

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

Ref: NET/G/RML/336
26 March 2021

Dear Stephen,

RE : NI Network Gas Transmission Code Modification No 11

Thank you for your recent submission of the Final Modification Report (FMR) in respect of the above named modification. The purpose of the modification is to review the multipliers (known as the “small adjustment”) which are applied to imbalance charges. It will also correct an administrative error in code mod 8. This follows the Tolerance Review which was consulted on by the Transporter in July 2019 and will improve compliance with EU Regulation 312/2014 (known as the Balancing Network Code), which has been transposed to UK legislation following EU Exit.

The timing of this modification aligns with the second stage of the Tolerance Review, which was implemented in code mod 8. The Transporter considers that with lower tolerances increasing the incentive to reduce imbalances, the time is right to review the “small adjustment” to comply with the Balancing Network Code.

Authority review and conclusions

The Utility Regulator has considered the information provided in this FMR. We note that the Transporter received one response to the Initial Modification Report (IMR). No changes were made to the Proposed Modification following the consultation.

Although the Balancing Code foresees the removal of tolerances, no further review date has been agreed at this stage. The Transporter has stated that it will continue to monitor and review the balancing regime in light of this relaxation, if there is a deterioration in balancing behaviour.

We are content that the proposal would better facilitate the 'relevant objective' in two ways. Firstly, this modification will comply with a requirement of the Balancing Network Code to reduce the penalty on imbalance charges. Secondly, it works with second stage of the Tolerance Review to incentivise shippers to balance their portfolios.

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 11 dated 11th March 2021. The modification shall become effective as set out in the FMR.

Yours sincerely,



Roisin McLaughlin
Head of Network Operations
For and on behalf of NIAUR