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
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

Formation of the CJV “Entity”

System Operator Agreement ("S OA")

TSO – TSO Operational Arrangements

GNI (UK) Ltd. premier west belfast gas

TRANSMISSION TRANSMISSION TRANSMISSION
CJV OVERVIEW - STRUCTURE

Steering Committee

General Manager

IT  Market Development  Market Operations  Finance
CJV ACTIVITIES
- INTERFACE

NB. Not Accurate or to scale
CJV ACTIVITIES
- TRANSMISSION CODE

Single NI Transmission Code
CJV Administered and Operated

NB. Not Accurate or to scale
CJV ACTIVITIES - IT SYSTEM

GTMS (NI)
Single NI IT System
CJV hosted, supported and maintained
ALINE

NB. Not Accurate or to scale
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
Transition / Mobilisation

21st November 2016

**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

1st October 2017
CJV Go Live
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).
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 & Baselining

Code Readiness
HLP Consultation

IT Readiness
IT System Selection completed (GTMS)
Provisional Functional Scope Signed off by TSOs
<table>
<thead>
<tr>
<th>Work Packages</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Aug</td>
<td>Sept</td>
</tr>
<tr>
<td>Requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Functional Design</td>
<td></td>
<td></td>
</tr>
<tr>
<td>System Development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>System Int Testing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FAT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAT / UAT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>User Guides and Training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Handover to CJV</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Go-Live</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post Go Live Support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SCADA / Network / Environments</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sign off

Early Chipper

High level training

UAT Sign off

To Jan 2018
<table>
<thead>
<tr>
<th></th>
<th>Nov-16</th>
<th>Dec-16</th>
<th>Jan-17</th>
<th>Feb-17</th>
<th>Mar-17</th>
<th>Apr-17</th>
<th>May-17</th>
<th>Jun-17</th>
<th>Jul-17</th>
<th>Aug-17</th>
<th>Sep-17</th>
<th>Oct-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business</strong></td>
<td>Update</td>
<td></td>
<td>Update</td>
<td>Update</td>
<td></td>
<td>Update</td>
<td>[Update]</td>
<td>Go Live</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Code</strong></td>
<td>HLP Consultation</td>
<td>Code Mod Process</td>
<td>Shipper Transition</td>
<td>Go Live</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>IT</strong></td>
<td></td>
<td></td>
<td></td>
<td>Early View</td>
<td></td>
<td></td>
<td>System Training</td>
<td>Go Live</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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
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.
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
- 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

Shippers entering at NI Entry Points

Shippers exiting at NI Exit Points

PTL
BGTL
GNI (UK)
WTL
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.
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
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.
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.
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
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 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.
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.
‘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

Invoice Payments → PSA/Trustee Bank AC (PoT) → Shippers Exiting at Stranraer, Larne, Ballylumford & VRF at Moffat and/or Entering at Moffat

PTL

PS Transmission Charges Invoices

BGTL

Allowed Revenue Entitlements

Shippers Exiting at Belfast

GNI (UK)

Shippers Exiting at Coolkeeragh & VRF at SN and/or Entering at SN

NB: WTL not shown
KEY CHANGES – CHARGES, PAYMENT AND TAX

Proposed Arrangements

Transmission Charges

- PTL
- BGTL
- WTL
- GNI(UK)

Trustee Bank AC (PoT)

Allowed Revenue Entitlements

CJV (using CJV IT)

Invoice Payments

ALL NI Shippers

PS Transmission Charges Invoices

Code Charges

CJV (using CJV IT)

PS Code Charges Invoices

ALL NI Shippers

NI Postalised Disbursement Account

Payments In

Payments Out (administered by CJV)
KEY CHANGES – CREDIT

**Initial Security**
- CJV (using CJV IT)
  - RLCS Notice
  - Relevant Shippers i.e. those securing credit by deposit
  - Credit Deposits
  - CJV Credit Account

**Drawdown**
- CJV (using CJV IT)
  - Drawdown on Letter/Guarantee/ or deposit
  - Securer (or CJV Credit Account)
    - Credit Drawdown Amounts
    - PoT Account / NI Disbursement Account
      - ‘Excess Amounts’
        - Return any remaining excess once no longer required
        - Administered by CJV
        - CJV Credit Account (Escrow - interest bearing)
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.
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:

- Consultation responses are welcome on or before 5th December 2016
HIGH LEVEL WORK PLAN - 2017

- Contractual Transition i.e. accede to new code & commence pre-gas year activities
- Prepare Single Code Text & Consultation
- Single Code Consultation and report preparation
- UR Sign off
- 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
The Transportation Agreement expires on 30\textsuperscript{th} 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)

<table>
<thead>
<tr>
<th>Annual Tariffs</th>
<th>Moffat ROI Entry</th>
<th>G’Ton ROI Exit</th>
<th>G’Ton NI Entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity - p.pk. Day MWh</td>
<td>€360</td>
<td>€413</td>
<td>£241</td>
</tr>
<tr>
<td>Commodity – per MWh</td>
<td>€0.12</td>
<td>€0.26</td>
<td>-</td>
</tr>
</tbody>
</table>
Worked Example 1: 5 GWh on 10th December 2016

<table>
<thead>
<tr>
<th>Annual Tariffs</th>
<th>Moffat ROI Entry</th>
<th>G’Ton ROI Exit</th>
<th>G’Ton NI Entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity - p.pk. Day MWh</td>
<td>€360</td>
<td>€413</td>
<td>£241</td>
</tr>
<tr>
<td>Commodity – per MWh</td>
<td>€0.12</td>
<td>€0.26</td>
<td>-</td>
</tr>
</tbody>
</table>

December Daily Capacity Multiplier 1.18%

| Daily Capacity – p. MWh                | €4.24            | €4.85          | £2.83          |
| Daily Capacity – 5 GWh                | €21,191          | €24,275        | £14,166        |
| Commodity – 5 GWh                     | €615             | €1,280         | -              |
| Total                                 | €21,806          | €25,555        | £14,166        |

Assume €/£ Fx 0.90

| Total Cost per Day: ROI NI Capacity & Commodity | £19,626 | £22,999 | £56,791 |
Worked Example 2: 5 GWh on 10th February 2017

<table>
<thead>
<tr>
<th>Annual Tariffs</th>
<th>Moffat ROI Entry</th>
<th>G’Ton ROI Exit</th>
<th>G’Ton NI Entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity - p.pk. Day MWh</td>
<td>€360</td>
<td>€413</td>
<td>£241</td>
</tr>
<tr>
<td>Commodity – per MWh</td>
<td>€0.12</td>
<td>€0.26</td>
<td>-</td>
</tr>
</tbody>
</table>

*December Daily Capacity Multiplier 2.35%

<table>
<thead>
<tr>
<th>Daily Capacity – p. MWh</th>
<th>€8.48</th>
<th>€9.74</th>
<th>£5.66</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily Capacity – 5 GWh</td>
<td>€42,383</td>
<td>€48,551</td>
<td>£28,332</td>
</tr>
<tr>
<td>Commodity – 5 GWh</td>
<td>€615</td>
<td>€1,280</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>€42,998</td>
<td>€49,831</td>
<td>£28,332</td>
</tr>
<tr>
<td>Assume €/£ Fx 0.90</td>
<td>£38,698</td>
<td>£44,848</td>
<td></td>
</tr>
<tr>
<td>Total Cost per Day: ROI NI Capacity &amp; Commodity</td>
<td></td>
<td></td>
<td>£111,877</td>
</tr>
</tbody>
</table>
## Transportation Route – 2 Options

<table>
<thead>
<tr>
<th>Enter NI via SNIP</th>
<th>Cap: £ p/pk/d MWh</th>
<th>Com: £ p. MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>SNIP NI Entry</td>
<td>240.82</td>
<td></td>
</tr>
<tr>
<td>NI Exit</td>
<td>240.82</td>
<td>0.09</td>
</tr>
<tr>
<td>Total</td>
<td>£481.6</td>
<td>£0.09</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enter NI via ROI using SNP and IC System</th>
<th>Cap: £ p/pk/d MWh</th>
<th>Com: £ p. MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROI Moffat Entry</td>
<td>€360.25 – €/£ 0.9 Fx</td>
<td>324.23</td>
</tr>
<tr>
<td>ROI Gormanston Exit</td>
<td>€412.68 - €/£ 0.9 Fx</td>
<td>371.41</td>
</tr>
<tr>
<td>NI Gormanston Entry</td>
<td>240.82</td>
<td></td>
</tr>
<tr>
<td>NI Exit</td>
<td>240.82</td>
<td>0.09</td>
</tr>
<tr>
<td>Total</td>
<td>£1,177.3</td>
<td>£0.43</td>
</tr>
</tbody>
</table>
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 1\textsuperscript{st} 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
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 xxxxxxxxx

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 ONI 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

**Note:**
1. H/I VTR at TIP.
2. UDFR checks not implemented by either Transporter.

**Flow Chart:**
- **Nomination:**
  - Shippers submit Single Sided Nomination
  - N.I. Shipper receives Nomination by 13:00 D-1 / HB
  - Forward Nomination to Matching TSO by 13:15 D-1 / HB <15
  - Determine Processed Quantity (PO)
  - Forward PO to Matching TSO by 13:45 D-1 / HB <15
  - CO received from Initiating TSO (fax)
  - PG & CO received from MTSO, Forward CO to shipper by 15:00 D-1 / HB <120

- **Mapping TSO (GNI CQ):**
  - Enter Nomination (via GEMS) on behalf of GNI counterparty Shipper
  - Receives GNI (UK) PO and Defines GNI PO
  - Perform Matching Process and Determine provisioned CQ
  - Forward MTSO PO and CQ to Initiating TSO (ITTO) by 14:30 / HB <90
  - FG to Shipper by 15:00 / HB <120 (fax)

- **Profiling:**
  - Determine Agg. FF provisioned CQs & HB
  - If App. FF provisioned CQs < Agg. Moffat FF CQs for Rol,
    - THE provisioned CQs become actual CQs
  - ELSE scale-back** provisioned CQs such that Agg. FF actual CQs = Agg. Moffat FF CQs for Rol

**IF** CQ > Nomination, overwrite Nomination with CQ value on GTMS.

**IF** CQ = Nomination, overwrite Nomination with CQ value on GTMS.

**Notes:**

**Scale-back methodology given by:**
- Shippers’ actual G/Ion CQ = Shipper’s provisioned CQ minus [Shipper’s provisioned CQ/agg. of shippers’ provisioned CQs] * total scale-back quantity required
- total scale-back quantity required = agg. provisioned G/Ion CQs minus agg. Moffat FF CQs for Rol.
CODE MODIFICATIONS
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

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

*The annual auction for Gas Year 2017/2018 will take place in March 2017*
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
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.
The TSOs are currently working on 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