

Initial Modification Report No.7

Section 26: South Section

25th October 2019

Please find below Initial Modification Report No.7 to the NI Network Gas Transmission Code raised by the Transporter as required under sections 2 and 3 of the Code Modification Rules.

A Description of the nature and purpose of the modification

This proposal is being made to add a new section to the NI Network Gas Transmission Code, to provide rules for the 'South Section' of the NI Gas Transmission Network. The South Section is the part of the GNI (UK) pipeline system which runs from Northern Ireland into the Republic of Ireland to the South North Interconnection Point at Gormanston.

Further detail is provided in section G below

B How the modification better facilitates the relevant objective

The Relevant Objective, (condition 2.4 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 safe operation of the NI Gas Transmission Network by ensuring that the Code reflects the agreement between the Utility Regulator and the CRU in respect of the South Section.

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

This proposal will add section 26: South Section to the NI Network Gas Transmission Code, to follow immediately after the current section 25. It is accompanied by proposed changes to the Modification Rules, which are published separately.

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:

- GNI (UK) as Designated Pipeline Operator for the South Section will need to comply with the provisions of its licence from CRU in respect of the South Section and follow the directions of NGEM in relation to an emergency affecting the South Section, as well as the directions of NINEC in respect of the NI Gas Transmission Network in Northern Ireland.

Adjacent Transporters:

- Gas Networks Ireland, the operator of the network on the other side of the South North Interconnection Point in the Republic of Ireland, will continue to be required comply with

the directions of NGEM and its licence in the Republic of Ireland in respect of emergencies affecting its own network, as it is now.

- The Interconnection Agreement between GNI (UK) and Gas Networks Ireland contains procedures for co-ordination between the respective operators in the event of an emergency affecting the South North Interconnection Point.

Relevant NI Agreements:

- Under the SSO Agreement and the SOA, all the NI TSOs currently have joint and several liability for their role as the Transporter under the Code, including within the proposed section 26.
- Section 26 is drafted on the basis that there are joint emergency procedures in place between NINEC and NGEM in respect of the South Section of the NI Gas Transmission Network and the South North Interconnection Point.

E The date proposed for implementation

The Transporter proposes that this Modification should take effect in January 2020.

F How to Respond

Please send responses no later than 22nd November 2019 via email to **shippercommunications@gmo-ni.com**

or via post to:

Gas Market Operator for Northern Ireland
4th Floor,
The Arena Building
85 Ormeau Road
Belfast
BT7 1SH

G Section 26: South Section

1. Introduction

The South Section is the part of the GNI (UK) pipeline system which runs from Northern Ireland into the Republic of Ireland to the South North Interconnection Point at Gormanston.

Since this part of the network is physically located in the Republic of Ireland, the Commission for Regulation of Utilities (CRU) has issued a licence with respect to its operation to GNI (UK). In addition, it is a statutory requirement under the Gas (Interim) (Regulation) Act 2002 (as amended) in ROI that Northern Ireland Shippers using the South North Interconnection Point must have an ROI Shipping Licence from CRU.

The Utility Regulator and CRU have agreed between themselves that there should be a section in the NI Network Gas Transmission Code to address the arrangements for the South Section and also that the CRU would be consulted on in relation to relevant determinations affecting those provisions of the Code. Changes to the Modification Rules are therefore also proposed to govern any future changes to the proposed section 26.

The proposed text is drafted on the basis that there are joint procedures in place between the Northern Ireland Network Emergency Co-ordinator (NINEC) and the Natural Gas Emergency Manager (NGEM) in the Republic of Ireland, for co-ordination between themselves in respect of emergencies which affect the South Section.

2. Provisions of Section 26: South Section

The proposed text contains an introduction which sets the context for section 26 and introduces relevant defined terms, in particular a 'South Section Shipper' which is any Shipper which has an IP Registration in respect of the South North Interconnection Point.

The proposed provisions include:

- A requirement for any party wishing to obtain an IP Registration in respect of the South North Interconnection Point to provide to the Transporter evidence that it has an ROI Shipping Licence from CRU;
- Provisions for emergencies in respect of the South Section which, in summary require:
 - the Transporter to notify NGEM of an emergency on the NI Network which affects the South Section;
 - the Transporter to follow the direction of NGEM and the Natural Gas Emergency Plan (NGEP) in the Republic of Ireland in determining whether such an emergency exists;
 - the Transporter and South Section Shippers to follow the direction of NGEM in the event of an emergency declared by NGEM and/or an emergency affecting the South Section including to reduce or avoid such emergency;
 - the Transporter to follow the direction of NGEM when notifying NI Shippers of Emergency Steps;
 - Shippers to follow the direction of NGEM when taking Emergency Steps (which may be communicated via the Transporter)
 - the Transporter and South Section Shippers to follow the directions of both NINEC and NGEM to the extent reasonably practicable; and

- that the Transporter and South Section Shippers comply with the joint emergency procedures agreed between NGEM and NINEC;
- Provisions for non-compliant gas which give the Transporter the right to accept or reject non-compliant gas at the South North Interconnection Point;
- Provisions for termination and suspension of a South Section Shipper under the NI Network Gas Transmission Code in the event that it breaches section 26 or ceases to hold an ROI Shipping Licence.

It should be noted that all the existing provisions of the NI Network Gas Transmission Code, in particular section 10 (System Constraints, Exceptional Events and Emergencies) and section 22 (Accession to the Code, Registration, Downstream Load Statements and Retirement from the Code) apply in respect of the South Section, in addition to the proposed provisions in section 26.

H Proposed Legal Text

(To be inserted immediately following section 25: Governing Law and Dispute Resolution)

26. SOUTH SECTION

1.1 Introduction and Definitions

1.1.1 This section 26 sets out the supplemental provisions which apply in relation to the section of the GNI (UK) System which is physically located in the Republic of Ireland and extends from Northern Ireland to the South North Interconnection Point (the “**South Section**”).

1.1.2 For the avoidance of doubt, for the purposes of this Code:

- (a) the South Section forms a part of the GNI (UK) System under this Code;
- (b) the Individual Transporter with operational responsibility for the South Section is GNI (UK).

1.1.3 In this section 26:

- (a) “**CRU Transmission Licence**” means the gas transmission licence issued to GNI (UK) from time to time by the CRU with respect to the operation of the South Section;
- (b) “**Commission for Regulation of Utilities**” or “**CRU**” means the body established pursuant to Section 8 of the electricity regulation act 1999 of the Republic of Ireland as amended from time to time and having responsibility for, inter alia, regulation of gas in the Republic of Ireland or other such body as may have such responsibility from time to time;
- (c) “**National Gas Emergency Manager**” or “**NGEM**” means the party designated as such in respect of the Republic of Ireland pursuant to the provisions of Section 19(b) of the Gas (Interim) (Regulation) Act 2002 (as amended) of the Republic of Ireland;
- (d) “**Natural Gas Emergency Plan**” or “**NGEP**” means the plan published as such pursuant to the Gas (Interim) (Regulation) Act 2002 of the Republic of Ireland;
- (e) “**ROI Shipping Licence**” means a licence to ship gas issued by the CRU pursuant to the provisions of the Gas (Interim) (Regulation) Act 2002 (Ireland) as amended from time to time;
- (f) “**South Section Shipper**” means a Shipper which has an IP Registration in respect of the South North Interconnection Point.

1.1.4 It is acknowledged that GNI (UK) must comply with the CRU Transmission Licence.

1.1.5 It is acknowledged that each South Section Shipper must hold an ROI Shipping Licence and comply with it.

1.2 Additional Requirements for Registration at South North Interconnection Point

- 1.2.1 In addition to the requirements of section 22.4 of this Code a Shipper or Prospective Shipper wishing to make an application for an IP Registration at South North Interconnection Point must submit evidence that the Shipper or Prospective Shipper holds an ROI Shipping Licence to the Transporter.

1.3 Additional Provisions for Emergencies in respect of the South Section

- 1.3.1 Where the Transporter determines that an Emergency declared in accordance with section 10.8 of this Code (and without prejudice to section 10.17 of this Code and any emergency procedures referred to therein) affects the South Section the Transporter shall notify the NGEM of such Emergency.
- 1.3.2 The Transporter shall for the purposes of this Code and without limiting any other rights or entitlements of the Transporter with respect to Emergencies determine that an Emergency exists in respect of the South Section in accordance with the lawful directions of the NGEM and the NGEP.
- 1.3.3 For the avoidance of doubt the Transporter and each South Section Shipper shall comply with the lawful directions of the NGEM:
- (a) where an Emergency is declared in accordance with the instructions and / or directions of the NGEM; and / or
 - (b) where an Emergency affects the South Section; and / or
 - (c) to avoid or reduce the risk of an Emergency affecting the South Section.
- 1.3.4 Where the Transporter notifies Emergency Steps in respect of the South Section pursuant to section 10.9 of this Code the Transporter shall act in accordance with the directions or instructions of the NGEM and in accordance with the NGEP (where applicable).
- 1.3.5 In addition to where otherwise required by the Transporter a South Section Shipper shall also take Emergency Steps (where applicable) notified by the Transporter pursuant to a direction of the NGEM (which may be communicated through the Transporter).
- 1.3.6 It is acknowledged that an Emergency affecting the South Section may also affect other parts of the NI Network (and vice versa) and the Transporter and South Section Shippers shall use reasonable endeavours to implement both the directions of NGEM and NINEC to the extent reasonably practicable, it being acknowledged that:
- (a) NINEC has statutory responsibility in respect of emergencies affecting the NI Network (excluding the South Section);
 - (b) NGEM has statutory responsibility in respect of emergencies affecting the South Section;
 - (c) the Transporter and each South Section Shipper must comply with the directions of the NGEM and act in accordance with the NGEP in relation to the South Section; and

- (d) the Transporter and each South Section Shipper must comply with the joint emergency procedures, which will be agreed from time to time between the NINEC and NGEM.
- 1.3.7 Any act or omission by the Transporter and/or any South Section Shipper taken pursuant to the instructions of the NGEM or in accordance with the NGEP shall not constitute a breach of any other provision of this Code.

1.4 Non-Compliant Gas

- 1.4.1 For the avoidance of doubt, if at any point gas which is delivered or tendered for delivery at the South North IP Entry Point is Non-Compliant Gas the Transporter, at its discretion, may until such time as the gas is delivered or tendered for delivery complies with the Gas Specification:
- (a) refuse to accept or take any such action as it considers appropriate to prevent delivery or continued delivery of all or any part of such Non-Compliant Gas; or
 - (b) subject to any Legal Requirement accept delivery of all or part of such Non-Compliant Gas.

1.5 Termination and Suspension where a South Section Shipper ceases to hold an ROI Licence

- 1.5.1 Without prejudice to any other rights of the Transporter (including the right to declare a Termination Default in accordance with section 21.2 of this Code and/or the right to issue a Termination Notice) if a South Section Shipper is in breach of this section 26 or ceases to hold an ROI Shipping Licence, the Transporter may:
- (a) by notice in writing ("**Suspension Notice (South Section)**") to the South Section Shipper suspend or limit any right or rights of the South Section Shipper in respect of transportation of gas on the South Section including the South Section Shipper's right to submit applications for IP Capacity at the South North IP Entry Point or the South North IP VRF Exit Point, the South Section Shipper's rights to submit Nominations and/or Renominations at or in respect of the South North IP Entry Point and/or the South North VRF IP Exit Point or propose Capacity Trades at the South North IP Entry Point, in each case as identified in the Suspension Notice (South Section); and/or
 - (b) suspend or limit the right of the South Section Shipper to tender gas for delivery to or offtake gas from the NI Network at the South North IP Entry Point or South North IP VRF Exit Point;

and where a South Section Shipper's right to submit Nominations is suspended, any Nominations which the South Section Shipper submits shall be rejected.

- 1.5.2 Any Suspension Notice (South Section) given in accordance with section 1.5.1 of this section 26 shall have immediate effect upon issue or shall have effect from such time as may be specified in the Suspension Notice (South Section) subject in each case to the instruction of the CRU in consultation with the Authority.
- 1.5.3 The Transporter shall if the Transporter is provided with reasonable evidence that the South Section Shipper has obtained an ROI Shipping Licence; or where the Transporter is reasonably

satisfied that the South Section Shipper has taken or is taking such action as is appropriate to procure an ROI Shipping Licence either;

- (a) limit the effect of the Suspension Notice (South Section); or
- (b) by notice to the South Section Shipper (the "**Suspension Cancellation Notice**") cancel the Suspension Notice (South Section);

and any such Suspension Cancellation Notice shall have immediate effect upon issue or shall have such effect from such time as may be specified in the Suspension Cancellation Notice;

1.5.4 The Transporter shall not issue a Suspension Cancellation Notice unless:

- (a) the South Section Shipper has provided to the Transporter evidence that the South Section Shipper has obtained the relevant ROI Shipping Licence; or
- (b) with the consent of the CRU in consultation with the Authority.

1.6 **Status and Priority of this section**

This section 26 is supplemental to and not in substitution for any other provisions of this Code. Where the Transporter or a South Section Shipper (as the case may be) takes, or omits to take, any action in accordance with this section 26 the Transporter or the South Section Shipper (as the case may be) shall not thereby be in breach of any other provision of this Code.

(Defined terms - to be added to Appendix 1: Definitions and Interpretation)

“CRU Transmission Licence”	has the meaning given to it in section 1.1.3(a);
“Commission for Regulation of Utilities” or “CRU”	has the meaning given to it in section 1.1.3(b);
“National Gas Emergency Manager” or “NGEM”	has the meaning given to it in section 1.1.3(c);
“Natural Gas Emergency Plan” or “NGEP”	has the meaning given to it in section 1.1.3(d);
“ROI Shipping Licence”	has the meaning given to it in section 1.1.3(e);
“South Section Shipper”	has the meaning given to it in section 1.1.3(f);
“Suspension Cancellation Notice”	has the meaning given to it in section 1.5.3(b);
“Suspension Notice (South Section)”	has the meaning given to it in section 1.5.1(a).