

# Final Modification Report No.2

## Amendment of Timescales for Shipper Forecast Information Request

13<sup>th</sup> December 2017

The Transporter has prepared this report in accordance with section 8 of the Code Modification Rules.

### **A Description of the nature and purpose of the modification**

This proposal is being made as a result of the requirement to publish transmission tariffs earlier in the year. The EU Tariff Regulation (EU 2017/460) specifies that from 2019 onwards, Reserve Prices for the Gas Year must be published on or before 31<sup>st</sup> May. They are currently published in the second half of July.

The Utility Regulator has published a consultation on Licence amendments which seeks to implement the change in the date for publishing the tariffs during 2018, so that Shippers will have the Reference Prices ahead of the re-scheduled Annual Capacity auctions in July 2018.

The NI Network Gas Transmission Code contains the provisions by which the Transporter gathers forecast information from Shippers each year to inform the calculation of the transmission tariffs. This Code Modification proposal is to amend the dates of the provision of that information to align with the changes proposed by the Utility Regulator, to support the rescheduling of the publication of tariffs to 31<sup>st</sup> May.

The full legal text is provided in section G.

### **B Third Party Representations**

The Transporter received two responses to the Initial Modification Report, from AES and SGN NG. Both responses support the proposed changes.

AES note the requirement to amend the timescales is in the context of the need for EU compliance and that the further out forecast information is requested, the less accurate it will be and therefore the provisional tariffs will also be less accurate, which could lead to increased year-end 'bullet' payments. AES considers the production in advance of the rates for the Annual auction will be an advantage. In addition, AES supports the future intention of the Transporter to introduce a second nearer-time forecast for the purposes of credit requirements.

SGN NG agrees that providing reserve prices ahead of the annual auctions will improve certainty over prices for annual entry capacity. It also observes that providing the forecast information so far in advance may impact its accuracy, particularly in relation to the Gas to the West network which is in a growth phase. Nonetheless it confirms that it will endeavour to provide the required information in an accurate and timely manner and that it will have the necessary arrangements in place to facilitate the requirements set out in the proposed Code Modification.

**C The clauses of the NI Network Gas Transmission Code that require amendment**

This proposal amends the dates in section 16.2 which refer to the provision of the Forecast Information Request to Shippers and the date for the completed request to be submitted to the Transporter.

**D Impact on the networks of the Designated Pipeline Operators, Adjacent Transporters and/or relevant agreements in respect of the NI Network:**

The Transporter has considered the impacts the modification may have and has concluded as follows:

Operation of the networks of the Designated Pipeline Operators: No impact

Adjacent Transporters: No impact

Relevant NI Agreements: No impact

**E Changes from the Initial Modification Report**

No changes to the legal text, relative to that published in the Initial Modification Report, are proposed.

**F The date proposed for implementation**

15<sup>th</sup> January 2018.

## G Final Legal Text

### 16. SHIPPER FORECAST INFORMATION AND THE TEN YEAR STATEMENT

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*Amend section 16.2 to read as follows:*

#### 16.2 Shipper Forecast Information for Charging Calculations

- 16.2.1 The Transporter is required pursuant to condition 2A.2.3 of the Licences to provide certain forecast information to the Authority by no later than the last Business Day in ~~June~~ March in each Gas Year, such information to be utilised in relation to the calculation of Charges on the NI Network.
- 16.2.2 For the purposes of preparing the forecast information referred to in section 16.2.1, by ~~4<sup>th</sup>~~ 10<sup>th</sup> ~~Business Day in January~~ in each Gas Year the Transporter shall provide an information request to Shippers (the “**Shipper Forecast Information Request**”).
- 16.2.3 The Transporter shall specify on the Shipper Forecast Information Request the units and any other details or items for which it may reasonably require Shippers to provide a forecast and/or further information.
- 16.2.4 A Shipper shall complete the Shipper Forecast Information Request in respect of a five-year period commencing on the 1<sup>st</sup> October in each Gas Year. Subject to 11.2.3, the Shipper Forecast Information Request shall require completion of at least the following details:
- (a) the amount of IP Entry Capacity and VRF IP Exit Capacity (by IP Capacity Duration) which the Shipper forecasts it will hold;
  - (b) the amount of Exit Capacity at each Exit Point which the Shipper forecasts it will hold;
  - (c) the quantity of gas which the Shipper forecasts it will flow at each IP Entry Point and VRF IP Exit Point; and
  - (d) the quantity of gas which the Shipper forecasts it will flow at each Exit Point.
- 16.2.5 A Shipper shall submit its' completed Shipper Forecast Information Request to the Transporter by no later than the ~~last 40<sup>th</sup>~~ last 10<sup>th</sup> Business Day in ~~February~~ June.
- 16.2.6 Where there is a material change to the information provided on the completed Shipper Forecast Information Request during the Gas Year, the Shipper shall provide a revised Shipper Forecast Information Request form to the Transporter as soon as possible.
- 16.2.7 Shippers agree to respond within a reasonable timeframe to any additional requests for forecast (or other) information made by the Transporter at any time where necessary for the purposes of compliance with information requests from ENTSOG, ACER, the Authority and/or any other reasonable purpose.