

Summary of Consultation Responses

Allocations Business Rules

Industry Version 1.0

3rd April 2015

premier
TRANSMISSION

belfast gas
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 **GNI** (UK)
Ltd.

Matter/Subject	Comments	TSOs Response
<p>Gas Allocations to equal gas nominations</p>	<p>PPB and AES support the proposal.</p> <p>PNGL and firmus questioned if the breach of OBA tolerances could potentially create more imbalances on the networks and lead to an increase in balancing actions which could lead to increased costs</p> <p>ESB welcome this concept and commented that without knowing the exact terms of the OBA, including any tolerances it is difficult to provide further comment and questioned if the OBA be transparent to Industry and/or be open to Industry feedback?</p> <p>PPB and AES commented that no Fallback Rule is necessary, as that should be capable of being managed by the TSOs.</p> <p>AES is concerned that NI TSOs will not be party to the development of the Operational Balancing Account and would like more information as to the role of the NI TSOs in this arrangement, how imbalance limits will be set.</p>	<p>The TSOs welcome this support.</p> <p>It is envisaged that a breach of the OBA will be rare. The TSOs do not believe that the introduction of the OBA will lead to increased balancing actions or costs.</p> <p>The OBA at Moffat will be operated by National Grid and GNI(UK). Industry will be notified if there has been a breach in tolerance. GNI(UK) and National Grid shall consult with Industry on the OBA in due course.</p> <p>In the event of a significant breach if the OBA particularly if caused by events outside of the TSOs control, it may not be feasible to allocate as per the nominations. In this scenario, it is important a Fallback rule is in place. By having a Fallback rule in place, Shippers have clarity over how their allocations would be determined on a Non-OBA day.</p> <p>The NI TSOs have been consulted on the development of the OBA and continue to be engaged in the discussions.</p>

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<p>Allocations for gas flowed against firm IP Entry Capacity</p>	<p>PNGL believe that it would be useful for the TSOs to define exact timescales for nominations against IP entry capacity. The consultation paper simply refers to 'Initial IP Entry Allocations by the end of D+1' and 'Final IP Entry Allocations by D+5'.</p>	<p>The nominations and allocations timings are both in line with Regulation (EU) 312/2014</p>
<p>Introduction of overrun charges</p>	<p>ESB and AES support the need for capacity overrun penalty charges on the assumption that a full suite of flexible products will be available at entry.</p> <p>ESB hope that industry will be asked to contribute its views to this decision process in relation to setting the charges.</p> <p>PPB and AES commented that the penalty of '8 x the daily rate' is unexplained and appears arbitrary and that the objective should be to have a factor that provides an incentive but is not penal.</p> <p>AES questioned what 'Daily Rate' is referring to (i.e. daily rate for Annual or Daily Product, reserve price or Clearing price?).</p>	<p>The TSOs welcome this support.</p> <p>UR has consulted on the setting of this charge.</p> <p>The TSOs believe that the proposed overrun charge is set at an appropriate level to incentivise Shippers to ensure they have sufficient IP Entry Capacity in place. The level has been benchmarked against Adjacent Transporters.</p> <p>Given that Shippers have the ability to obtain within day IP Capacity up to 00:30 on Day D, we expect it to be rare that overrun penalties are applied.</p> <p>Daily Rate refers to the reserve price for a daily product on the day that the overrun occurred. Please see PTL Code Modification 28 and BGE(NI) Code Modification 14, section1A.13.3.</p>
<p>Exit Allocations at points which are not IPs</p>	<p>PNGL questioned if Initial and Final Exit Allocations to be provided at D+1 and D+5 is applicable at the PNGL TSO interface of BGEP1 and at the other DNO TSO interface.</p>	<p>This M+5 allocation will apply at all TSO- DSO interfaces.</p>

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	<p>PNGL commented that M+5 is an extremely challenging timeline for the production of final allocations and suggested that consideration would be given to amending the Code to be more reflective of actual process with Final Allocations provided by M+8.</p>	<p>The timings are required to ensure the billing process can be complete on time. Internal processes have been reviewed to ensure this the M+5 timeline is facilitated.</p>
<p>Firm allocations in excess of Firm Capacity at an Exit Point</p>	<p>PNGL and firmus requested clarity on how this would be applied at the DNO interface</p> <p>PPB and AES commented that the proposals are reducing flexibility in the gas arrangements and conflict with the wider energy policy to expand the penetration of renewable generation, which will require flexibility in both the electricity and gas industries.</p>	<p>Please to refer to PTL Code Modification 28, BGE(NI) Code Modification 14 and the Utility Regulator's (UR) Entry Charging Decision Paper for more details.</p> <p>This is a wider discussion and will set some of the context for the Exit Capacity Review.</p>
<p>Shipper Aggregate NI Exit Allocations</p>	<p>PNGL and firmus questioned if Final VRF IP Exit allocations should form part of the Aggregated NI Entry Allocation total.</p> <p>ESB would find it helpful to include an overall formula, showing both entry and exit aggregation, which clarifies the position.</p>	<p>VRF has the same numerical result as physical reverse flow and it should be recorded as such, a reduction of gas in the NI system. In respect of a Shipper's balance position VRF is also a reduction/output.</p> <p>Aggregate NI Entry Allocation $D = \sum \text{Final IP Entry Allocations } D + \sum \text{Trade Buy Allocations } D$</p> <p>Aggregate NI Exit Allocation $D = \sum \text{Final Exit Allocations } D + \sum \text{Final VRF IP Exit Allocations } D + \sum \text{Trade Sell Allocations } D$</p> <p>Aggregate NI Imbalance $= \text{Aggregate NI Entry Allocation } D - \text{Aggregate NI Exit Allocation } D$</p>

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	<p>ESB requested that for Shippers who have not been active on the BGEP system, final aggregated allocations can be provided at D+5 and not M+5.</p> <p>PPB and AES questioned the treatment of Trade Nominations and commented that it did not seem to be captured correctly, as a Sale by one shipper to another should reduce the aggregate Entry allocation of the Seller and increase the aggregate Entry allocation of the Buyer.</p>	<p>The TSOs are aiming to keep the rules consistent for all Shippers.</p> <p>The description of the trade allocations in the Business Rules was accurate and is designed to reflect inputs to and outputs from a Shipper’s individual balance position, therefore, in determining aggregate allocations:</p> <ul style="list-style-type: none"> • A Trade Sell is aggregated with Exit Allocations • A Trade Buy is aggregated with Entry Allocations <p>For example, if a Shipper were to submit an Entry nomination of 10, they would be allocated 10 at Entry.</p> <p>If they were then to submit a Trade Sell of 10, they would be allocated 10 as an output from their balance position.</p> <p>When it came to calculating the Shipper’s imbalance, the Shipper would be balanced.</p> <p>This would also be the case if a Shipper were to submit a Trade Buy of 10 and Exit nomination of 10</p> <p>It is important to note that Trades are not geographically specific and, instead, take place at the NI BP.</p>
<p>VRF by over-nomination</p>	<p>ESB support that VRF is in place to comply with EU requirements.</p> <p>ESB commented that as the TSOs propose to move away from over-nomination at exit being deemed as application for interruptible capacity, it would seem consistent not to</p>	<p>The TSOs welcome this support.</p> <p>The TSOs welcome this support.</p>

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	move towards this method for within day VRF capacity.	
Transition	PPB, ESB and AES support the transition approach	The TSOs welcome this support.