

Mr Stephen English
Gas Market Operator (NI),
Fourth Floor,
The Arena Building,
85 Ormeau Road,
Belfast,
BT7 1SH

Ref: NET/G/TH/197

12 March 2020

Dear Stephen,

RE : NI Network Gas Transmission Code Modification No 8

Thank you for your recent submission of the Final Modification Report (FMR) in respect of the above named proposal. The purpose of the modification is to put in place a phased reduction of Imbalance Tolerances for Shippers. Reduction in Imbalance Tolerances is required, following the Tolerance Review which was consulted on by the Transporter in July 2019, to improve compliance with EU Regulation 312/2014 (known as the Balancing Network Code).

The Proposed Modification would reduce Imbalance Tolerances in two phases: phase 1 would commence from 1st April 2020, and phase 2 would commence from 1st April 2021.

The Proposed Modification would also amend section 8 to align the tolerance band categories used for both Imbalance and Scheduling charges with the categories used by the Distribution Network Operators for non-daily metered and daily metered categories, and modify the naming of the Scheduling and Imbalance Tolerance Tables.

The Proposed Modification also contains an update to the Exit Allocations rules clarifying that Distribution Network Operators are required to obtain prior approval for Re-allocations and minor associated amendments in section 10 to remove references to Downstream Load Statements.

Authority review and conclusions

The Utility Regulator has considered the information provided in this FMR. We note that the Transporter received five responses to the Initial Modification Report (IMR) and seven responses to the Imbalance Tolerance Review prior to the IMR. The respondents raised some matters which the Transporter will continue to monitor. The Transporter will

undertake a further assessment of industry performance and the potential impacts of the phase 2 reductions to the Imbalance Tolerances prior to their scheduled implementation. No changes were made to the Proposed Modification following the consultation.

We are content that the proposal would better facilitate the 'relevant objective' in two ways. Firstly, the two phased reduction in Imbalance Tolerances increases the incentive for Shippers to balance their own daily inputs and outputs on the NI Gas Transmission Network. This should reduce residual balancing costs and support compliance with the Balancing Network Code. Secondly, it will improve co-ordination for Shippers with the distribution network codes by better alignment of load categories and clarifications to the Exit Allocation rules.

We agree that these changes should improve the reliable and efficient operation of the NI Gas Transmission Network.

Decision

As provided for in condition 2.4D.9(c) of the relevant licences we direct the Transporter to implement the modification as set out in FMR No 8 dated 11th February 2020. The modification shall become effective as set out in the FMR.

Yours sincerely,



Tanya Hedley
Director of Networks
For and on behalf of NIAUR