

Overview of CJV model for Northern Ireland

Presentation to Industry Workshop 27 May 2015



Agenda

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2. Proposed Operating Model
3. CJV functions
4. Key Considerations/Dependencies
5. Workplan
6. Benefits of Proposed Model
7. Next Steps

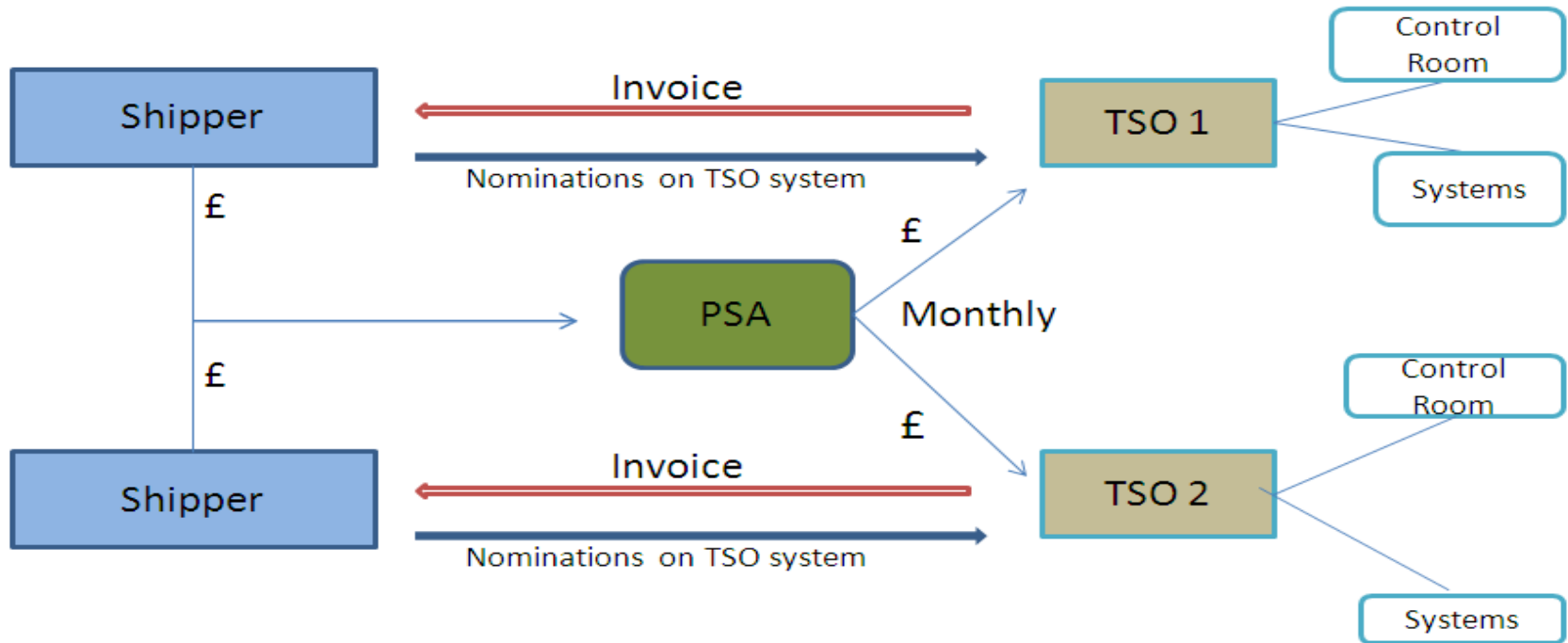
Section 1: Background

Background

- UREG are advocating the development of single system operations for the Transmission Network in Northern Ireland . This would include a new single IT system and a new central function which would administer a single code and market operations on behalf of all TSO's on the network
- TSO's are undertaking a programme of work to:
 - Create a new **Contractual Joint Venture** which will undertake market operations of the TSO's going forward
 - a **System Operator Agreement** between the TSO's for the co-ordination of physical operation of the NI network – owned and operated separately by the TSO's, but co-ordinated at the interface

Section 2: Proposed Operating Model

Current NI Operations under a 2 TSO Model



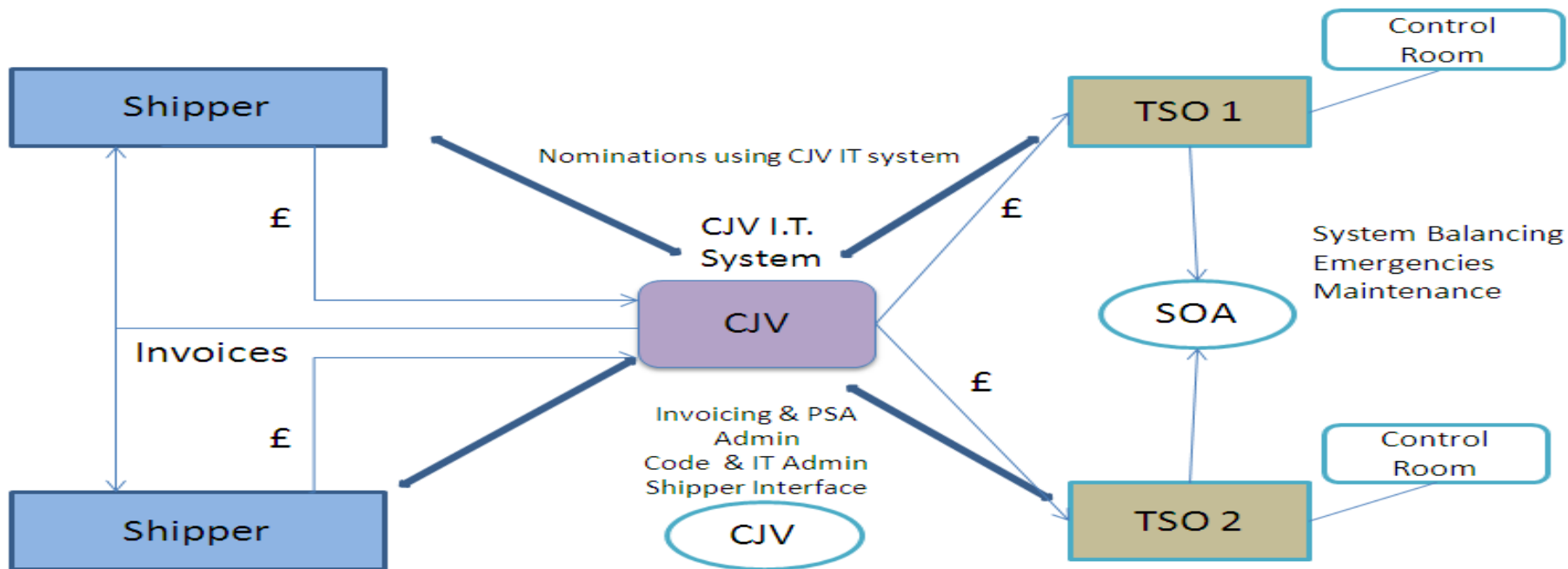
- **Features of current model in NI:**

- Each TSO has their own control room, code and IT systems
- Shipper interacts directly with TSO(s) as appropriate (e.g. capacity bookings)
- Cashflows from TSO invoices administered through third party PSA
- TSO collaboration in respect of issues such as emergencies, balancing, maintenance etc.

Key Limitations of Current Model

- There is no single code modification process in place as there are separate codes for each transmission system
- Shippers have to interact with different codes, IT systems etc. on a daily basis
- With any required code changes, multiple IT systems have to be updated

Proposed NI Model with CJV/SOA under a 2 TSO model



• **Features of new Model:**

- Market Operations governed by ONE single code
- Market Operations administered by ONE single IT system
- Invoices issued by ONE entity, the CJV
- Shippers interact with ONE entity (CJV) in respect of market operations (e.g. capacity bookings)
- Co-ordination by TSO's at interface points continues & is enhanced as part of a System Operator Agreement (SOA)

Key TSO activities undertaken by CJV (on behalf of TSO's)

- Market Operations (capacity booking, noms, allocations, PSA admin etc)
- Single Code Administration & interface with UREG on Code/market related issues
- Commercial Balancing (contracts etc)
- Admin of Energy Balancing Charges
- Market Reports
- Procurement and admin/support of Single IT system.
- Invoicing function- all shipper bills would be issued by CJV going forward

Overview of System Operator Agreement (SOA)

- The SOA will govern arrangements between the TSO's for the delivery of a co-ordinated physical operation of the NI gas transmission system
- The SOA will detail how co-operation between TSO's at network interface points is managed
- The SOA will includes schedules on issues such as: co-ordination of control rooms, system balancing, maintenance & emergencies

Section 3: CJV functions

Key Roles/Functions within CJV

GENERAL MANAGER

Oversees CJV operation
Budget & Cost Control
Governance and Reporting
Stakeholder engagement

CODE

Development and Administration
Code Mod Forum, EU codes

OPERATIONS & FINANCE

Transportation Invoicing
PSA & FS administration
Accounting & Financial Reporting
Bal Gas and General Service Contracts

IT

Maintain and Enhance IT systems

NEW CONNECTIONS

1st point of contact for new connections
queries
Develop & Administer Single NI
connection policy
Liaise with TSO's in Co-ordination of
Network Development Report

Section 4:

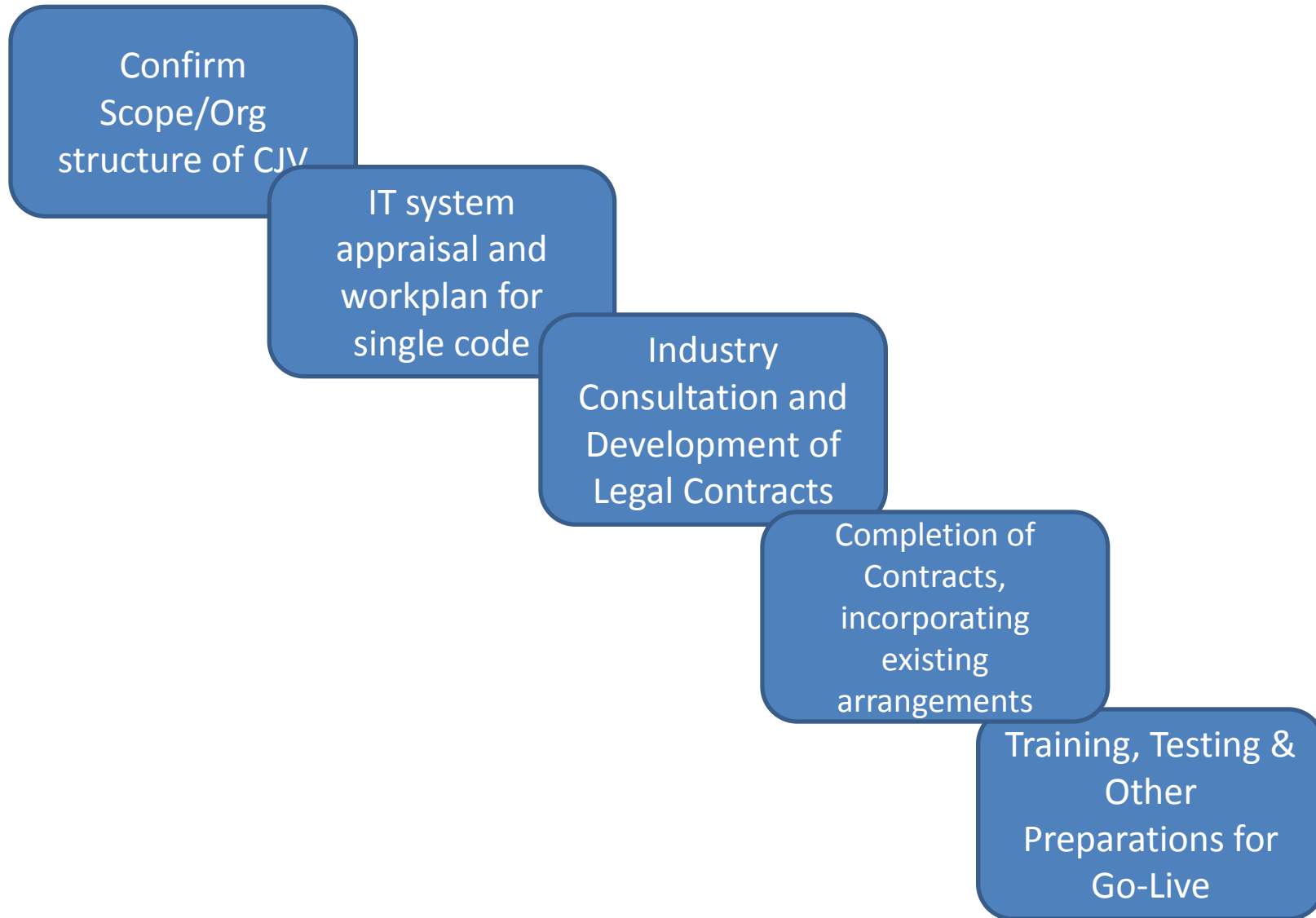
Key Considerations/Dependencies

Key Considerations/Dependencies:

- CJV organisation structure/recruitment
- Project/Workplan to develop single code and single market enabling IT system
- Preparations/Training/Testing for CJV go-live
- Develop Formal Agreements between TSO's
- Licence Changes to reflect new structure

Section 5: Workplan

High Level CJV/SOA Workplan



Section 6: Benefits of Proposed Model

Benefits of new arrangements

- The contractual joint venture facilitates the development of a single team to administer a single code and liaise with shippers
- The System Operator Agreement facilitates the improved co-ordination of the physical operation of the NI gas transmission network

Benefits of the new arrangements for shippers

- **One –stop-shop:** Shippers utilising the NI transmission system will interface with one body, the JV in relation to Market operations. Easier and more efficient
 - Current Arrangements involve multiple codes and IT Systems
- **Consolidation:** All existing Co-operation agreements that are currently operational will be merged
- **Single Code:** Uniformity in the code transportation arrangements
- **Single IT:** shippers will utilise one system going forward
- **Efficiencies:** Long run gains in the operation and development of one single IT system and one single code
- **Network Expansion:** any new TSO's would be required to sign up to this JV arrangement

Section 7: Next Steps

Next Steps

- Aggregate high level plan to be finalised
- Project/Workplan for CJV IT system build and single code build to be progressed
- Confirm remit/scope/org structure of CJV
- Further engagement with industry
- Outline the UAT/transition plan