

# IME3 Compliance for 2015

## Credit and Invoicing Business Rules for Industry Consultation

Version 1.0

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## **1. Introduction**

- 1.1. This document sets out the Business Rules for credit procedures and the invoicing of gas charges in the NI gas network from 1<sup>st</sup> October 2015.
- 1.2. It is necessary for Northern Ireland to comply with EU Regulations, specifically EU 715/2009, which requires (amongst other things) that charges for entry and exit capacity should be levied separately, and the Capacity Allocation Mechanisms (CAM) Regulation (EU 984/2013) which requires (amongst other things) that capacity at Interconnection Points (or 'IPs') should be sold via an auction process.
- 1.3. To date the NI regime has operated on a 'point-to-point' basis, using contractual paths to define the connections between Entry Points and Exit Points, and capacity has been sold on this point-to-point basis. This will no longer be permitted.
- 1.4. Therefore, the NI TSOs (PTL, GNI(UK) and BGTL) are introducing IP Entry Capacity as a separate product for use from 1<sup>st</sup> October 2015.
- 1.5. The CAM Regulation specifies standard capacity products with specific durations of use and processes (auctions) for the allocation of capacity at Interconnection Points. Bundled capacity is to be offered on a joint platform with the Adjacent Transporter. For NI, this will be the PRISMA platform. PTL Code Modification Proposal 28/GNI(UK) Code Modification Proposal 14 have been raised to address the CAM Regulation in terms of capacity products and the way in which they are made available to Shippers. Since the new products have different durations and a new 'sales' mechanism, it is necessary to revise the approach to credit to accommodate these new products
- 1.6. This Business Rules document sets out how the NI TSOs will assess and monitor credit levels, when they will require credit to be placed for the existing exit capacity products and the new IP Entry Capacity products offered from October 2015. They also set out a number of changes to the content of NI TSOs monthly invoices reflecting the introduction of Entry Capacity into the NI regime, and the associated charges.
- 1.7. These Business Rules will be developed into a Code Modification Proposal, and so will be effective, if approved, from the dates specified in that Code Modification Proposal.

## **2. Relevant Context**

- 2.1. The following points are key elements of relevant context for these Business Rules:
  - a. The current NI 'point to point' regime will be replaced with an entry-exit regime from 1<sup>st</sup> October 2015;
  - b. Separate charges will be levied for entry and exit, and the Utility Regulator has consulted on how these charges are to be determined and published the outcome in their Entry Capacity Decision Paper published on 5 February 2015;
  - c. New IP Entry Capacity products will be available in the form of annual, quarterly, monthly and daily products;

- d. PRISMA will be the IP Entry Capacity auction platform, and will also offer a secondary capacity trading functionality;
- e. The NI TSOs intend that there will be minimal change to the rules for Exit Capacity for October 2015 as compared to the existing rules in the NI Codes;
- f. The Utility Regulator is proposing to hold a review of the Exit Capacity arrangements during 2016;
- g. Commodity charges will continue to be levied at Exit Points only;
- h. The NI postalised model will be retained and licence revenues will continue to be collected by the Postalised System Administrator (PSA) in the trustee bank account for re-distribution amongst the NI TSOs;
- i. The Distribution Network Operators will continue to hold transmission Exit Capacity on behalf of Shippers who supply consumers in their Distribution Network, but it will be Shippers' responsibility to hold IP Entry Capacity at the IPs and place the corresponding IP Entry Capacity credit with the relevant NI TSO;
- j. The Utility Regulator is developing the approach for determining Entry Tariffs which will apply to IP Entry Capacity at Interconnection Points (IPs). This methodology will set the reserve price for IP Entry Capacity offered, but the methodology itself is not addressed in these Business Rules. The Utility Regulator will also determine an appropriate Charging Methodology for Interruptible VRF IP Exit Capacity at the IPs;
- k. The planned CJV between the NI TSOs will not be in place by Q3 2015. All the NI TSOs will co-ordinate/co-operate to enable streamlined and postalised charging to continue and to maintain efficient operation of the NI Network;
- l. The NI regime currently uses the concept of Required Level of Credit and Provided Level of Credit, and these concepts are being retained, and the proportion of credit cover required against a Shipper's forecast charges (80%) will remain unchanged; and
- m. Shippers will continue to be required to cover for other Shipper defaults under the postalised regime, as is currently the case, and this is the reason for the relatively high level of credit cover required in the NI regime.

2.2. The timing of the PRISMA auctions for the sale of IP Entry Capacity (and day ahead Interruptible VRF IP Exit Capacity) products will be as follows;

Auction	Frequency of auctions	Number of products per auction	Capacity Commences	Start of auction
Annual Yearly	annual	Firm Y1 to Y15 Annual strips	1 <sup>st</sup> October	1 <sup>st</sup> Monday of March <sup>1</sup>
Annual Quarterly		Firm Q1 to Q4	1 <sup>st</sup> October 1 <sup>st</sup> January 1 <sup>st</sup> April 1 <sup>st</sup> July	1 <sup>st</sup> Monday of June
Rolling Monthly	monthly	Firm Monthly Tranche	1 <sup>st</sup> day of each month	2 <sup>nd</sup> Monday in M-1 <sup>2</sup>
Rolling Day Ahead	daily	Firm daily	Start of the gas day	D-1 15:30
Within Day	hourly	Firm daily	Rest of the gas day	D-1 16:30

2.3. Given the timing of the auctions for annual and quarterly capacity, the actual capacity bookings for these products will be available to the NI TSO when calculating the Required Level of Credit Support ('RLCS') in August prior to the start of the Gas Year.

2.4. As monthly and daily IP Entry Capacity and Interruptible VRF IP Exit Capacity products (together known as Short Term Products) are to be booked in auctions during the Gas Year, the RLCS in relation to these Short Term Products will have to be based on forecasts provided by the Shipper.

2.5. These Business Rules are primarily intended to provide rules to ensure that Shippers have sufficient credit in place at the time of booking Short Term Products in order to protect all NI Shippers in the case of Shipper default.

<sup>1</sup> An amendment to the timing for the annual and quarterly auctions has been proposed by ENTSOG since the publication of CAM Business Rules and the associated Code Modifications. It is proposed that these auctions will be moved to July and August respectively. This change has not been fully implemented and will not be applicable until October 2017 therefore for the purposes of these business rules the current CAM auction dates are used.

<sup>2</sup> In line with the ENTSOG Auction Calendar published on 14<sup>th</sup> January 2015 the monthly auctions will be brought forward to the 2<sup>nd</sup> Monday of the month.

### **3. New Concepts**

#### ***Carve Out of Short Term Products***

- 3.1. As Short Term Products are booked in auctions within the Gas Year, the RLCS in relation to these products will be based on forecasts provided by the Shipper<sup>3</sup> in advance of the Gas Year. This presents a potential risk to other Shippers on the NI Network since without appropriate measures, capacity over and above forecast could be purchased without the corresponding credit in place.
- 3.2. Currently if capacity over and above forecast is required, Shippers must request it from the relevant NI TSO who then ensures additional credit cover is placed prior to allocating capacity.
- 3.3. As Short Term Products can be purchased on PRISMA, without any NI TSO intervention, steps are being put in place in order to ensure sufficient credit cover is provided for these products.
- 3.4. Therefore the proportion of credit related to Short Term Products will be separated (carved out) from the current RLCS and PLCS terms and monitored separately within PRISMA.

#### ***Secondary Capacity Trading***

- 3.5. A Shipper may arrange to trade IP Entry Capacity and Interruptible VRF IP Exit Capacity at an IP with another Shipper.
- 3.6. PRISMA will facilitate secondary trading of IP Capacity between Shippers.
- 3.7. A secondary trade of capacity is a temporary arrangement (i.e. for a fixed period of time) and will be described as a 'transfer' under the Codes. The liability to pay the NI TSOs for capacity remains with the party who originally bought the capacity.

#### ***Commodity Traders***

- 3.8. As part of the transition from a 'point-to-point' to an 'entry-exit' Regime, the NI TSOs are introducing the ability for NI Shippers to trade gas with each other at the Northern Irish Balancing Point. It will not be necessary for Shippers to hold any capacity in order to make Trade Nominations.

### **4. New Terms**

The following terms are used in this document and are provided here to aid understanding. The NI TSOs may use different defined terms when developing the Codes legal drafting.

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<sup>3</sup> In accordance with section 11 of the Codes, please see PTL Code Modification Proposal 28/GNI(UK) Code Modification Proposal 14.

**“Available Credit”** means the remaining credit a Shipper has in place in relation to monthly and daily IP Entry Capacity and Interruptible VRF IP Exit Capacity, calculated by PRISMA automatically at any point in time, including during an auction as follows:

Available Credit = PRISMA Credit Limit - Used Value;

**“Gas Transmission Charging Methodology Statement”** means the statement published by the NI TSOs on their website concerning the methodology for the calculation of gas transmission charges.

**“IP Entry Overrun Charge”** means a charge which is payable where the sum of a Shipper’s IP Entry Allocations exceeds the total amount of IP Entry Capacity it has booked in respect of a Gas Flow Day;

**“Other Charges”** means a category of charges comprising charges for Exit Capacity, Exit Commodity, Annual IP Entry Capacity, Quarterly IP Entry Capacity and Imbalance Charges.

**“PLCS Adjustment Form”** is a form which a Shipper must submit in order to increase its Provided Level of Credit Support;

**“PRISMA Credit Limit”** means the value of the credit placed by a Shipper with the NI TSO which has been dedicated to Short Term Products;

**“Ratchet Charge”** means a charge which is payable where Final Exit Allocations exceed the relevant Exit Capacity booking at an Exit Point, as set out in section 1B.12 (please see PTL Code Modification Proposal 28/GNI(UK) Code Modification Proposal 14);

**“Short Term Products”** means Monthly IP Entry Capacity, Daily IP Entry Capacity and Interruptible VRF IP Exit Capacity;

**“Used Value”** means the sum of the value of accepted bids for monthly and daily IP Entry Capacity and Interruptible VRF IP Exit Capacity for a Shipper in the Gas Year to date, calculated automatically by PRISMA.

*Other capitalised terms have the meanings given to them in the NI Codes or elsewhere in this document, or where relevant, in current Code Modification Proposals.*

## **PART A: Business Rules for Credit**

### **5. Application to determine Required Level of Credit Support**

- 5.1. A Prospective Shipper will continue to request that the NI TSOs determine its' initial Required Level of Credit Support ('RLCS') to be established, as provided for in section 17<sup>4</sup> of the Codes.
- 5.2. Shippers are currently required to submit a Credit Application, annually at a minimum, to request that the NI TSO determines their RLCS. The NI TSOs intend to continue to review the RLCS and Provided Level of Credit Support ('PLCS') for each Shipper annually in August, however this will now be performed using the information provided on the Shipper Forecast Information Request as described in 5.3 below. This Shipper Forecast Information Request form will therefore constitute a Credit Application.
- 5.3. Shippers will be required, under licence, to provide annual forecasts to the NI TSOs on whose pipeline they enter and exit the NI gas network. The forecasts will be in respect of a five year period commencing on the 1<sup>st</sup> October in each Gas Year, and will be provided for in section 11<sup>5</sup> of the Codes, but the details are provided below for ease of reference.
- 5.4. Each year, the NI TSOs will provide a pro-forma, 'Shipper Forecast Information Request', by 1<sup>st</sup> May to registered Shippers.
- 5.5. Shippers will be required to complete this form which will require at least information in relation to the following;
  - a. the amount of IP Entry Capacity and Interruptible VRF IP Exit Capacity, by product and month, 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 Entry Point; and
  - d. the quantity of gas which the Shipper forecasts it will flow at each Exit Point
- 5.6. A Shipper shall submit its' completed Shipper Forecast Information Request to the NI TSO no later than the tenth business day in June.
- 5.7. In the event that a Shipper wishes to revise its' forecasts (and amend its' RLCS) during a Gas Year it should provide a revised Shipper Forecast Information Request to the relevant NI TSO.

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<sup>4</sup> See PTL Code Modification Proposal 28/GNI(UK) Code Modification Proposal 14

<sup>5</sup> See PTL Code Modification Proposal 28/GNI(UK) Code Modification Proposal 14

## 6. Calculation of Required Level of Credit Support

- 6.1. The NI TSOs will use the information provided in the Shipper Forecast Information Request to calculate the forecast charges, and therefore the RLCS, for each Shipper for the following Gas Year.
- 6.2. Shippers will still be required to provide credit to cover 80% of their forecast postalised charges (i.e. capacity and commodity) and 80% of their forecast PS Code Charges (i.e. imbalance charges) for the next 12 months.
- 6.3. Current Short Term Capacity ('STC' – which relates to the current daily capacity product) and Buy Back ('BB') charges will no longer be applicable and VRF charges will be included with postalised charges. Credit is therefore no longer required for STC or BB charges. Credit to cover charges for Interruptible VRF IP Exit Capacity shall be required at 80% of the forecast postalised charges. See sections 13 and 14 for credit cover in relation to secondary capacity trading and commodity trading respectively.
- 6.4. The NI TSOs will continue to be able to replace Shipper forecasts with a revised forecast if they have reason to believe a Shipper has under estimated these.
- 6.5. In addition to calculating the total RLCS for a Shipper, the TSOs shall (where applicable) determine the minimum value of that part of its' total RLCS ("**STRLCS<sub>min</sub>**") which is required to cover the Shipper's credit requirement for Short Term Products. This shall be calculated as:

$STRLCS_{min} = 80\% \times \text{value of forecast postalised capacity charges for Short Term Products}$

- 6.6. The TSOs shall notify a Shipper of its' Required Level of Credit Support by providing a "**RLCS Form**" setting out:
  - (a) the total RLCS;
  - (b) the STRLCS<sub>min</sub>;

by [10<sup>th</sup>] business day in August, or within [10] Business Days of any receipt of any re-submission of the Shipper Forecast Information Request during the Gas Year.

## 7. Provided Level of Credit Support and setting the PRISMA Credit Limit

- 7.1. Credit will continue to be accepted in one or a combination of the forms outlined in the Code.
- 7.2. The forms of credit will continue to be categorised as Secured or Unsecured as detailed in the Code.
- 7.3. The Maximum Allowed Unsecured Credit amounts will continue to be subject to the restrictions detailed in the Code (currently section 13.3.2).

- 7.4. The Code will be clarified to ensure that any Moody's rating appended with numerical modifiers of 1,2 or 3 will still be included with the generic rating listed e.g. a rating of Aa1 will be treated as Aa. Any Standard and Poor rating appended with a plus or minus will be included with the generic rating listed e.g. AA- will be treated as AA.
- 7.5. The Utility categories (currently section 13.3.4) will be updated to ensure clarity in relation to the category in which a supplier utility would fall.
- 7.6. Each Shipper's PLCS must be at least sufficient to cover its RLCS in advance of the Gas Year. If the Maximum Allowed Unsecured Credit that has been provided falls below the RLCS then additional Secured Credit must be provided.
- 7.7. Shippers will continue to have an obligation to notify the NI TSO immediately of any downgrading of the Securer's credit rating or material change in their accounting ratios.
- 7.8. The NI TSO's rights to draw down on credit will remain as detailed in the Code.
- 7.9. Where the NI TSOs have determined a  $STRLCS_{min}$ , a part of the PLCS not less than this value shall be dedicated to covering charges for Short Term Products. Unless otherwise notified by the Shipper in accordance with [7.13] or [7.13] applies, the NI TSOs will set the PRISMA Credit Limit for each Shipper equal to its  $STRLCS_{min}$ .
- 7.10. The part of the PLCS which is not dedicated to Short Term Products will be dedicated to Other Charges (the "**OCPLCS**") where Other Charges comprise charges for Exit Capacity, Exit Commodity, Annual IP Entry Capacity, Quarterly IP Entry Capacity and Imbalance Charges.
- 7.11. Credit in relation to Other Charges will be monitored together such that the OCPLCS is 'transferrable' to cover all these components of charges. This means that additional credit cover for any of these components will only be requested from a Shipper when the RLCS for Other Charges exceeds the OCPLCS.
- 7.12. A Shippers' (total) PLCS may exceed its' (total) RLCS (for example where the PLCS is provided via ratios. In this case the Shipper can specify to the NI TSOs whether the 'excess' credit value should be dedicated to Other Charges or to Short Term Products, or define a requested split of the excess credit between the two. The Shipper may adjust this split at any time during the Gas Year by resubmitting the PLCS Form to the NI TSOs.
- 7.13. When placing a Provided Level of Credit Support, a Shipper shall be required to submit to the NI TSOs a "**PLCS Form**" specifying at least:
  - (a) the total value of credit cover (PLCS) provided;
  - (b) the means by which the credit cover is provided, (i.e. forms of credit which acceptable under the Code) including the value of any Unsecured Credit and the duration of any limited component of credit cover;
  - (c) where PLCS exceeds the RLCS, the Shipper's requested split of PLCS between Short Term Products and Other Charges (where the PLCS for Short Term Products must be not less than  $STRLCS_{min}$ ).

- 7.14. The TSOs shall verify the information provided on the PLCS Form in order to establish whether the Required Level of Credit Support has been established. Verification of the PLCS Form may take [up to 10 Business Days].
- 7.15. If at any time, the Shipper's PLCS exceeds its RLCS and the Shipper does not specify how it wishes 'excess' credit to be dedicated, the NI TSOs shall split the PLCS in proportion to the ratio of forecast charges for Short Term Products to the forecast charges for Other Charges and set the PRISMA Credit Limit accordingly.
- 7.16. At any time, should a Shipper wish to place additional credit with the NI TSOs, but where the information contained in the Shipper's most recent Shipper Forecast Information Request is unchanged (for example in order to enable a Shipper to bid a higher premium in an auction), the Shipper should complete a "**PLCS Adjustment Form**" and submit it to the relevant NI TSO.
- 7.17. A PLCS Adjustment Form shall state:
- (a) the additional value of credit cover and the total resulting credit cover (PLCS) provided;
  - (b) the means by which the credit cover is provided, (i.e. forms of credit which acceptable under the Code) Including the value of any Unsecured Credit and the duration of any limited component of credit cover;
  - (c) where PLCS exceeds the RLCS, the Shipper's requested split of PLCS between Short Term Products and Other Charges (where the PLCS for Short Term Products must be not less than  $STRLCS_{min}$ ).
- 7.18. Where the TSOs receive a PLCS Adjustment Form requesting an increase in the level of credit cover for Short Term Products, and provided the TSOs are satisfied that sufficient PLCS has been placed, the NI TSOs will increase a Shipper's PRISMA Credit Limit within 5 business days.

## **8. Duration for maintenance of Provided Level of Credit Support**

- 8.1. Shippers must place their Provided Level of Credit Support ('PLCS') with the NI TSOs by the [3<sup>rd</sup>] business day in September in advance of each Gas Year.
- 8.2. Credit in relation to a Gas Year must remain in place until January following the end of the Gas Year to ensure that all invoices, including potential reconciliation charges, in relation to the Gas Year have been paid.

## **9. Credit Checks for Other Charges**

- 9.1. The NI TSOs will monitor actual charges against forecast each month for Other Charges to ensure sufficient credit cover is in place.
- 9.2. Where an NI TSO identifies a breach of RLCS for the Other Charges in aggregate it will notify the Shipper and request further credit.

- 9.3. If the additional credit is not placed within ten business days of the NI TSO request, the Credit Committee will be convened.

## **10. Credit checks in PRISMA**

- 10.1. The credit functionality of PRISMA will be used for credit checks on Short Term Products only.
- 10.2. At the start of the Gas Year, the NI TSOs shall update PRISMA with the PRISMA Credit Limit for each Shipper. The PRISMA Credit Limit for each Shipper shall be determined, and may be increased on request by the Shipper, in accordance with paragraph 7.
- 10.3. The Used Value will be calculated by PRISMA following each accepted bid in any Auction for Short Term Products, and hence will be a cumulative value covering accepted bids during the entire Gas Year.
- 10.4. PRISMA will automatically calculate and update a Shippers' Available Credit (which is the Shipper's PRISMA Credit Limit less Used Value) at any point in time during the Gas Year, including during the bidding window of any relevant auction for Short Term Products.
- 10.5. A Shipper will be able to view its relevant Available Credit on the PRISMA platform and when a Shipper is bidding in an auction it should ensure it has sufficient Available Credit to complete its intended bidding. Shippers should ensure that they are aware of the lead time, as described in paragraph 7.17, for the NI TSOs to update their PRISMA Credit Limits, and be aware that, for example, it will not be possible for the NI TSOs to immediately provide an increase in the PRISMA Credit Limit during an auction.
- 10.6. If the value of a bid placed by a Shipper exceeds its Available Credit then the bid will be automatically rejected. This can take place part way through an auction.
- 10.7. The NI TSOs will not receive any notification from PRISMA if a Shippers' auction bid is rejected, and the Shipper will need to contact the NI TSO directly if it wishes to increase its STPLCS, otherwise its bids will continue to be rejected until such time as the STPLCS is increased.
- 10.8. Shippers should be aware that the RLCS calculated by the NI TSOs, and the  $STPLCS_{min}$ , will not include any potential Auction Premium. However the Used Value will include any Auction Premium over the reserve price that a Shipper chooses to bid.
- 10.9. For the avoidance of doubt, PRISMA credit checks are not required for participation in annual and quarterly IP Entry Capacity auctions as these products will be booked in advance of the Gas Year. The credit requirement for annual and quarterly IP Entry Capacity products will be determined as part of the Other Charges requirement.
- 10.10. PRISMA Credit Limits are specific to an IP and, accordingly, the relevant NI TSO at the IP will be responsible for administering credit in respect of charges relating to that IP. Hence, credit in respect of Moffat IP Capacity will be determined by and must be placed with PTL, and credit in respect of South North IP Capacity will be determined by and must be placed with GNI(UK).

**11. Determination of whether Required Level of Credit Support has been established**

- 11.1. The rules for determination of whether RLCS has been established will remain as detailed in the current Codes.

**12. Credit Committee**

- 12.1. The Shipper default scenarios under which a Credit Committee can be convened will remain unchanged.
- 12.2. Credit Committee terms of reference and powers will also remain consistent with the current Code.
- 12.3. Since the application of PRISMA credit checks will stop Shippers buying capacity when they do not have sufficient credit, there is no requirement for additional/different Credit Committee powers in relation to Short Term Products.

**13. Credit for secondary trading (transfer) of capacity**

- 13.1. A Shipper may arrange to trade IP Entry Capacity and Interruptible VRF Exit Capacity at an IP with another Shipper.
- 13.2. A secondary trade of capacity is a temporary arrangement (i.e. for a fixed period of time) and will be described as a 'transfer' under the Codes. The liability to pay the NI TSOs for capacity remains with the party who originally bought the capacity ('Primary Shipper').
- 13.3. The requirement to ensure sufficient credit cover is provided to meet the RLCS remains with the Primary Shipper. Therefore a Shippers' PRISMA Credit Limit will be unaffected by any secondary trades.

**14. Credit for Commodity Traders**

- 14.1. As part of the transition from a 'point-to-point' to an 'entry-exit' Regime, the NI TSOs will introduce the ability for NI Shippers to trade gas with each other at the Northern Irish Balancing Point.
- 14.2. As it will not be necessary for Shippers to hold any capacity in order to make Trade Nominations commodity traders may have no credit cover placed with the NI TSOs even though an imbalance charge could arise from their trading.
- 14.3. Commodity traders will therefore be required to provide a forecast of their volume of trades for the Gas Year as part of the Shipper Information Request Form.
- 14.4. The RLCS for such trades will be [80%] of the commodity value of the forecast trades for the following Gas Year.

## **PART B: Business Rules for Invoicing**

### **15. Tariffs Summary : Reference Prices and Reserve Prices**

- 15.1. The Utility Regulator has determined the way in which tariffs for capacity are to be calculated from October 2015, as described in its decision paper on 5<sup>th</sup> February 2015 and consultation on the corresponding modifications to the licences of the NI TSOs. The information in this paragraph 15 is provided here for context.
- 15.2. The forecast reference prices, which will be the basis for reserve prices for auctions, shall be published in advance of each auction. The reference price for IP Entry Capacity products may have multipliers, time factors and/or seasonal factors applied, in accordance with the “Gas Product Multipliers and Time Factors” table published by the Utility Regulator on its website, such that the reserve price for each type of IP Entry Capacity may differ.
- 15.3. For bundled capacity the reserve price in an auction shall be the sum of the relevant reserve price of the NI Capacity for the particular capacity product, (the NI Reserve Price), plus the relevant reserve price of the capacity of the Adjacent Transporter.
- 15.4. For unbundled capacity being sold in an auction, the relevant NI Reserve Price shall apply.
- 15.5. The Utility Regulator and adjacent National Regulatory Authority shall determine how any Auction Premium in respect of an IP shall be split. If no other agreement is reached, any such Auction Premium shall be split 50:50. The NI TSO’s share of any Auction Premium will remain fixed on the closure of the relevant auction.
- 15.6. Shippers with a total allocation of gas at an IP which exceeds their total IP Entry Capacity shall be liable to pay overrun charges, as described in the Allocations Business Rules and in PTL Code Modification Proposal 32/GNI(UK) Code Modification Proposal 17.

### **16. Invoices**

- 16.1. NI TSOs will continue to invoice monthly for PS Transmission Amounts and for PS Code Charges.
- 16.2. STC Charges will no longer be applied. Charges for Interruptible VRF IP Exit Capacity will be included with PS Transmission Amounts. Rules for charging for capacity made available have yet to be determined, but it is anticipated that they will form part of PS Transmission Amounts and hence be invoiced on the PS Transmission Charges Invoices. Hence the existing STC/VRF/BB Invoice shall no longer be required.

### **17. Payment obligations**

- 17.1. Shippers shall remain obliged to pay invoices issued by the NI TSOs and the NI TSOs will remain obliged to make payments to Shippers where it is owed (for example as part of Reconciliation Payments or as part of Code Charges).

## **18. Content of PS Invoice**

- 18.1. Each PS Invoice will continue to set out the identity of the Shipper, the period to which the invoice relates and a unique reference number by which it may be identified.
- 18.2. From October 2015, PS Invoices will contain additional charge items for entry products, Entry Overrun Charges and Exit Ratchet Charges, as detailed below.
- 18.3. Licence conditions detail the calculation of each PS Invoice charge item.
- 18.4. Each monthly PS Invoice could contain an amount for all or any of the following:
  - (a) Monthly Postalised Annual IP Entry Capacity Payment;
  - (b) Monthly Postalised Annual Exit Capacity Payment;
  - (c) Monthly Postalised Quarterly IP Entry Capacity Payment;
  - (d) Monthly Postalised Monthly IP Entry Capacity Payment;
  - (e) Monthly Postalised Daily IP Entry Capacity Payment;
  - (f) Monthly Postalised Exit Commodity Payment;
  - (g) Interruptible VRF IP Exit Capacity
  - (h) Entry Overrun Payment;
  - (i) Exit Ratchet Payment;
  - (j) Supplemental Payment;
  - (k) Auxiliary payment;
  - (l) Reconciliation payment payable by the Gas Supplier to the NI TSO;
  - (m) Reconciliation payment payable by the NI TSO to the Gas Supplier; and
  - (n) Debt payment
- 18.5. In relation to IP Capacity, Shippers shall be invoiced at the payable price, which will be the reserve price for the relevant product plus the NI share of any Auction Premium that was successfully bid at the time the capacity was purchased.
- 18.6. The timing over which capacity products will be invoiced is detailed in the licence and Gas Transmission Charging Methodology Statement.
- 18.7. PS Invoices will also include charges associated with Congestion Management Procedures. The rules around these charges have not yet been finalised.

## **19. Content of CC Invoice**

- 19.1. CC Invoices will continue to set out the identity of the Shipper, the period to which the invoice relates and a unique reference number by which it may be identified.
- 19.2. CC Invoices will continue to be issued monthly and shall itemise the amounts in respect of Code Charges as detailed in the existing Code.

## **20. Content STC/VRF/BB Invoice**

- 20.1. As described in paragraph 16.2, STC/VRF/BB Invoices will no longer be required.

**21. Outstanding Code Charges, Interest, Taxes, Set-off and disputed invoices, and Audit**

21.1. The rules in relation to outstanding code charges, interest, taxes, set-off or disputed invoices and Audit will all remain unchanged.

**22. Periods of Invoicing**

22.1. The NI TSOs will continue to issue PS Invoices and CC Invoices monthly, not later than the 10<sup>th</sup> Business Day after the end of the consumption month.

22.2. Shippers will continue to pay any PS Invoices to the PoT account and any CC Invoices to the NI TSO that raised the invoice by the Due Date.

22.3. Where a Shipper buys bundled capacity, it will receive an invoice from the relevant NI TSO for the IP Entry Capacity on the NI side, and it will be invoiced separately by the Adjacent Transporter for the capacity on their system, in accordance with the rules of the Adjacent Transporter's Code.

**23. Administration of Disbursements and Invoicing for Code Charges**

23.1. Due to the need for a single Aggregate NI Imbalance to be calculated for each Shipper, and charges to be invoiced accordingly, the NI TSOs have agreed that, from 1<sup>st</sup> October 2015, there shall only be one Postalised Network Disbursement Bank Account which shall be operated by PTL on behalf of the NI TSOs.

23.2. Consequently, the NI TSOs have agreed that PTL will invoice on behalf of GNI(UK) for any Code Charges. PTL already invoices on behalf of BGTL in respect of these items as appropriate.

23.3. Code charges may include any of the following;

- (a) Balancing Charges;
- (b) Scheduling Charges;
- (c) Monies to be charged or credited to such Shippers in respect of the purchase or sale of Balancing Gas;
- (d) Disbursement Amounts;
- (e) Unauthorised Flow Charges

23.4. The NI TSOs will share Shipper's nominations and allocation information with each other, for the purposes of calculating Code Charges.

## 24. Consultation Questions

24.1. Shippers and other interested parties are invited to give their views on any aspects of these Business Rules. In particular, the NI TSOs would particularly welcome views and comments on the following:

- i) the use of PRISMA for credit checks for Short Term Products?
- ii) the retention of the concepts of RLCS and PLCS?
- iii) the retention of the existing acceptable forms of credit?
- iv) the retention of the existing level of credit cover of 80%, given that it is to protect Shippers from exposure to default by other Shippers?
- v) the proposal that credit cover for commodity traders should be set at [80% of the commodity of their forecast trades?]
- vi) the proposed division of the PLCS into a limit for PRISMA and credit for Other Charges ?
- vii) the proposed approach to invoicing for entry capacity?
- viii) the revised administrative approach to invoicing for Code Charges ?
- ix) any other comments/questions or concerns?

Responses, and/or parts of responses, may be marked as confidential and will be treated accordingly.

## 25. How to Respond

Shippers wishing to respond to this document are requested to provide their views on or by **27<sup>th</sup> May 2015**. Responses may be made in writing or by email, or directly to the TSOs.

Written responses should be provided to:

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