Final Modification Report No.17
Introduction of Mechanism to Enable Booking of Exit Capacity for Commissioning

28th June 2023

Proposer: EP Ballylumford

Modification Representative: Harry Molloy (h.molloy@tynaghenergy.ie)

Date originally submitted to the Transporter: 23rd March 2023

Date of publication of Initial Modification Report: 2nd May 2023

Number of Responses received: 3

The Transporter has prepared this Final Modification Report No.17, including proposed legal text, in accordance with section A8 of the Code Modification Rules.

A Proposer's description of the nature and purpose of the modification

EP Ballylumford's proposal sets out that during commissioning, a power station will be required to utilise Exit Capacity when it is not commercially available. In addition, to meet Connection Agreement / Grid Code requirements, such power station will be tested at its maximum rated capacity for an extended period - normally at least 24 hours. This is the highest load factor the power station is ever likely to be dispatched to. Post commissioning, there may be a significant period before the power station is declared commercially available.

Under the current Code Exit Capacity arrangements, a power station would have to book Exit Capacity from the 1st day of the month gas was first utilised for commissioning testing until the end of the relevant Gas Year at a rate equal to its maximum technical capacity. Additionally, the power station would be required to pay for an equal level of capacity for all preceding months of the year, due to the 'ratchet mechanism'. This would be significantly in excess of the maximum capacity needed for normal operations. The operator of the power station would therefore incur a very significant cost at a time when the power station was not commercially available and therefore not in receipt of income.

The modification proposal would be to introduce a new form of Exit Capacity in the Code that would:

- be available to purchase on a daily basis at a daily price.
- not be subject to Exit Capacity Ratchet.
- only be applicable for the commissioning of a power station up to the point when the power station is declared fully commercially available.

EP Ballylumford suggest the daily price is calculated as the Forecast Postalised Annual Capacity Charge / 365.

B Proposer's view of how the modification better facilitates the relevant objective

EP Ballylumford proposes that the Relevant Objective (Condition 2.4D.2 of the Transporter Licences) will be better facilitated by the NI Network Gas Transmission Code as a result of this modification. This change will support the efficient and economic development of the NI Network and promote effective competition by removing economic barriers to potential new Shippers.

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

If implemented, this Proposed Modification would amend sections 3,6 and 17, along with some additional and amended defined terms in Appendix 1.

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

The Transporter has identified that it would need to amend the Charging Methodology Statement to reflect the charges for Commissioning Daily Exit Capacity.

E Representations

Three responses were received to the consultation on the Initial Modification Report.

As outlined in the summary provided below, the response from the proposer's parent company EP UK Investments (EP UKI) was in support of the Proposed Modification, and the other two responses were not in support. Full responses will be published on the GMO NI website.

1. EP UKI: In support

EP UKI acknowledges that the proposed changes would only apply to the Power Station Exit Point Shippers but considers this to be aligned with the economic development of the NI Network and beneficial to other Shippers. In addition, EP UKI:

- identifies that the analysis in the Authority's consultation on Short Term Exit Capacity products indicates that new electricity generation connections will result in a reduced contribution for all other Shippers;
- suggests that reducing the costs of commissioning would encourage future investment in the network;
- does not agree with the view of the Transporter that economic barriers have been removed by the introduction of Modification No. 16 and sets out a number of further circumstances where the new power station will incur costs associated with commissioning and testing;

- notes that it considers additional revenue obtained through commissioning would fund the network use of other users;
- acknowledges the complexity associated with daily exit capacity products and the Transporter's view that the Authority's consultation should be completed before daily products can be introduced. However, it disagrees with the latter point as it considers that the complexity is reduced considerably under the EP Ballylumford Proposed Modification, as the daily products would only be available to very select units at very select times. EP UKI suggests that a limited introduction of daily exit capacity would give Shippers and the Authority the opportunity to understand the impact and the behaviour of shippers who have access to short term products, and that this will significantly reduce the risks associated with the Authority's review and maximise the potential benefits of introducing short term products;
- is grateful for the Transporter's clarifications on the misalignment between the proposed allocation process and the requirement to submit applications by 30 April in the preceding Gas Year as well as the provisions requiring exit capacity to be booked for a complete month. EP UKI proposes further legal text changes. Similarly changes to the originally proposed text are suggested to address the misalignment of principles for allocation of capacity, reasons for rejection etc. as well as providing some suggestions for further defined terms;
- is supportive of the urgent implementation of any changes to IT Systems or Licences required to implement this Proposed Modification;
- supports the provision of written consent (outside the Licence) by the Authority given the material benefit that it considers would be realised through Daily Exit Capacity; and
- notes that it first raised the issue with the Transporter in early 2022 and considers that given the security of supply benefits and the advance engagement, it would be inappropriate for the Modification to be rejected on the basis of timeline.

2. Phoenix: Not in support

Phoenix Energy (Phoenix) considers that it is evident that the objective of this Proposed Modification is to significantly reduce commissioning costs for EP Kilroot whilst introducing potentially complex changes to the postalised NI gas regime without any evidence of the impact on other shippers. In addition, Phoenix:

- notes that the proposer considers that its costs would not be recoverable through the electricity market, but also that EP UKI has raised a proposed change to the electricity market to try and address this. Phoenix considers this is a more appropriate way to resolve this electricity matter rather than introducing changes which could unfairly impact other Shippers;
- notes the 77% cost reduction in Exit Capacity charges provided by Modification No.16 (of £11m to £2.55m) and the Transporter's view that Modification No.16 removed the economic barriers to commissioning any new gas-fired power station in NI;
- supports the Transporter's view of Proposed Modification No.17 as expressed in the Initial Modification Report;
- questions whether the changes required could be delivered on time for commencement of commissioning in July 2023, given the 6-9 months needed to implement systems changes and the need to address Licence changes in advance of this. Phoenix also notes that all shippers would bear the costs of such changes;
- considers that the implementation of Short Term Exit Capacity products is complex and that the Authority's consultation is seeking to consider the wider issues. In Phoenix's view, this Proposed Modification does not consider the impact on the exit

capacity tariff, the impact on cost allocation between power and distribution sectors, impact on year-end reconciliation or how the interests of gas and electricity consumers are served through the proposed changes;

- notes that the proposer identified in the GMO NI Shipper Forum on 19th April 2023 that its proposals would give an estimated reduction from c.£2.55m to c.£317.5k, on top of the estimated savings already provided for by Modification No.16;
- considers that the principle that capacity utilised should be paid for and costs fairly attributed to each shipper utilising the network under the terms of the postalised regime has to be reflected in any decision reached on the Proposed Modification;
- notes that the Transporter assumed that the proposer intended monies recovered to be treated through the Disbursement account (which all shippers would be exposed to) rather than contributing to ARR and reducing the unit cost of capacity for all shippers, and agrees with the Transporter that this would be inappropriate;
- notes the gaps in the Code identified by the Transporter, including on the application of Commodity Charges, confusion over two types of allocation, impacts on Imbalance charges and the lack of Ratchet or Overrun Charges meaning there would be no incentive to accurately book and pay for Exit Capacity;
- raises a concern that the Transporter is having to make assumptions about proposed arrangements and considers that it is essential to avoid the changes being used beyond the original intent; and
- disagrees with the proposer's assessment of the impact on relevant objectives. Since this Proposed Modification would only apply to the Power Station Shipper registered at the point, Phoenix considers that it would not benefit other Shippers at other types of Exit Point. In its view, it is difficult to see how the proposed changes would promote effective competition between gas suppliers when the proposals are likely to add additional costs and volatility to the NI postalised gas regime.

3. Energia: Not in support

Energia states that it is firmly of the view that the Proposed Modification is not an appropriate change to the NI regime, since it undermines the live regulatory consultation on Short Term Exit Capacity products which is seeking to take into account the numerous impacts before making a final decision and has not taken into consideration the necessary licence and IT system changes needed to facilitate it. In particular:

- the ongoing consultation by the Authority will require a complex decision to be made, taking into account a number of considerations, and states that the earliest that Daily Exit Capacity could be made available would be October 2024. To maintain good regulatory practice, Energia considers the consultation should be completed before any informed changes regarding the implementation of Short Term Exit Capacity products can be made;
- Energia does not support a change that would be specific to commissioning units only. It would provide an unfair advantage that others booking NI Exit Capacity cannot avail of. Energia also notes that any prudent developer would have taken account of costs when submitting bids into the Capacity Auction and that the amendment to Ratchet Charges has already been approved under Modification No. 16;
- Energia notes a number of other impacts identified in the Initial Modification Report, including the requirements for licence amendments and the need to address how revenue from daily exit capacity would be dealt with. It also highlights the estimated time to make IT changes to address nominations and billing changes of 6-9 months and raises concerns over further additional changes required to facilitate the modification which have not been considered and are not justifiable.

F Opinion of the Transporter

The Transporter's views on the Proposed Modification are as set out below.

- The ongoing Authority consultation on Short Term Exit Capacity products means that it is not an appropriate time to introduce a daily exit capacity product.
- Providing a Daily Exit Capacity product just for one Power Station Exit Point whilst not permitting such a product at the other Power Station Exit Points would provide an unfair advantage to the Shipper at the new point.
- The observation by EP UKI that the Authority's consultation shows there could be a reduced contribution from all Shippers as a result of the additional new Exit Point is accurate, but the Authority's consultation also sets out that the unit rate tariff would be higher for all Shippers with short term products than it would be without them, and that reconciliation volatility would likely be worse than at present unless all Shippers forecast their requirements very accurately.
- The 'excess revenue' which EP UKI identifies would be provided from the new power station undergoing commissioning and testing would reflect the peak capacity being used in accordance with the existing basis for network charging, and would go towards reducing the size of any reconciliation payment for all Shippers including EP Ballylumford. This reflects the 'reduced contribution' that EP UKI also identify in their response.
- Reducing costs for new power stations will not, of itself, encourage investment in the network, although it might encourage new sources of demand to request a connection. The mechanism for making decisions on investing in the network is separate from the charging methodology and the Transporter does not make use of network access pricing as a signal of investment needs.
- The Transporter understands that EP Ballylumford is looking to reduce costs and appreciates the acknowledgement that a reduction has already been made available through Modification 16, despite all the circumstances in which daily capacity would be preferable.
- The power station developer should have been aware of the transportation charging regime when it made its investment decision and should have factored in the potential costs.
- The Transporter appreciates that the Proposed Modification would represent a limited introduction of a Daily Exit Capacity product but does not consider there is any learning benefit of such an implementation nor any particular risk that would be mitigated. Short term products are already available at the IP Entry Points and there is already a shared experience within the NI regime of the issues associated with reconciliation volatility.
- The Transporter agrees with EP UKI that some form of overrun mechanism is needed, and notes that Modification 16 introduces a specific arrangement for Commissioning Ratchet Charges and does not enable booking of a Monthly Exit Capacity product.
- The Transporter notes that timelines are a concern for EP UKI, however it is not able to implement IT changes without following the appropriate process and the timelines remain 6-9 months post approval of the change. It further notes that it has engaged actively with EP Ballylumford in considering options, advising on feasibility and working to reach a solution since the matter was first raised and considers that Modification 16 represents a material output from this engagement.
- The Transporter does not consider that failure to implement this Proposed Modification would mean commissioning would necessarily need to be postponed although it acknowledges that it may affect the profitability of the new power station and this is therefore a decision for the power station operator. It further notes that

security of electricity supply is primarily a matter which the electricity market has sought to address through the provision of the generation capacity contract for the new power station.

- The Transporter appreciates the effort made by the proposer/EP UKI to revise the proposed legal drafting and notes the places where Transporter input has been requested. It also notes that the revised drafting suggested by EP UKI remains incomplete.
- Since the Modification process does not provide for any further consultation, the Transporter has proceeded to develop the text to meet the stated aims of the proposer, in line with the Modification Rules, so that it could be operable should the Authority decide to implement this Proposed Modification. The approach it has taken to the text is described in section I and the full final legal text is set out in section J.

G Transporter's Recommendation

The Transporter recommends that this Proposed Modification should **not** be implemented.

H The date proposed for implementation

EP Ballylumford proposed that the modification be implemented as soon as possible.

The Transporter's view of a feasible implementation date for this proposed modification is that it would need to be set to allow the time required for system development and licence changes/letters from the Authority to be put in place, which is estimated at 6-9 months. This would suggest an implementation date of 1st April 2024.

I Changes from the Initial Modification Report

As noted above, in order to provide final legal text which would be operable under the NI Network Code and in process and IT system terms, the Transporter has undertaken some development of the text that was submitted by EP Ballylumford in light of the further comments received in EP UKI's response, the views of the other respondents and of the Transporter. This includes some amendments to the text which was implemented through Modification 16.

The approach taken is as follows:

- The Transporter has defined the capacity product being sought as Commissioning Daily Exit Capacity, which would be a category of Exit Capacity, which means it would be included in the provisions for providing forecast information to the Transporter.
- Small amendments have been made to EP UKI's proposed definitions of commissioning and of the commissioning period such that the appropriate content is contained in each.
- Most of the changes required are in section 3, in relation to the application for and allocation of Commissioning Daily Exit Capacity. This includes the requirements which must be satisfied for an application to be made, approved or for its rejection, including that the Network Exit Agreement is in place and the Network Exit Provisions are in force, that the commissioning planning meeting required under section 13 has taken place, that the quantity of Commissioning Daily Exit Capacity being requested should be specified in the application by the applicant, and that normal requirements, such as credit having been placed in advance, must be met. It should be noted that the quantity of Commissioning Daily Exit Capacity requested would not be dependent on

the quantity in any Nominations or gas flow Allocations at the Power Station Exit Point.

- The credit required would be determined by the Transporter using the existing procedures in section 18 and the forecast information which must be provided by the Shipper.
- The window for applying for Commissioning Daily Exit Capacity would be from 10 Business Days ahead to the Day Ahead of the Gas Flow Day.
- Assuming the application requirements are met, the capacity would be treated as allocated, and the Shipper's Available Capacity would be updated on or before the Gas Flow Day.
- The Shipper would make Nominations and Renominations at the Power Station Exit Point as for normal Nominations and Renominations and on the same timescales as normal, subject to the provisions of section 13.2 which allow the Transporter to make or adjust Nominations on behalf of the Shipper and make Allocations for commissioning purposes. Therefore, only minimal changes are required in section 6.
- The legal text also contains the assumed charging basis at the end of section 3 and, as reflected in the legal text, this would of course be subject to the direction of the Authority, given that the Transporter would not currently be permitted to levy such charges under its Licence.
- The text in section 3 which was introduced in Modification 16 has been adapted to remove the Commissioning Ratchets for power stations (whilst retaining them for other types of new entry points). Instead, it would apply a charge (on the same 8x multiplier basis as entry overruns) for the amount by which gas flow Allocations exceed the booked Commissioning Daily Exit Capacity (the 'Power Station Commissioning Excess Quantity').
- Minor amendments in section 17 are included to show how the charges for Commissioning Daily Exit Capacity and any Power Station Commissioning Excess Charges would be invoiced. The Transporter assumes that revenues from the regular capacity charges would be collected as part of the postalised pot and serve to reduce the reconciliation payment as described in section F above. It further assumes that any Power Station Commissioning Excess Charges would be collected and treated in the same way as entry overrun charges, so it would form part of the redistribution of overrun payments back to all Shipper in proportion to invoice value at the end of the Gas Year. As discussed, these assumed revenue treatments would need to be confirmed by direction of the Authority.
- Imbalance and Scheduling charges would all apply as normal, so there is no requirement for changes in section 8.

J Final Legal Text

Amend Section 3 as follows:

3. EXIT CAPACITY

Add new sections 3.1.9 and 3.1.10 to read as follows:

3.1 Introduction and Definitions

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3.1.9 In this Code:

(a) **"Commissioning"** means the testing and commissioning of new equipment at an Exit Point and in respect of a power station, the completion of such procedures and tests in relation to that power station as constitute, at the time they are undertaken, the usual industry standards and practices for commissioning that type of power station in order for that power station to become commercially operational, including testing of the power station itself, and testing of the power station compatibility with the relevant electricity network which a power station is required to carry out pursuant to the NI Grid Code;

(b) **"Power Station Commissioning Period" (or "PSCP")** refers to the period of time during which a power station at a Power Station Exit Point, is undergoing Commissioning. For the avoidance of doubt the PSCP will begin on the day that a power station begins Commissioning and end on the day that the power station is treated as entering full commercial operation as set out in section 3.11.6;

3.1.10 For the avoidance of doubt in this Code, Exit Capacity includes Commissioning Daily Exit Capacity unless otherwise specified.

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Amend section 3.3 to read as follows:

3.3 Exit Capacity Application Requirements

3.3.1 A Shipper may apply to the Transporter for Exit Capacity at an Exit Point in accordance with this section 3.3 in respect of which it has an Exit Point Registration. An application for Exit Capacity shall be in accordance with this section 3.3 and section 3.4 or 3.6.

3.3.2 An application for Exit Capacity shall be made in the Prescribed Form (an "**Exit Capacity Application**") and shall specify:

(a) the amount of Exit Capacity applied for;

(b) the period (**"Exit Capacity Period"**) over which the Shipper wishes to be allocated and registered as holding Exit Capacity;

(c) whether or not the Shipper will accept an allocation of Exit Capacity of less than it has applied for;

(d) the Exit Point in respect of which the Exit Capacity is applied for;

(e) whether or not the Exit Capacity will be used for the purposes of supplying gas to a power station and if so to which power station; ~~and~~

(f) any other information that the Transporter may reasonably require which shall include an indication of the daily profile that the Shipper reasonably anticipates it will typically nominate in respect of the Exit Point~~.~~; and

(g) whether or not the Exit Capacity will be used for the purposes of supplying gas to a power station during the PSCP for such power station (in which case it shall be referred to as **"Commissioning Daily Exit Capacity"**).

3.3.3 A Shipper may apply for Exit Capacity:

(a) no earlier than 2 Gas Years before the first Gas Year in which it requires Exit Capacity;

(b) no later than 10 Business Days (or any such shorter period as the Transporter may agree in relation to that application) before the first Day in the Month in which it requires Exit Capacity;

(c) for any duration up to Y + 15; ~~and~~

(d) in multiples of one Gas Year, except in the Gas Year in which the Exit Capacity Application is made, in which case the Exit Capacity Application may be for each complete Month in the remainder of the Gas Year~~.~~; and

(e) in respect of Commissioning Daily Exit Capacity, on D-1 in respect of the Gas Flow Day on which the Exit Capacity is to be used and in no greater quantity than the limits set out in the relevant Network Exit Agreement.

3.3.4 If, by virtue of the level of Exit Capacity for which a Shipper has applied in respect of any Gas Year, the Transporter believes that a Shipper has applied for Exit Capacity in respect of that Gas Year, with a view to gaining priority in respect of the allocation of Exit Capacity in accordance with section 3.5.3 the Transporter shall request the Shipper to provide the information referred to in section 3.3.5.

3.3.5 The Transporter shall, in accordance with section 3.3.4, request the Shipper to provide any of the information referred to in section 17.9.5 in respect of the utilisation, supply or shipment of gas in each of such Gas Years. The Shipper shall provide such information promptly after being requested to do so.

3.3.6 An Exit Capacity Application shall be rejected if:

(a) any requirement of section 3.3 is not complied with;

(b) subject to section 18.2, the Shipper does not have sufficient Provided Level of Credit Support;

(c) the Shipper fails to provide any of the information requested in section 3.3.5 within 20 Business Days of being requested to do so; ~~or~~

(d) the Transporter receives a Direction from the Credit Committee, in accordance with paragraph 6.1(K) of the Terms of Reference, that it should be~~.~~; and/or

(e) in respect of a new Power Station Exit Point:

(i) there is no Network Exit Agreement in force;

(ii) where the Network Exit Provisions have been suspended; and/or

(iii) where the commissioning planning meeting referred to in section 13.10.3 has not taken place.

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Amend section 3.4.1 and add new section 3.4.5 to read as follows:

3.4 Application for Exit Capacity in future Gas Years

3.4.1 ~~Not~~Subject to section 3.4.5, not later than the Mid Year Date (or any such later date as the Transporter and the Authority may agree in relation to the relevant application) in each Gas Year a Shipper which has no Exit Capacity in a future Gas Year shall submit to the Transporter:

(a) an Exit Capacity Application in respect of any future Gas Years; or

(b) confirmation that it does not wish to reserve Exit Capacity in any future Gas Year.

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3.4.5 Section 3.4 shall not apply in relation to Commissioning Daily Exit Capacity.

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Add section 3.5.6 to read as follows:

3.5 Allocation of Exit Capacity in future Gas Years

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3.5.6 For the avoidance of doubt section 3.5 shall not apply in respect of Commissioning Daily Exit Capacity.

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Amend section 3.6 to read as follows:

3.6 Application for an allocation of Exit Capacity in the same Gas Year

3.6.1 If a Shipper applies for Exit Capacity at an Exit Point in the Gas Year in which its Exit Capacity Application is made~~-~~:

(a) Exit Capacity shall, subject to section 3.6.2 and section 3.6.3 be allocated by the Transporter (on a first come first served basis); ~~and~~

(b) subject to section 3.6.3, the Shipper's Registered Exit Capacity and Available Exit Capacity shall be amended accordingly within 5 Business Days of receipt of an Exit Capacity Application; and~~.~~

(c) t~~T~~he Exit Capacity so allocated under this section 3.6.1 shall be capable of being utilised (and the Shipper shall be liable for PS Transmission Amounts) with effect from the first Day of the next Calendar Month following amendment of the Shipper's Registered Exit Capacity.

3.6.2 If, in any Gas Year, there is less Exit Capacity at the relevant Exit Point available than the amount of Exit Capacity for which a Shipper has applied in that Gas Year and the Shipper specified, in accordance with section 3.3.2(c) that:

(a) it will accept an allocation of Exit Capacity of less than it has applied for the Transporter shall allocate such Exit Capacity to such Shipper; or

(b) it will not accept an allocation of Exit Capacity of less than it has applied for no Exit Capacity shall be so allocated to such Shipper.

3.6.3 Where a Shipper applies for Commissioning Daily Exit Capacity:

(a) the provisions of section 3.6.1 shall not apply;

(b) the Shipper's Registered Exit Capacity and Available Exit Capacity shall be amended accordingly on or before the relevant Gas Flow Day;

(c) the Commissioning Daily Exit Capacity shall be treated as allocated by the Transporter and shall be capable of being utilised with effect from the relevant Gas Flow Day; and

(d) the Shipper shall be liable to pay the relevant charges pursuant to section 3.11.7.

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Amend section 3.8.1 to read as follows:

3.8 Exit Capacity Surrender

3.8.1 A Shipper may apply to the Transporter to surrender its Exit Capacity (other than Commissioning Daily Exit Capacity) in accordance with this section 3.8.

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Amend section 3.9.1 to read as follows:

3.9 Secondary Transfer of Exit Capacity

3.9.1 A Transferor Shipper may arrange to transfer all or part of its' Available Exit Capacity (excluding any Commissioning Daily Exit Capacity) at an Exit Point to a Transferee Shipper, subject to and in accordance with this section 3.9.

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Amend section 3.11 to read as follows:

3.11 Exit Capacity Ratchet

3.11.1 At an Exit Point other than a DN Exit Point, or a new Exit Point, if in respect of a Gas Flow Day in any Month M, subject to section 3.11.2, a Shipper is allocated a quantity of gas in excess of its' Available Exit Capacity at an Exit Point (a **"Ratchet Month"**), it shall be liable to pay a **Ratchet Charge** as calculated in accordance with section 3.11.1(c) and it shall be allocated and registered as holding an additional amount of Exit Capacity in accordance with the following:

(a) the amount by which the Shippers' Final Exit Allocation at the Exit Point exceeds the Shippers' Exit Capacity on any Gas Flow Day shall be a **"Ratchet Amount"**;

(b) from M+1 the Shipper shall be allocated an additional amount of Exit Capacity at the Exit Point, equal to the highest Ratchet Amount in the Ratchet Month, such additional Exit Capacity to be allocated to and registered as held by the Shipper until the end of the Gas Year;

(c) a Ratchet Charge (or **"'RC"**) will be payable calculated as follows:

$$RC = RA_{max} \times P \times t$$

where:

RA_{max} is the highest Ratchet Amount in the Ratchet Month;

P is the Forecast Postalised Annual Capacity Charge/12; and

t is the no of months (including M) since the start of the first month in which the Shipper has held Registered Exit Capacity at that Exit Point during the Gas Year, or where no Registered Exit Capacity has been held by the Shipper at that Exit Point during the Gas Year, the start of the Gas Year.

3.11.2 At a DN Exit Point (where in accordance with section 1.11 the Exit Capacity is held by a DNO):

(a) the Relevant DNO is liable to pay Ratchet Charges in respect of the DN Exit Point under this Code (as opposed to a Shipper at the DN Exit Point);

(b) the Ratchet Amount for the Relevant DNO will be determined in aggregate as follows:

RA_{DN} = $\sum$Final Exit $Allocations_{shippers}$ – $ExCap_{DN}$

where:

$\sum$Final Exit $Allocations_{shippers}$ is the sum of all Shipper's Final Exit Allocations at the Exit Point; and

$ExCap_{DN}$ is the Exit Capacity of the Relevant DNO;

(c) from M+1 the Relevant DNO shall be allocated an additional amount of Exit Capacity at the Exit Point, equal to the highest Ratchet Amount in the Ratchet Month, such additional Exit Capacity to be allocated and registered as held by the Relevant DNO until the end of the Gas Year;

(d) the Ratchet Charge (for the Relevant DNO) shall be calculated as follows:

$RC_{DN} = RA_{DNmax} \times P \times t$

where:

RA_{DNmax} is the highest Ratchet Amount (for the Relevant DNO) in the Ratchet Month;

P is the Forecast Postalised Annual Capacity Charge/12; and

t is the no of months (including M) since the start of the Gas Year;

(e) individual Shippers shall not be liable to pay the Transporter Ratchet Charges (and shall not be allocated Exit Capacity) but nothing in this Code shall prevent a DNO applying charges under its own distribution network code.

3.11.3 Where a Shipper (including a Relevant DNO) is allocated additional Exit Capacity as a result of the application of this section 3.11 its Registered Exit Capacity shall be amended such that the increase takes effect from M+1.

Commissioning Ratchets and Charges

3.11.4 At a new Exit Point (other than a new Power Station Exit Point) which commences commissioning and/or testing during a commissioning period of consecutive months (**"MCP"**);

(a) the amount by which the Shippers' Final Exit Allocation at the Exit Point exceeds the Shippers' Exit Capacity on any Gas Flow Day during a MCP shall be the **"Commissioning Ratchet Amount"**;

(b) the **"Commissioning Ratchet Charge"** shall be determined as

$CRC = CRA_{max} \times P \times t$

where:

CRA_{max} is the highest Commissioning Ratchet Amount during the given MCP;

P is the Forecast Postalised Annual Capacity Charge/12; and

t = the number of consecutive months (including the first and last month) in the given MCP during which commissioning and testing takes place; and

(c) this section 3.11.4 shall apply in respect of every MCP during which commissioning and/or testing takes place.

3.11.5 At a new Power Station Exit Point which commences Commissioning during a PSCP:

(a) the amount by which the Shippers' Final Exit Allocation at the Power Station Exit Point exceeds the Shippers' Available Exit Capacity on any Gas Flow Day during a PSMCP shall be the **"Power Station Commissioning Excess Quantity"** (or **"PSCEQ"**);

(b) in respect of each Gas Flow Day the **"Power Station Commissioning Excess Charge"** (or **"PSCEC"**) shall be determined as

PSCEC = PSCEQ x P x 8

where:

P is the Forecast Postalised Annual Capacity Charge/365;

(c) this section 3.11.5 shall apply in respect of every Gas Flow Day during a PSMCP at a Power Station Exit Point.

3.11.~~5~~6 In respect of a new Exit Point (of any kind) which has completed commissioning, Ratchet Charges shall be determined in accordance with 3.11.~~6~~7 with effect from the following date:

(a) in the case of a new Power Station Exit Point, the date on which the Connected Facilities are, or are to be, treated as entering commercial operation pursuant to a notice of full commercial operation (**"FON"**) or notice of limited commercial operation (**"LON"**) or notice of interim commercial operation (**"ION"**) by SONI as provided by the Registered Shipper(s) under section 13.10; and

(b) in the case of a new Exit Point which is not a Power Station Exit Point, the date on which the Connected Facilities are, or are to be, treated as entering commercial operation pursuant to an equivalent notice of full or partial commercial operation as provided by the Registered Shipper(s) to the Transporter under section 13.10.

3.11.~~6~~7 In respect of a new Exit Point (of any kind) which has completed commissioning and testing:

(a) the amount by which the Shippers' Final Exit Allocation at the Exit Point exceeds the Shippers' Exit Capacity on any Gas Flow Day shall be the Ratchet Amount;

(b) the Ratchet Charge shall be determined as

$RC = RA_{max} \times P \times t$

where:

RA_{max} is the highest Ratchet Amount during the period t;

P is the Forecast Postalised Annual Capacity Charge/12; and

t = the number of months in the Gas Year since commercial operation commenced (determined in accordance with section 3.11.~~5~~6), except where the month in which commercial operation commenced is also a month in which commissioning and testing took place, in which case t shall be the number of months in the Gas Year from the month immediately following the month in which commercial operation commenced;

(c) from the month immediately following the month in which commercial operation commenced the Shipper shall be allocated an additional amount of Exit Capacity at the Exit Point, equal to the highest Ratchet Amount in the Ratchet Month, such additional Exit Capacity to be allocated to and registered as held by the Shipper until the end of the Gas Year;

(d) for the avoidance of doubt, section 3.11.1 shall apply from the start of the Gas Year immediately following the completion of commissioning of a new Exit Point.

3.11.8 Where a Shipper has applied for and been allocated Commissioning Daily Exit Capacity pursuant to section 3.6 in respect of a Gas Flow Day, the daily charge for the Commissioning Daily Exit Capacity (**"CDEC"**) shall be calculated as:

$$CDEC = \frac{(FPACapC_t)}{(365)} \times QCDEC$$

where:

FPACapCt is equal to the Forecast Postalised Annual Capacity Charge; and

QCDEC is equal to the quantity of Commissioning Daily Exit Capacity in kWh allocated to the Shipper in respect of the Gas Flow Day;

or otherwise in accordance with the written direction of the Authority.

………

Amend section 6.1 to read as follows:

6. NOMINATIONS

6.1 Introduction

6.1.1 A Shipper shall nominate to the Transporter in accordance with this section 6 the quantities of gas which it wishes to deliver to and offtake from the NI Network on a Day.

6.1.2 A Shipper is permitted to renominate quantities of gas to the Transporter in accordance with this section 6 as the Shipper's requirements change.

6.1.3 In order to deliver gas to or offtake gas at an Interconnection Point, a Shipper is required to submit a Nomination in respect of that IP.

6.1.4 In order to deliver gas at Moffat Non-IP Entry Point, the Stranraer Shipper is required to submit a Nomination in respect of Moffat Non-IP Entry Point pursuant to this section 6 as modified by the provisions of section 27.

6.1.5 In order to offtake gas at an Exit Point, a Shipper is required to submit a Nomination in respect of that Exit Point.

6.1.6 In order to transfer gas to another Shipper at the Trading Point, a Shipper is required to submit a Trade Nomination in respect of the Trading Point.

6.1.7 For the avoidance of doubt, a Shipper at a Power Station Exit Point undergoing Commissioning is required to submit a Nomination in respect of that Power Station Exit Point in respect of every Gas Flow Day on which gas is to be offtaken throughout the PSCP and the provisions of section 13.10.2 shall also apply in respect of such Nominations.

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Amend section 17 as follows:

17. CHARGES, PAYMENT AND TAX

……………

Amend section 17.2 to read as follows:

17.2 Shipper payment obligations

17.2.1 A Shipper undertakes to pay to the Transporter:

(a) those elements of the PS Transmission Amounts which the Transporter is entitled to recover from that Shipper in accordance with the Licences; and

(b) the PS Code Charges which the Transporter is entitled to recover from that Shipper in accordance with this Code;

(c) any other payments which the Transporter is entitled to recover from that Shipper in accordance with the Licences or this Code and as otherwise directed by the Authority.

……………………………………………………………………………………………………..

Amend section 17.5.2 to read as follows:

17.5 Content of PS Invoice

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17.5.2 Each PS Invoice shall itemise the amounts due in respect of PS Transmission Amounts payable by that Shipper to the Transporter, or by the Transporter to that Shipper, and in either case, in accordance with the Licences, by detailing, on a separate line, any sums due for each of the following:

(a) (i) Monthly Postalised Yearly IP Entry Capacity Payment;

(ii) Monthly Postalised Exit Capacity Payment;

(iii) Monthly Postalised Quarterly IP Entry Capacity Payment;

(iv) Monthly Postalised Monthly IP Entry Capacity Payment;

(v) Monthly Postalised Daily IP Entry Capacity Payment;

(vi) Monthly Postalised Interruptible VRF IP Exit Capacity Payment;

(vii) IP Entry Capacity Overrun Payment;

(viii) Exit Ratchet Payment and/or Power Station Commissioning Excess Charges;

(ix) Monthly Postalised Commodity Payment;

(x) Supplemental Payment;

(xi) Auxiliary Payment;

(xii) Debt Payment;

(xiii) Reconciliation Payment payable by the Shipper to the Transporter;

(xiv) Reconciliation Payment payable by the Transporter to the Shipper;

(xv) Debt Repayment payable by the Transporter to the Shipper;

(xvi) Buyback Payments payable by the Transporter to the Shipper; and

(xvii) Incentive Scheme Payments payable by the Transporter to the Shipper,

(known collectively as **“PS Transmission Amounts”**)

(b) the amount of VAT payable in accordance with sections 17.5.3(c) and 17.5.4(c); and

(c) the amount of tax payable in accordance with sections 17.5.3(d), 17.5.4(d) and 17.12,

provided that if any payment of PS Transmission Amounts due to the Transporter under this Code remains unpaid after the Due Date a PS Invoice shall be accompanied by: (i) a statement setting out the amount so overdue; and (ii) an invoice of the amount of interest due on such overdue amount calculated to the date of the invoice.

……

Amend and add to Appendix 1 terms to read as follows:

APPENDIX 1
DEFINITIONS AND INTERPRETATIONS

Part I - Definitions

"CDEC" has the meaning given in section 3.11.8;

"Commissioning" has the meaning given in section 3.1.9(a);

"Commissioning Daily Exit Capacity" has the meaning given in section 3.3.2(g);

"FON" has the meaning given to it in section 3.11.~~5~~6;

"ION" has the meaning given to it in section 3.11.~~5~~6;

"LON" has the meaning given to it in section 3.11.~~5~~6;

"NI Grid Code" means the code prepared and administered by SONI in accordance with its licence authorising it to participate in the transmission of electricity for the purpose of giving a supply to any premises or enabling a supply to be so given;

"Power Station Commissioning Excess Charge" or "PSCEC" has the meaning given in section 3.11.5(b)

"Power Station Commissioning Excess Quantity" or "PSCEQ" has the meaning given in section 3.11.5(a);

"Power Station Commissioning Period" or "PSCP" has the meaning given in section 3.1.9(b);