



Industry Workshop

Allocations Business Rules

18th November 2014

Agenda

- Relevant Context
- Entry Allocation Rules at Interconnection Points
- Trade Allocation Rules
- Aggregate NI IP Entry Allocations
- Exit Allocations at points which are not IPs
- IP Exit Allocations for Virtual Reverse Flow
- Shipper Aggregate NI Exit Allocations
- Allocations for NI Aggregate Imbalance Calculations
- Allocations for IP Entry Capacity Overrun Charges
- Transition Details

Context

Context

- NI needs to be compliant with EU Interoperability Code
 - Operational Balancing Agreement (OBA) main route to compliance with Allocations Requirements
- OBA Approach is proposed for Moffat
 - Terms between NG and BGE(UK)
- OBA = Shippers get allocated what they (last) nominated
 - On both NG and PTL sides
- No need for Moffat Agent allocation services for NI Entry Allocations
- ‘Steering difference’ = difference between target aggregate delivery quantity and actual
- Steering difference within a tolerance
 - Gets allocated to an Operational Balancing Account between the TSOs
- Next day’s target adjusted
 - To try to reduce any balance in the OBA Account
- OBA essentially an operational function, but has impact for Shippers
 - Reduces risk, encourages (re-)nominations accuracy
 - PTL is evaluating the impact of the OBA to ensure that it does not increase the need for system balancing action in NI or increase balancing costs payable by NI Shippers

Moffat Agent

- PTL currently participates in the Moffat Agency Agreement in order to provide NI Shippers Entry Allocations
- Moffat Agent services will no longer be required for Allocations
- TSOs have initiated discussions with Moffat Agent
 - As to its withdrawal from service from October 2015
 - Transition period envisaged
 - For nominations in particular
 - Also for allocations close-out which currently can run to D+5

Entry Allocation Rules at IPs

IP Entry Allocations – Timings and Roles

- **‘Prevailing IP Entry Allocation Rule’** OBA tolerances levels have not been breached
 - Entry Allocations= last confirmed quantities at that IP
- Initial Entry Allocations will be provided by end of D+1 {Bal code Art 37}
- Final IP Entry Allocations by D+5
- No change between Initial and Final Entry Allocations
 - Because they will equal last (re) nomination
 - Except in exceptional circumstances where OBA tolerances are breached
- Entry Allocations for Moffat will be determined and provided by PTL
- Entry Allocations for South North will be determined and provided by BGE(NI)
- Initial and Final Allocations will be provided ‘per Nomination’
 - Which will reflect Shippers capacity/counterparty arrangements
 - Shippers will also then receive an Aggregate NI Entry Allocation
- Shippers with multiple counterparties (e.g. holding bundled and unbundled capacity) will have a Nomination, and hence Allocation, per counterparty
- TSOs will not be offering a Forward Flow Interruptible Entry Product

IP Entry Allocations in case of an OBA Tolerance Breach

- **'Fallback IP Entry Allocation Rule'** Shippers allocated a pro-rata share of the Metered Quantity
 - $(\text{NI Moffat Metered Quantity} + \text{NI Moffat VRF IP Exit Aggregate Allocation}) \times \text{the ratio of the total of the Shippers CQ (forward flow) to the total of the CQ for all Shippers.}$
- Breach of OBA tolerances very rare (practically never, in practice in Europe)
- For Moffat:
 - PTL will be informed by BGE(UK) of and will be provided with the relevant measured quantity
- PTL will provide Shippers with Initial Entry Allocations on D+1 as normal
- PTL will provide notice to Shippers that:
 - An OBA tolerance breach occurred
 - Their Final Entry Allocations may differ from Initial
 - NI TSOs will notify Shippers by D+5
- PTL will perform Entry Allocations pro-rata to last Renomination
- PTL will provide Final Entry Allocations to Shippers by D+5
- Same rules at South North, if/when OBA between BGE(NI) and Gaslink is in place except BGE(NI) will provide allocations for NI Shippers
 - Rules will apply independently at each IP

Trade Allocations

Allocations for Gas Trade Nominations

- Trade Nominations will be introduced
 - To allow Shippers/Trading Parties to trade gas with each other at the NI BP
- Confirmed Trade Nominations will be allocated 'whole'
 - i.e. Allocated quantity = Trade Notification Quantity
- Trade Buy Allocations will count towards a Shipper's system inputs
 - Treated as Entry Allocation
- Trade Sell Allocations will count towards a Shipper's system outputs
 - Treated as Exit Allocation

Aggregate NI IP Entry Allocations

Aggregation of Entry Allocations

- Shippers may have multiple Entry Nominations (per product (eg Firm bundled, Firm unbundled per counterparty, Interruptible unbundled per counterparty))
- Initial and Final Entry Allocations will be made per Entry Nomination
 - Shippers will have multiple Final IP Entry Allocations
- For Imbalance Charge and Overrun charge purposes, Shippers will need a single Aggregate NI Entry Allocation in respect of each Gas Day
 - IP Entry Allocations (for all nominations/product types and at all IPs for D) + Trade Buy Allocations
- Aggregate NI Entry Allocation $_D = \sum \text{Final IP Entry Allocations}_D + \sum \text{Trade Buy Allocations}_D$
- Aggregate NI Entry Allocations will be provided by D+5.

Exit Allocations at points which are not IPs

Exit Allocations

- Existing allocation rules/preferences can be maintained (pro-rata or pre-specified by Shippers)
 - Initial and Final Exit Allocations D+1 and D+5
 - BGEP1 Final Exit Allocations M+5
- Currently Shippers allocations of gas in excess of the Firm Capacity booked at an Exit Point are deemed to be Interruptible Allocations
 - This will be replaced
 - Allocations of gas in excess of Firm Capacity at an Exit Point will still be considered as Firm Allocations
 - attract a charge associated with the capacity
 - The charging structure will be determined by the Utility Regulator.
- No changes to allocation of gas amongst parties at a Shared Exit Point

IP Exit Allocations for Virtual Reverse Flow

IP Exit Allocations for Virtual Reverse Flow

- Simplification of Codes to remove VRF on Contract Paths
- TSOs must offer VRF Interruptible Exit Capacity Product at IPs for EU Compliance
 - Interruptible Only
 - Day ahead, unbundled product via PRISMA
- Considering Interruptible VRF IP Exit Capacity Product Within day
 - Over-nomination procedure
- VRF Nominations at an IP will be Exit Nominations
- One Exit nom per counterparty against VRF Capacity in respect of Gas Day
- VRF Nominations will be 'allocated whole' using 'allocate as nominate' principle
- Unless interrupted , in which case TSO revises noms to reflect interruption
 - Prevailing confirmed VRF IP Exit (Re)nom
- VRF IP Exit Allocations for Moffat Provided to Shippers by PTL
 - Initial by end of D+1
 - Final by end of D+5

Shipper Aggregate NI Exit Allocations Allocations for NI Aggregate Imbalance Calculations

Aggregate Exit Allocations

- Similarly, Shippers will have an aggregate NI Exit Allocation,
 - Which will include any VRF Exit Allocations
 - And any Trade Sell Allocations
- Aggregate NI Exit Allocation $_D = \sum \text{Final Exit Allocations}_D + \sum \text{Final VRF IP Exit Allocations}_D + \sum \text{Trade Sell Allocations}_D$
- NI TSOs will provide Aggregate NI Exit Allocation by M+5
- Imbalance position = difference between their Aggregate NI Entry Allocation and their Aggregate NI Exit Allocation

Allocations for NI Aggregate Imbalance Calculations

Allocations for NI Aggregate Imbalance Calculations

- Imbalance position = difference between their Aggregate NI Entry Allocation and their Aggregate NI Exit Allocation.
- NI TSOs may share information with each other concerning Allocations, including VRF IP Exit Allocations, for the purposes of calculating NI Imbalance and other charges.
- Further rules on imbalance charges and tolerances to be developed and consultation on separately.

Allocations for IP Entry Capacity Overrun Charges

Allocations for IP Entry Capacity Overrun Charges

- Where the sum of a Shipper's IP Entry Allocations exceeds the total quantity of IP Entry Capacity booked by that Shipper in respect of a Gas Day, the amount by which the Shipper's IP Entry Allocations exceed its total entry capacity booked will attract an Entry Capacity Overrun charge
- The rates for Entry Capacity Overruns will be specified by the Utility Regulator (anticipated to be 8 x daily rate).

Transition Details

Transition details (Outline)

- **Exit Allocations Transition**

- Close-out of exit allocations will be provided for under the 'old' rules for each day up until and including 30th September;
- For Gas Days commencing 05:00 1st October 2015, the revised exit allocations rules will apply.

- **Entry Allocations Transition**

- For Moffat, entry allocations will be provided for via the Moffat Agent processes for each day up until and including 30th September 2015;
- Entry Allocation Close out for 30th September 2015 will be 5th October 2015, and during this period any amendments to entry allocations will be processed via the Moffat Agent processes;
- For the Gas Day commencing 05:00 1st October 2015, and thereafter, the new entry allocations rules will apply;
- For South North, the entry allocations rules will apply with effect from 1st October 2015.

Questions?