

Initial Modification Report No.2

Amendment of Timescales for the Shipper Forecast Information Request

14th November 2017

Please find below Initial Modification Report No.2 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 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 31st May. They are currently published in the first half of August.

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 31st May.

Please see section G for more details.

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 economic and efficient operation of the network by ensuring that the Shipper information required to support the calculation of tariffs can be collected in time to enable tariffs to be published, as required by EU 2017/460, by 31st May.

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 The date proposed for implementation

Licence Modification Effective Date – Proposed 15th January 2018

F How to Respond

Please send responses no later than 12th December to:

Stephen English: Stephen.English@gmo-ni.com
Gas Market Operator for Northern Ireland
4th Floor,
The Arena Building
85 Ormeau Road
Belfast
BT7 1SH

G Shipper Forecast Information Request Timing

The EU Tariff Regulation (EU 2017/460) specifies that from 2019 onwards, Reserve Prices for the Gas Year must be published on or before 31st May. They are currently published in the first half of August each year.

The Transporter gathers information from Shippers to inform the calculation of tariffs. Currently the Transporter provides the Shipper Forecast Information Request form to Shippers by 1st May each year, and Shippers must complete and submit the form by the 10th Business Day in June.

This scheduling is to enable the Transporter to process the information and provide it to the Postalised System Administrator which has responsibility for calculating the tariffs and providing the information back to the Transporter (and the Utility Regulator), and the Transporter then publishes the information.

The Utility Regulator has published a consultation on Licence amendments which seeks to implement the change in the date for publishing the tariffs in 2018 (as opposed to 2019), because the Annual capacity auctions have been rescheduled from March to July, starting in July 2018.

It is therefore necessary to gather the information from Shippers earlier in the year. This proposed modification is to move the date for the provision of the request form by the Transporter to Shippers to 10th Business Day in January, and to require the form to be completed and returned by Shippers by the last Business Day in February.

Timescales for Shipper Forecast Information Request

Activity	Current Requirement	Proposed Requirement
Transporter issues Shipper Forecast Information Request	By 1 st May	By 10 th Business Day in January
Shipper submits Shipper Forecast Information Request	By 10 th Business Day in June	By Last Business Day in February
Transporter submits forecasts to the Utility Regulator	By Last Business Day in June	By 15 th Business Day in March

Information for Required Level of Credit

Currently, the information gathered on the Shipper Forecast Information Request is also used by the Transporter for the purposes of determining credit requirements, during August/September. Given that Shippers will now be required to provide their forecast information substantially earlier in the year, the Transporter considers that it is likely to be better for Shippers if it makes a separate, credit-specific, additional request for information later in the year, nearer the time for calculating the credit requirements.

The Transporter is also considering a number of other changes to the credit section of the Code, following implementation of the 'Single Code'. These changes are relatively minor, for example to reflect updates in the process for handling credit funds which have been drawn down, associated with operating as GMO NI.

The Transporter considers that it would be better to make changes to the Credit section all together in the new year so it is not proposing to introduce a separate information request for credit purposes at this time. The Transporter anticipates proposing this in Q1 2018.

H Proposed 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-15th~~ 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 ~~4st~~ ~~May~~ 10th 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 1st 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-10th~~ 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.