSO back to the Shipper
- Currently Title Transfer at entry to an individual TSO’s system is dealt with in section 7 of their respective Code, and Title Transfer at exit is dealt with in section 8.
- In the context of a Single Code relating to the NI Network which has multiple operators, it is necessary to also describe how title is transferred within the NI Network at the points where the TSO’s systems physically connect with each other
- There is no exchange of title to gas directly between the TSOs, since the TSOs do not get involved in buying/selling the gas between themselves
- Instead, wherever there is a physical connection, the title to the gas will be deemed to transfer from the TSO whose system the gas is leaving to the Shipper, and then transfer from the Shipper to the next TSO whose system the gas is entering
- For the Single Code, the NI TSOs consider that it would be tidy to create a short new section containing the provisions for Title Transfer
- Whilst it is important that the Title Transfer arrangements are accurately described for legal purposes, these changes will not have any material impact on Shippers

KEY CHANGES – CHARGES, PAYMENT AND TAX

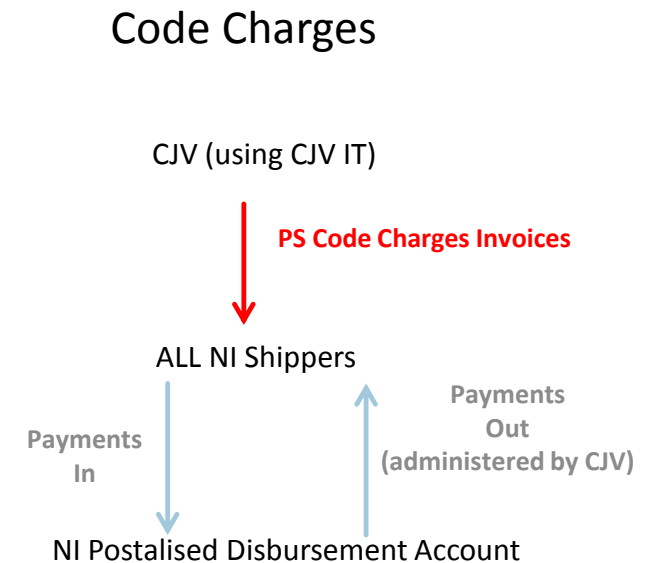
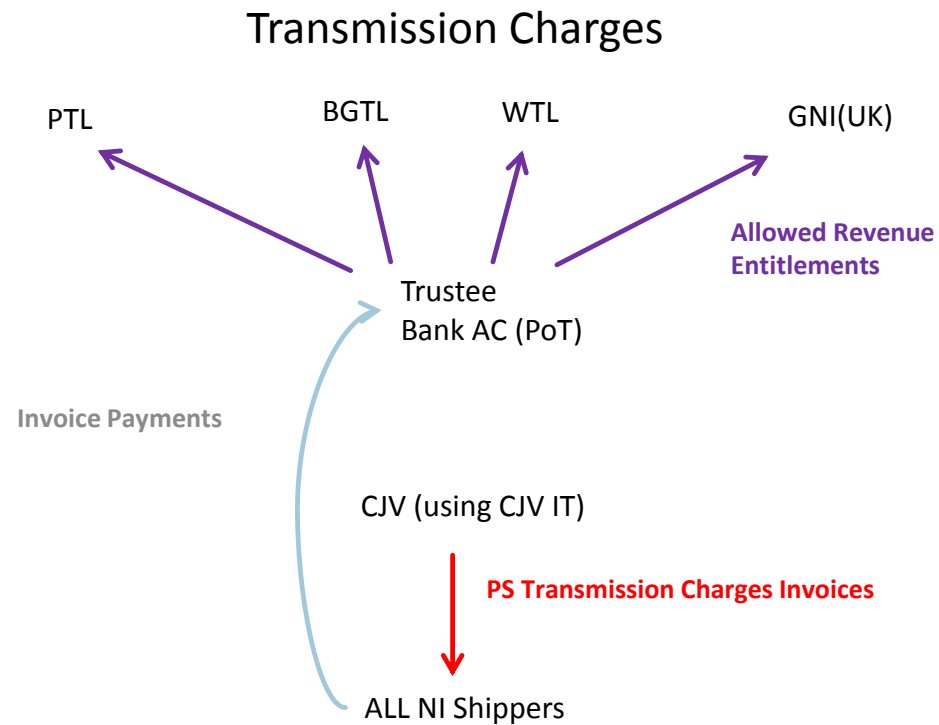
Current Arrangements



NB: WTL not shown

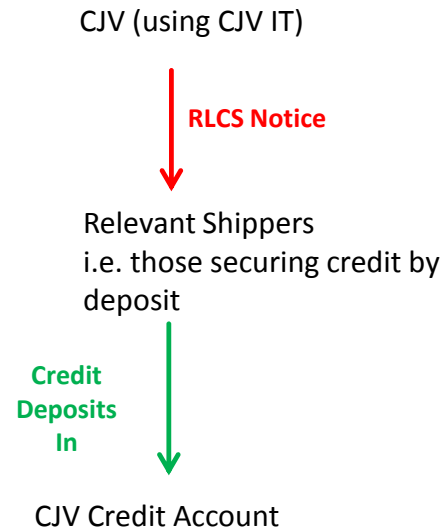
KEY CHANGES – CHARGES, PAYMENT AND TAX

Proposed Arrangements

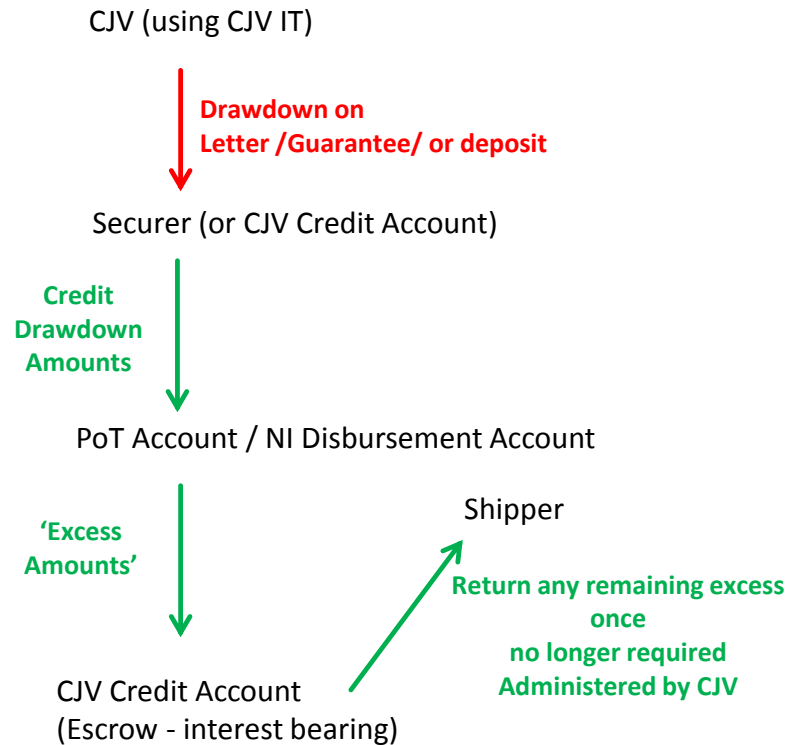


KEY CHANGES – CREDIT

Initial Security



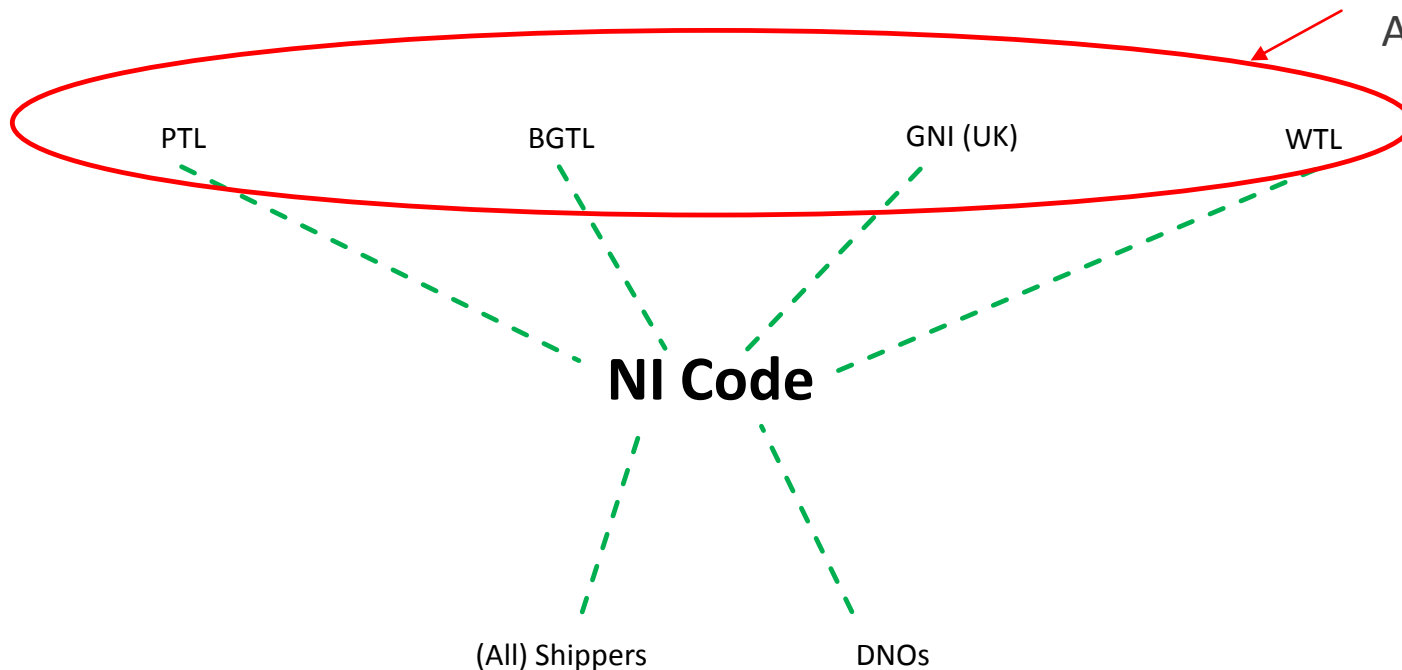
Drawdown



KEY CHANGES – LIABILITIES

- The NI TSOs are not proposing any material changes to the structure for liabilities or indemnities under the Codes.
- However, in the CJV context, the ‘Transporter’ in the Code will be all of the TSOs together, so it is necessary to consider how the liabilities and indemnities operate as between the parties

All CJV parties effectively act as one in the Code
As far as the Shippers/DNs are concerned



KEY CHANGES – LIABILITIES CONTINUED

- Where a Shipper brings a claim against ‘the Transporter’ it will effectively be a claim against all of the NI TSOs together, and where applicable, the CJV team will make arrangements for any appropriate payments
- It will then be for the NI TSOs to make arrangements between themselves in the CJV Agreement describing how their joint liabilities under the Codes would be treated, should they ever be incurred
- The NI TSOs anticipate that the Single Code will simply refer to the Transporter being liable and offering the indemnities provided under the existing Codes
- The NI TSOs also expect to add some material to the Single Code to clarify how a Shipper would actually bring a claim against ‘the Transporter’, i.e. all of the NI TSOs together.
- Therefore, the NI TSOs anticipate that the introduction of the Single Code and the CJV arrangement should not have a material impact on Shippers rights and obligations under this section

SINGLE CODE - SUMMARY

- Significant changes to processes were represented in modifications to the Network Codes in October 2015
- The NI TSOs have ensured that the text for the Code Modifications for the implementation of the EU Network Codes in October 2015 was as harmonised as possible
- No significant change planned to processes introduced in October 2015 i.e.
 - Capacity booking
 - Nominations
 - Allocations
- The PTL, GNI(UK) and WTL Codes are very highly aligned with very few substantive differences
- As a result, much of the approach to preparing the Single Code is simply to bring the existing WTL, PTL and GNI (UK) Code texts together
- Harmonisation rather than redraft
- The NI TSOs expect that the implementation of the Single Code should not, per se, have a significant impact on Shippers in terms of their day to day business processes

NEXT STEPS

- High Level Approach Document published for consultation on 7th November 2016
- Available at:
<http://www.mutual-energy.com/wp-content/uploads/downloads/2016/11/161107-NI-Single-Gas-Transmission-Code-High-Level-Approach-Consultation.pdf>
- Consultation responses are welcome on or before 5th December 2016

HIGH LEVEL WORK PLAN - 2017



Prepare Single Code Text & Consultation

Single Code Consultation and report preparation

UR Sign off

Contractual Transition i.e. accede to new code & commence pre-gas year activities

★ Go live



EXTENSION OF TRANSPORTATION AGREEMENT



WHAT IS THE TRANSPORTATION AGREEMENT?

- Agreement between PTL and GNI(UK)
- Why is it important?
 - Provides NI Shippers with seamless access to the GB market
 - Covers arrangements in the section of the South West of Scotland Onshore System (SWSOS) between the Moffat Interconnection point and the offtake point at Twynholm where it connects to the Scotland Northern Ireland Pipeline which include:
 - Capacity levels (currently 8.08mcm)
 - Operational matters i.e. offtake pressure, profiles and effective times
 - Consideration – NI's contribution to SWSOS costs
- From a PTL Transportation Code / Shipper perspective, PTL's capacity in the GNI(UK) SWSOS is treated as part of the PTL Transportation System

TRANSPORTATION AGREEMENT EXTENSION

- The Transportation Agreement expires on 30th September 2021
- In conjunction with the respective National Regulated Authorities, the parties have commenced discussions to extend the current agreement to ensure that the GB/NI link is retained and the current level of capacity is secure
- Discussions will also focus on:
 - Operational matters
 - NI contributions



Industry Update on Gormanston IP

NI Shipper Workshop 21 Nov 2016

Overview of Gormanston Interconnection Point



- The South-North Pipeline is 156km in length and was built in 2006
- It is owned and operated by GNI (UK)
- It begins at Gormanston, Co Meath and runs cross-border to Ballyclare, Co Antrim
- Gormanston is the interconnection point for:
 - Exiting the GNI ROI network
 - Entering the GNI UK network in NI

Gormanston IP configuration

- Gormanston – South North flows are directly connected to the ROI IC2 sub-sea interconnector
 - So, gas molecules for delivery to NI via Gormanston can only be facilitated to the extent that there are sufficient flows from Moffat to ROI
 - ROI ring-main gas (e.g. from Corrib/Inch) cannot physically be transported to NI via Gormanston
 - If there are insufficient flows from Moffat to the ROI sub-sea interconnectors, Gormanston shippers may be curtailed accordingly
 - Shipper nominations at Gormanston are subject to:
 - The amount of gas being delivered to ROI at Moffat
 - Currently vulnerable to ROI VRF (against the current business rules) – GNI are currently progressing a code modification on this to protect Gormanston exit flows from being “back-hauled”

Tariffing Arrangements – 16.17 Tariffs

- In utilising the South North Pipeline to deliver NBP gas to NI, the shipper will incur:
 - **ROI Moffat Entry** – Capacity & Commodity Charges (levied by GNI)
 - **ROI Gormanston Exit** – Capacity & Commodity Charges (levied by GNI)
 - **NI Gormanston Entry** – Capacity charges (levied by GNI UK)

| Annual Tariffs | Moffat ROI Entry | G'Ton ROI Exit | G'Ton NI Entry |
|--------------------------|------------------|----------------|----------------|
| Capacity - p.pk. Day MWh | €360 | €413 | £241 |
| Commodity – per MWh | €0.12 | €0.26 | - |
| | | | |

Worked Example 1: 5 GWh on 10th December 2016

| Annual Tariffs | Moffat ROI Entry | G'Ton ROI Exit | G'Ton NI Entry |
|---|------------------|----------------|----------------|
| Capacity - p.pk. Day MWh | €360 | €413 | £241 |
| Commodity – per MWh | €0.12 | €0.26 | - |
| <i>December Daily Capacity Multiplier 1.18%</i> | | | |
| Daily Capacity – p. MWh | €4.24 | €4.85 | £2.83 |
| Daily Capacity – 5 GWh | €21,191 | €24,275 | £14,166 |
| Commodity – 5 GWh | <u>€615</u> | <u>€1,280</u> | = |
| Total | €21,806 | €25,555 | £14,166 |
| Assume €/£ Fx 0.90 | £19,626 | £22,999 | |
| Total Cost per Day: ROI NI Capacity & Commodity | | | £56,791 |

Worked Example 2: 5 GWh on 10th February 2017

| Annual Tariffs | Moffat ROI Entry | G'Ton ROI Exit | G'Ton NI Entry |
|---|------------------|----------------|----------------|
| Capacity - p.pk. Day MWh | €360 | €413 | £241 |
| Commodity – per MWh | €0.12 | €0.26 | - |
| <i>December Daily Capacity Multiplier 2.35%</i> | | | |
| Daily Capacity – p. MWh | €8.48 | €9.74 | £5.66 |
| Daily Capacity – 5 GWh | €42,383 | €48,551 | £28,332 |
| Commodity – 5 GWh | <u>€615</u> | <u>€1,280</u> | = |
| Total | €42,998 | €49,831 | £28,332 |
| Assume €/£ Fx 0.90 | £38,698 | £44,848 | |
| Total Cost per Day: ROI NI Capacity & Commodity | | | £111,877 |

Transportation Route – 2 Options

| Enter NI via SNIP | | Cap:£ p/pk/d MWh | Com:£ p. MWh |
|--|----------------------|------------------|--------------|
| SNIP NI Entry | | 240.82 | - |
| NI Exit | | <u>240.82</u> | <u>0.09</u> |
| Total | | £481.6 | £0.09 |
| Enter NI via ROI using SNP and IC System | | | |
| ROI Moffat Entry | €360.25 – €/£ 0.9 Fx | 324.23 | 0.11 |
| ROI Gormanston Exit | €412.68 - €/£ 0.9 Fx | 371.41 | 0.23 |
| NI Gormanston Entry | | 240.82 | - |
| NI Exit | | <u>240.82</u> | <u>0.09</u> |
| Total | | £1,177.3 | £0.43 |

Gormanston Interim arrangements

- Interim arrangements have been agreed between GNI and GNI UK to reflect current IT system limitations:
 - No interface from PRISMA for Gormanston IP to either GTMS NI or GTMS ROI systems
 - GTMS NI system is a legacy Postalised, Point-to-point (Exit only) system
 - Shippers unable to place Entry nominations on GTMS NI
- IT upgrades need to take place to develop out the Gormanston IP:
 - Development of the single CJV system in NI which will include functionality for the Gormanston IP (capacity on PRISMA, shipper nominations, TSO matching)
 - Upgrades to the ROI GTMS system (to deliver a full IP at Gormanston)
- It is planned to make all the necessary upgrades for 01 October 2017, subject to vendor availability
- In the interim, until the IT upgrades have taken place, manual interim arrangements have to be deployed at Gormanston should a shipper wish to utilise the IP.

Key Requirements for Shippers using the Gormanston IP

1. Shipper registered at IP notifies GNI/GNI UK of its intention to utilise the IP
2. GNI/GNI UK make IP capacity available
3. Shipper must advise the TSO of intended flows in advance/on the day
4. TSO matching has to take place between GNI and GNI UK
5. TSO issues allocations to shipper(s) at the IP and invoices at month-end

As most of the above requirements are not currently in the IT system processes, GNI/GNI(UK) have developed manual processes initially as part of the interim arrangements.

1. Shipper Registration & Intention to use

- As PRISMA currently does not interface to either GTMS ROI or GTMS NI systems, then it will not be used as the platform to procure capacity in the interim period.
 - From 1st October 2017, Shippers will need to register with PRISMA and set Gormanston as an active IP in their portfolio on PRISMA
- Under the interim arrangements, Shipper needs to contact their Key Account Manager in GNI and request a contract be set-up at the Gormanston exit point in GTMS ROI.
- GNI request that any shipper intending to utilise the IP would notify accordingly (as early as possible)

2. IP capacity

- System limitations evident in using PRISMA as means to market capacity at the IP:
 - No automated interfaces
 - Any auction uploads would be manual
 - No auto interface into the respective GTMS systems (i.e. the shipper cannot see that the successful auction is updated on his portfolio of IP capacity in ROI/NI)
- GNI will apply an interim manual process for offering bundled IP capacity (i.e. don't auction on PRISMA)
 - Once contract set-up, Shipper can book capacity (monthly or daily) at Gormanston exit point in GTMS ROI.
 - This booking will be deemed to be bundled: same amount of exit capacity booked in ROI and entry capacity in NI.

3. Shipper intended flows/ Nominations

- Shippers can nominate at the ROI Exit point, but not on the NI Entry point
- Interim manual solution proposed for single sided nomination:
 - Shipper wishing to flow gas at the IP should complete a standard template to be provided by GNI UK and to be submitted in advance of gas flows (fax & email)
 - GNI (UK) the initiating TSO, GNI the matching TSO
 - Copy of template included in appendix
 - GNI (UK) and GNI will confirm nomination details are correct & reply to their respective shippers with the confirmed quantity within HB+120 minutes
 - Any re-noms to be advised to GNI (UK) via same template
 - GNI (UK) will notify PTL accordingly of any CQ's or revised CQ's

4. Shipper Allocations & Invoicing

- **Allocations**

- Existing meters will be used to measure flows at the IP.
- ROI Exit allocation will be based on GTMS ROI allocation process. GNI UK will issue NI entry allocations to PTL in their role as the NI allocation/imbalance agent on behalf of GNI UK
- NI entry allocation: Shippers will receive an Allocations Statement via PTL (per current process)

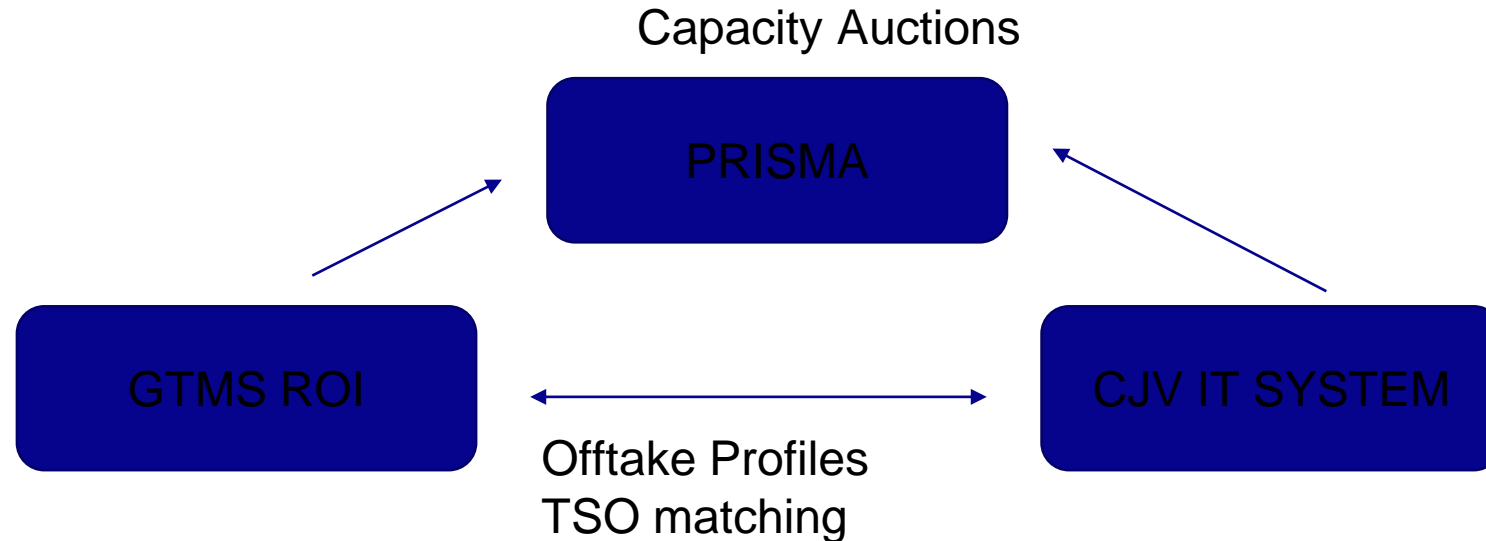
- **Invoicing**

- GNI ROI: Applicable ROI tariffs invoiced from GTMS ROI in Euro
- GNI UK: Applicable NI tariffs levied by GNI UK in Sterling

Summary of Proposed Interim Arrangements

- **Capacity Sales**
 - Shippers submit bookings on the GTMS ROI system
 - Reinforce capacity application in manual template for nominations
- **Nominations:**
 - Shipper fills out manual standard template and submits by fax/email
 - Transporter will confirm nomination and issue CQ to shipper within Hour Bar + 120 minutes
 - Transporter enters nomination on GTMS ROI on behalf of shipper
 - Any re-nominations use the same template
- **Transporter Matching/Profiles**
 - Manual process deployed. GNI UK as initiating TSO, GNI as matching TSO.
- **Allocations:**
 - Based on metered quantity at Gormanston. Adjustments where required for offtake of gas at Dundalk from SNP

Enduring Arrangements at Gormanston post Oct 2017



A full IT systemisation for Gormanston (to replicate Moffat) will include:

1. Gormanston classified as an IP (exit) on GTMS ROI (as the offtake side of the interconnection)
2. Full development of a CJV IT system including Gormanston as an active entry point
3. Interface between the systems and PRISMA (the capacity booking platform)
4. Interface between GTMS ROI and the CJV IT system for operational profiles, data sharing etc

Summary: Gormanston

- **Interim Arrangements to October 2017**

- Any shipper contemplating the use of Gormanston IP should contact GNI / GNI UK accordingly
- Manual templates will apply until IT upgrades have taken place
- Shippers should register at Gormanston on GTMS ROI system accordingly

- **Enduring Arrangements**

- Capacity will be auctioned on PRISMA
- Shippers will be able to place IP nominations on the ROI/CJV systems

- **Physical Configuration**


- In both interim and enduring arrangements, shipper requests to flow gas at the Gormanston IP will be dependent on sufficient flows from Moffat to the ROI sub-sea interconnectors
- Curtailments/restrictions will apply where the Gormanston exit flow is higher than prevailing flows into ROI from Moffat
- GNI are progressing a code modification in ROI to protect Gormanston flows from back-haul under the ROI VRF product



Gormanston IP Interim Arrangements

Appendices

Nominations Template – Interim Arrangements

Nomination/Renomination to GNI(UK) at the South North Interconnection Point 

To: GNI(UK)
Fax No.: 00 353 21 4222040

Gas Day: dd/mm/yyyy

Shipper:¹

EODQ: kWh

Date: **Time:**

Signed (on behalf of Shipper): _____

For GNI(UK) use only

To: *Shipper Name*
Fax No. 0044 xxxxxxxxxx

The **Confirmed Quantity** to be scheduled by GNI(UK) in relation to the above Nomination/Renomination is: _____ kWh. Signed (on behalf of GNI(UK)): _____

¹ The initiating Shipper on the GNI(UK) system must be the same entity as the counterparty Shipper on the GNI system. GNI will enter the counterparty Nominated/Renominated Quantity on GTMS on behalf of the GNI Shipper.

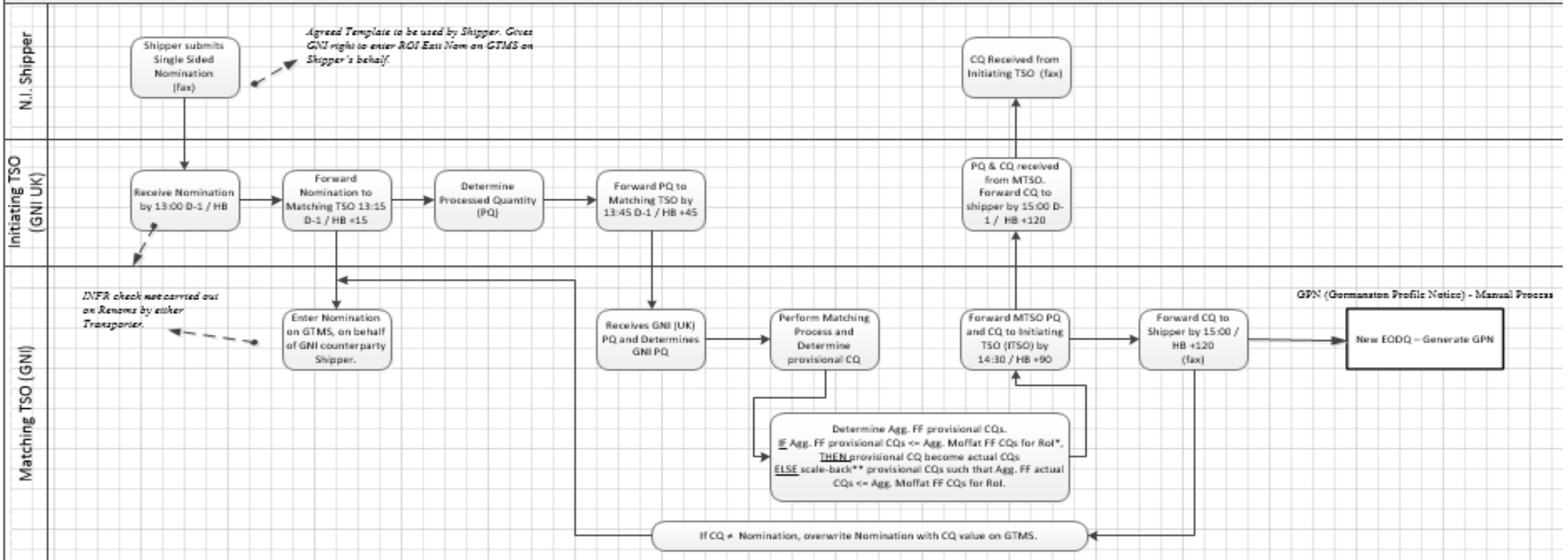


Gormanston IP Interim Arrangements – (Re)Nomination/Matching & Profiling

Interim manual approach - Single Sided Nomination

Notes:

1. No V&F at IP.
2. INFR checks not implemented by either Transporter.



* While this 'Interim manual approach - Single Sided Nomination' process map ensures Agg. G/ton FF actual CQs <= Agg. Moffat FF CQs for Rol for a particular matching- cycle, Agg. Moffat FF CQs for Rol may decrease during a later matching-cycle for the gas day - thus invalidating condition - Agg. G/ton FF actual CQs <= Agg. Moffat FF CQs for Rol.

** Simple scale-back methodology given by -
 Shippers' actual G/ton CQ =
 Shipper's provisional CQ minus [(shipper's provisional CQ/agg. of shippers' provisional CQs) * total scale-back quantity required]
 where
 total scale-back quantity required = agg. provisional G-ton CQs minus agg. Moffat FF CQs for Rol



CODE MODIFICATIONS



REVISED CAM NETWORK CODE

- An amendment to the Capacity Allocations Mechanisms (CAM) Network Code (EU 984/2013) (the ‘CAM Amendment’) is in the final stages of approval and formal adoption by the EU
- Effective date of 1st April 2017
- The NI TSOs currently anticipate that it will be necessary to incorporate the basic requirements of the CAM Amendment into the NI Network Codes in order to be compliant on time
- TSOs plan to prepare and consult on Code Modifications to the existing Network Codes, as soon as possible in 2017
- The CAM Amendment contains rules for Incremental Capacity (i.e. new-build capacity), including:
 - The assessment of market demand
 - A project design phase
 - A capacity allocation phase which involves utilising either:
 - Auctions
 - ‘An alternative’ capacity allocation mechanism
- The first Market Demand Assessment will be required to be produced during 2017

CHANGES TO THE AUCTION CALENDAR

| Auction | Current Date | New Date |
|---|---------------------------|----------------------------|
| Annual IP Capacity | 1st Monday of March (Y-1) | 1st Monday of July (Y-1)* |
| Annual Quarterly IP Capacity | 1st Monday of June (Y-1) | N/A |
| First Quarterly Capacity Auction (offering capacity for Q1 – Q4 for Y) | N/A | 1st Monday of August (Y-1) |
| Second Quarterly Capacity Auction (offering capacity Q2 – Q4 for Y) | N/A | 1st Monday of November (Y) |
| Third Quarterly Capacity Auction (offering capacity Q3 – Q4 for Y) | N/A | 1st Monday of February (Y) |
| Fourth Quarterly Capacity Auction (offering capacity Q4 for Y) | N/A | 1st Monday of May (Y) |

*The annual auction for Gas Year 2017/2018 will take place in March 2017

WTL TRANSPORTATION CODE

- The West Transmission Limited (WTL) Transportation Code became effective on 1st April 2016
- Shippers have been able to accede to the code since this date
- Sections of the WTL Transportation Code have been switched off until the First Gas Flow Day:
 - Section 3: Allocations
 - Section 4: Balancing and Scheduling Charges
 - Section 5: Balancing and Shrinkage Gas
 - Section 6: Exceptional Events and Emergencies
 - Section 7: Entry Requirements
 - Section 8: Exit Requirements
 - Section 9: Measurement and Testing
 - Section 10: Maintenance
 - Section 12: Charges, Payment and Tax
- Section 2: Nominations will become operational on the Nominations Operational Date allowing Shippers to nominate for the First Gas Flow Day
- WTL will publish these dates shortly

INTERIM MEASURES

- In November 2014, the TSOs consulted on adopting an Interim Measures approach to implementing aspects of the EU Balancing Regulation
- Adopting 'Interim Measures' would permit up to five years to achieve compliance
- 'Interim Measures' effectively provides for the phased introduction of market based balancing rules
 - By allowing Shippers to have imbalance tolerances, at least initially
- NI already has an effective means for procuring balancing gas which satisfies the criteria for being an interim measure
 - Balancing services
- The TSOs recommended that the Interim Measures approach as the best means of meeting the Balancing Regulation objectives to help develop the traded market and minimise the costs of residual balancing in NI
- UR approved the Interim Measures report in March 2015 and notified ACER and the European Commission of their decision

INTERIM MEASURES

- The TSOs are currently working an updated version of the Interim Measures Report and plan to publish for consultation before the end of the year
- The updated report shall reflect:
 - Changes made to the Balancing Contract Arrangements
 - Contractual framework
 - Ability to trade at the NI Balancing Point
 - Proposal not to reduce tolerance levels at this time
- Once the CJV is operational, the TSOs will continue to work on the development of the balancing arrangements required in the next few years

INCORPORATION OF THE NEW BALANCING CONTRACT ARRANGEMENTS

- Transportation Codes affected:
 - PTL (Modification No.40)
 - GNI(UK) (Modification No.25)
 - WTL (Modification No.02)
- Purpose of the modification:
 - To incorporate the arrangements for new balancing contracts, including adjustments for charging and rules for the utilisation of balancing contracts
- Consultation ended on 28th October 2016
- No third party representations were received in response
- The TSOs submitted Final Modification Reports to UR on 11th November
- UR are considering the submissions

TRANSFER OF EXIT CAPACITY BETWEEN NORTHERN IRELAND EXIT POINTS TO PERMIT SECONDARY TRADING OF EXIT CAPACITY

- Transportation Codes affected:
 - PTL (Modification No.39)
 - GNI(UK) (Modification No.24)
- Purpose of the modification:
 - To facilitate Secondary Transfer of Exit Capacity on a daily basis between Exit Points on the NI gas transmission system
- Consultation ended on 28th October 2016
- 4 third party representations were received in response:
 - 3 supportive
 - 1 not supportive
- TSOs are not supportive of the proposed modifications for the reasons outlined in the Initial Modification Reports
- On 11th November 2016, the TSOs provided UR with a copy of the responses, a summary of responses and a letter requesting an extension of modification timelines should UR instruct the TSOs to develop the proposals further
- UR are considering the submissions



END

