

Consultation on Introduction of South North Entry point to the BGE(NI) Network: High Level Business Rules

6 April 2012

1. Purpose of this paper

- 1.1. This paper sets out for consultation the high level business rules for the South North Pipeline (SNP) entry point to the BGE(NI) network in Northern Ireland. This product has been developed in order to satisfy infringement proceedings against the UK under Regulation (EC) 715/2009 which replaced Regulation (EC) 1775/2005 and which alleged that BGE(NI) does not provide maximum capacity available on South-North pipelines (SNP).
- 1.2. The business rules are published alongside this document and have been prepared by BGE(NI). The business rules will be presented to industry at the next EU code forum on 24th April.
- 1.3. Consideration will be given to how the draft business rules will impact on the code and this work will be ongoing during the consultation process. There will be a later consultation on the legal drafting of the BGE(NI) code in May 2012.

2. Background

- 2.1. The European Commission referred the UK and Ireland to the European Court of Justice on 26 January 2012 for a failure to fulfil certain obligations under Regulation (EC) 715/2009, which replaced Regulation (EC) 1775/2005 on 3 March 2011. Earlier in June 2010 the Commission issued a reasoned opinion to the UK for non-implementation of certain aspects of Regulation (EC) 1775/2005. These requirements were to be fulfilled as part of the CAG project by 1 October 2012 but this deadline will not now be met.¹
- 2.2. The two Departments have jointly requested that the Utility Regulator and the Commission for Energy Regulation (CER) in Ireland urgently focus their resources, and the resources of the system operators, on ensuring immediate compliance with the Gas Regulation in the EU Second Package in their respective jurisdictions.
- 2.3. The Utility Regulator is progressing a work programme with the TSOs to meet the infringement and a timetable for consultation with industry has been published separately.
- 2.4. The business rules have been developed to complement other business rules developed for the short term daily capacity product and the virtual reverse flow product.
- 2.5. The new entry point on the SNP will require corresponding entry/exit arrangements to be put in place in the Gaslink code in the Republic of Ireland. This work is ongoing at present.

¹ See Common Arrangements for Gas (CAG) Industry Update published on 2/2/12 on the Utility Regulator website.

3. Consultation questions

3.1. Given the imperative to comply with the outstanding areas of the infringement, the approach to entry point rules has been to introduce rules which are cost effective and can be implemented and offered to shippers quickly.

3.2. We would welcome comments on:

3.2.1. The specifics of the business rules proposed

3.2.2. The consultation process proposed below.

4. Consultation process

4.1. Given the imperative to comply with the outstanding areas of the infringement, we are minded to shorten the usual code modification process established by the TSOs. The Code Modification Rules of both TSOs allow the Authority, upon request of either the TSO or another consultee, to reduce the timescales set out in the modification rules.

4.2. In this case we propose to consult on the entry point rules in two phases – the present consultation on the business rules and a second later consultation under the Code Modification Rules on the code drafting itself.

4.3. During the consultation on the business rules we will facilitate a discussion on the proposals for the entry point during the next EU code modification forum which is scheduled for 24 April.

5. Next steps

5.1. We welcome responses on the issues set out in this paper by 30 April. Responses should be sent to:

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