

## **Final Modification Report Re Modification Proposal No.9**

### **Introduction**

Premier Transmission Limited (PTL) has prepared this report in accordance with section 8 of its Transportation Code Modification Rules.

PTL has received, from Phoenix Natural Gas Ltd, (PNGL), modification proposals to change various sections of the PTL Transportation Code (The Code). PNGL feel the modification proposals are necessary to facilitate the introduction of a Distribution Code in Greater Belfast in order to deliver the framework for supply competition. The proposed modification was issued on the 5<sup>th</sup> May 2005. The proposal is attached and is also available on [www.premier-transmission.com](http://www.premier-transmission.com) (Code Modifications).

### **PTL's Opinion**

PTL's opinions on the various parts of the PNGL modification proposals are as follows;

Part 1 relating to section 2 – Nominations.

- 1a. PTL supports the PNGL requirement that Nominations and Renominations at Phoenix Exit Point No1 should identify the downstream Supplier, however the amendment to the Code must remain consistent with the Code drafting applied to Phoenix exit points 2 and 3, i.e. 2.3.1 (e).
- 1b. PTL feels that this particular proposal is already adequately covered uniformly in sections 2.4.1 and 2.9.1 of the Code. We do not think there should be a specific obligation in the PTL Code to link this with a downstream system. Such an obligation does not exist at Phoenix Exit Points 2 and 3 or at Ballylumford.
- 1c .i. If similar drafting is implemented to cover Phoenix Exit Point No1 as proposed in 1a above, (i.e. the drafting of 2.3.1 (e) is adopted as the basis for a new clause covering Phoenix Exit Point No1), we believe this point will be adequately covered under the rejection criteria in section 2.5.4.
- 1c.ii & 1.d.

PTL has sought further clarification from Phoenix regarding their proposal in 1c.ii and 1d. PTL accept that Phoenix, not PTL, propose to carry out the Greater Belfast Matching service. PTL will provide similar nomination information as provided to BGE(NI) under section 4 of the NI Network Operators Agreement to allow the matching role to be fulfilled by Phoenix. As the NI Network Operators Agreement relates to agreements between the three Transporters the NINOA

drafting cannot be amended. PTL will draft a new section 2.15 Matching Nominations/Renominations at Phoenix Exit Point 1.

PTL agree with Phoenix that should the Greater Belfast Matching Agent notify PTL of any Greater Belfast mismatch, PTL have no obligation to resolve the mismatch or tolerate a Greater Belfast mismatch which occurs due to a mismatch at Moffat. Although there is no obligation, PTL should have the right to reject a Phoenix Exit Point 1 nomination that creates a Greater Belfast mismatch. However PTL feel that such a Phoenix Exit Point 1 nomination rejection by PTL is very unlikely for the following reasons;

1. The Moffat Agent Agreement which specifies default nominations in the event of a mismatch between the NTS and the Irish systems at Moffat takes precedence in the PTL system over Downstream Matching Agents.
2. The Greater Belfast Matching Agent will resolve any mismatch at Greater Belfast.

To this end PTL will implement drafting to facilitate such a PTL nomination rejection but do not intend to modify any Commercial Operating procedures or systems to facilitate a PTL rejection.

#### Part 2 relating to section 3 – Allocations

- 2 PTL note the ability of shippers to make changes to the initial allocation at a shared exit point under clause 3.6 of the Code. However, to date this facility has never been used and therefore PTL has not incurred any costs. Under the current drafting it likely that this allocation change may now be a daily occurrence and a manual intervention will be required by the SNIP Agent. It is estimated that this will cost £25 for each occurrence or £15,000 per year. PTL will take authority from NIAER on any cost allocations associated with frequent daily reallocations.

PTL are happy to insert a clause similar to 3.6.3 (b) for Phoenix Exit Point No1 which would allow Phoenix's written approval of such a reallocation.

PTL proposes to further amended this drafting such that the Phoenix written approval is communicated to PTL between the first business day and 16.00 on the fifth business day of the forthcoming month in respect of gas day D. This written approval should contain a summary of required allocation changes for the previous month. This single monthly communication as apposed to approximately 30-31 daily communications should provide for efficiency and reduction in the risks associated with manual error.

Part 3, 4 and 5 relating to section 6 – Capacity Reductions and Emergencies

- 3 In the event of a D-1 or D Capacity Shortfall the Code initiates the Capacity Reduction rules at the power stations first, (Ballylumford Exit Point and Phoenix Exit Point 3) and then at the distribution loads, (Phoenix Exit Point 1, Phoenix Exit Point 2 and the Stranraer Exit Point).

PTL feel that the requests made by PNGL in part 3 are academic because if the application of the Capacity Reduction rules at the power stations has not averted the Capacity Shortfall, then it is highly probable that the NINEC will have declared an Emergency situation.

However, in the event that NINEC has not declared an Emergency, PTL is willing to consider the application of a similar Code rule at Phoenix Exit Point 1 as is applied at Phoenix Exit Point 3 and Ballylumford Exit Point under clause 6.3.2, assuming that there is sufficient time available.

If PTL feels that the necessary revised Shipper Nominations have not been made, then PTL will implement clause 6.3.3 (iv).

- 4 **Note- After the consultation meeting with Phoenix, both PTL and Phoenix have agreed to remove the Phoenix proposal 4, relating to Flow Order Lead Times. Phoenix will raise this as a separate Code Modification. The following paragraphs outline PTLs Initial Modification Report response and shall be included within this Final Modification report for completeness.**

PTL reject the requests made in part 4 on three counts.

Firstly, as outlined above in part 3, the initiation of a Flow Order at Phoenix Exit Point 1 will probably not happen as the NINEC will have already declared an Emergency situation.

Secondly, PTL have back to back agreements with BGE (UK) upstream that require their Shippers, (PTL included), to comply with a D day Flow Order within 2 hours. PTL would not be acting as a Prudent Operator if it allowed the PTL Shippers a longer compliance period than the time PTL must comply with.

Thirdly, the purpose of the Flow Order rules within the Code is to avert a Capacity Shortfall and subsequently prevent an Emergency situation. In the unlikely event that the NINEC has not declared an Emergency situation before a Flow Order will affect Phoenix Exit Point 1, then the proposed compliance lead time of 5 hours as apposed to 2 hours for a within day Flow Order would prolong the response time PTL have to reduce system pressures in the event of a Capacity Shortfall. This would subsequently increase the risk of an Emergency situation. Therefore as a Prudent Operator PTL, reject the request by Phoenix for a 5hour compliance time with a D day Flow Order.

- 5 PTL reject the proposal made in part 5 as it is not within the scope of the PTL permitted proposals outlined in 3 above.

Part 6 relating to section 17 – Accession to the Code

- 6 PTL do not believe that a modification to the PTL Code is necessary to facilitate the requests made in part 6. Rather a modification needs to be made to the Accession agreement.

### **Third Party Representations Made**

PTL has received three comments on the modification proposal from interested parties. The comments were received from Phoenix, BGE(NI) and Centrica. The comments are as follows;

#### **Phoenix**

Part 1 - relating to nominations, section 2 of the PTL Code

PTL has misunderstood our proposal; Modification No.9 proposes that Phoenix, not PTL, should carry out a matching process at Greater Belfast and that Phoenix should endeavour to advise PTL of any mismatches. The modification goes on to propose that PTL should have the right, but not the obligation to reject a mismatched nomination. Accordingly, the proposal is not inconsistent with the nomination matching arrangements at Moffat; indeed it accepts that Moffat would need to take precedence.

The purpose of carrying out a matching process at Greater Belfast is to try to identify and rectify mismatches, which would otherwise expose PTL Shippers to balancing, and scheduling charges and which could result in the need for PTL to buy or sell balancing gas. Phoenix itself is very unlikely to be affected by a mismatch at Greater Belfast given that any supply difficulties which PTL might experience from a mismatch would affect larger PTL loads first.

PTL agrees that PTL nominations at Greater Belfast should identify the downstream supplier and proposes to adapt the existing drafting in 2.3.1(e) to Greater Belfast and Phoenix. This approach is satisfactory for Phoenix and benefits PTL as it is consistent with the arrangements for BGE.

BGE use the information from 2.3.1 (e) and other nomination information provided by PTL to carry out a nomination matching function at Carrickfergus. BGE notify mismatches to BGE Shippers, who can then seek to resolve the mismatch with their

upstream PTL Shipper. Phoenix is willing to seek resolution of any mismatches it identifies at Greater Belfast in much the same way.

To carry out a matching function at Greater Belfast, Phoenix would need PTL to provide the same nomination information as PTL provides to BGE under the terms of paragraph 4 of the NI Network Operators Agreement. Therefore paragraph 4 would need to be extended to cover Greater Belfast and Phoenix.

Phoenix has proposed this first element of Modification No.9 for the overall benefit of the NI regime. However, if Ofreg decides that a matching agent role is not needed at Greater Belfast, that conclusion is entirely acceptable to Phoenix.

Note: For the avoidance of doubt, Phoenix proposes to carry out the matching function on a non contractual, no liability basis. The Phoenix matching function does not diminish in any way the accountability of Shippers for nomination accuracy and matching at Greater Belfast.

*PTL has amended the Code to mirror the drafting that BGE(NI) uses to perform the matching role at Carrick. The amendments will allow Phoenix to perform the Greater Belfast Matching Agent role.*

Part 2 – relating to allocations, section 3 of the PTL Code

The integrity of the Distribution Code commercial regime relies on the matching of allocation information at Greater Belfast; accordingly Phoenix is pleased that PTL acknowledge that changes can be made to initial allocations under paragraph 3.6 and that they are happy to insert a clause similar to 3.6.3 (b) to allow Phoenix to approve such a reallocation.

With regard to costs, we do not believe there are any precedents in the PTL regime where administrative or operational costs are targeted. Phoenix does not support the introduction of this type of cost targeting, which would immediately raise the question of how other PTL cost elements should be targeted.

It is noted that Phoenix has previously suggested the alternative of amending paragraph 3.7 to allow Phoenix to provide the initial allocation for Greater Belfast, in case it is administratively easier to enter new allocation information as opposed to making a change to existing information.

*PTL have proposed drafting to allow Phoenix to approve reallocations at Phoenix Exit Point 1 and to restrict the communication documentation to be sent within the first five business days of the forthcoming month in respect of gas day D. This will provide for better efficiency and reduced potential for error.*

Parts 3 and 5 – Capacity reductions and emergencies, section 6 of the PTL Code

Phoenix accept that it may be unlikely that Greater Belfast will be affected by a capacity reduction on PTL, nevertheless this does not negate the requirement for the PTL Code to contain appropriate rules for such a circumstance.

Under current rules, PTL would apply a capacity reduction affecting Greater Belfast across all Shippers in proportion to their nominations at Greater Belfast and without informing Phoenix. With the advent of supply competition, some shippers may be supplying domestic loads and others may be supplying larger firm and interruptible loads; and the PTL rules take no account of this. Phoenix has suggested that it should co-ordinate the capacity reduction on behalf of PTL, so that reductions are targeted at shippers/consumers best able to turn down their gas consumption.

In response, PTL have offered to adapt paragraph 6.3.2 so that Phoenix and Greater Belfast is covered by a similar provision. Paragraph 6.3.2 is the means by which PTL give SONI the opportunity to determine which power plant is turned down in response to a capacity reduction affecting that customer category.

Phoenix acknowledge the benefits to PTL of adopting an approach at Greater Belfast which is consistent with the SONI arrangements and these are generally acceptable, subject to review of legal drafting.

In the Initial Modification Report, PTL explain that if they feel that revised nominations have not been made pursuant to paragraph 6.3.2, then they will implement a Flow Order under clause 6.3.3 (iv) directly to PTL Shippers at Greater Belfast. Phoenix would like to know if PTL will inform Phoenix about such a Flow Order?

*PTL has amended the Code to mirror Capacity Reduction drafting at the Power Stations. This gives Phoenix the opportunity to determine what load should be interrupted during a Capacity Shortfall, if there is sufficient time. If the necessary Nominations are not made under this provision, then PTL acting as a prudent Operator must maintain the right to control the reduction of nominations and will implement clause 6.3.3.(iv). PTL will communicate any such implementation to Phoenix.*

**Note- After the consultation meeting with Phoenix, both PTL and Phoenix have agreed to remove the Phoenix proposal 4, relating to Flow Order Lead Times. Phoenix will raise this as a separate Code Modification. The following paragraphs outline the Phoenix Consultation comments and shall be included within this Final Modification report for completeness.**

Part 4 – lead time to implement a Flow Order, section 6 of the PTL Code

The purpose of this element of Modification 9 is to achieve consistent lead times across the gas supply chain. The interruption lead time in the Distribution Code is consistent with the GB regime whereby Transco offers a 5 hour interruption lead time at all Exit Points, including Moffat. The Distribution Code Emergency Provisions are also consistent with Transco in that any requirement to reduce consumption, including interruption, has to be effected “as soon as reasonably practical”.

Phoenix was not aware that PTL have upstream arrangements with BGE (UK) that require a flow reduction within 2 hours. We anticipated that the BGE regime between Moffat and Twynholm would have arrangements back to back with Transco rules applicable at Moffat.

Phoenix would like to ask PTL the following questions:

Why are PTL’s upstream arrangements with BGE (UK) not back to back with the GB regime?

If this is because the contract with BGE (UK) preceded the introduction of the GB Network Code then, is it possible to modify the BGE (UK) contract to take account of the rules which were subsequently introduced at Moffat?

Is the BGE (UK) transportation contract in the public domain? Can we see a copy of the relevant provisions?

Phoenix does not believe it would be practical for their interruptible consumers to comply with an interruption lead time which is much less than 5 hours. If the lead time was reduced to a level which could not be complied with, then the associated strong remedies would be unreasonable. In addition Phoenix’s Distribution Code has a minimum notice requirement of 4 hours for interruption which is based on Phoenix Supply having interruptible contracts in place with customers which requires Phoenix Supply to provide a minimum of 3 hours notice for interruption.

## Part 6 – Exemption from requirement to hold a Supply Licence, section 17 of the PTL Code or amendment to the PTL accession agreement

This final element of Modification No.9 is to enable Phoenix to accede to the PTL Code without the requirement to hold a Supply Licence. This is against the background that Phoenix needs to accede to the PTL Code to comply with Ofreg's request that it should book transmission capacity on behalf of all parties shipping gas to Greater Belfast.

We understand that PTL propose this change can be effected by an amendment to the PTL Accession Agreement instead of the change to paragraph 17.4 that Phoenix has proposed.

Phoenix is prepared to consider the PTL alternative, and requests PTL to make available the changes to the drafting of the PTL Accession Agreement that it proposes.

As the requirement has arisen as a consequence of Phoenix compliance with an Ofreg request, Phoenix would also appreciate Ofreg's view as to how they see the issue being resolved.

*PTL has made amendments to both the Accession Agreement and the Code in order to facilitate the booking of capacity by Phoenix on behalf of shippers at Phoenix Exit Point 1.*

### Concluding Comments

PTL's Initial Modification Report notes that the implementation date for Modification No.9 should take account of the lead times to develop software and/or procure the services of a matching agency. As Phoenix has explained, there is no need for either of these requirements to be taken into account.

Phoenix proposed an implementation date of 1<sup>st</sup> August 2005 for Modification No.9, which is in line with the timetable in the PTL Modification Rules. However the rules state that PTL should have circulated an Initial Modification Report by 6<sup>th</sup> May, whereas the report was actually made available on 6<sup>th</sup> June. Therefore the implementation date for Modification No.9 is presumably delayed until 1<sup>st</sup> September?

In Phoenix view the stated aims of Modification Proposal 9 have not changed and accordingly we would respectfully ask that PTL prepare a Final Modification Report by 25<sup>th</sup> July, which is 20 business days after the consultation period closes out on 4<sup>th</sup> July.

In the meantime, Phoenix proposes that PTL should convene a Consultation Meeting as soon as practical after the 4<sup>th</sup> July consultation close-out, at which PTL would discuss its view on each element of Modification No.9, in particular:

- 1 the benefits of matching at Greater Belfast and the associated revisions to the PTL Code and to the NI Network Operators Agreement; the legal drafting to apply 2.3.1 (e) to Phoenix
- 2 the legal drafting to apply 3.6.3(b) to Phoenix for the approval of reallocations,
- 3 the legal drafting to apply 6.2.3 to Flow Orders affecting Greater Belfast and how Phoenix will be notified of a Flow Order instigated under 6.3.3 (iv),
- 4 how interruption lead times can be made consistent across the NI supply chain, including addressing the questions Phoenix has raised in Part 4 above,
- 5 how PTL's proposal to amend the PTL Accession Agreement will work in detail, to include suggested legal drafting.

*PTL has convened a meeting with Phoenix and has discussed the various points of the original Phoenix proposal and consultation comments. The response to each is included within this report.*

## **BGE(NI)**

### Section 1:

BGE(NI) note that there may be a requirement to have matching arrangements at the interface between the PTL/Phoenix transmission system and the Phoenix Distribution system. BGE(NI) would welcome the opportunity to participate in the development of any arrangements which may be put in place to facilitate such matching, as a similar requirement may be likely on the NWP when the supply competition is introduced to the NWP and SNP towns.

*PTL recognises that similar drafting changes under this Code Modification to allow Phoenix to provide a matching role at Greater Belfast may be required in BGE(NI)s code to facilitate the matching role at NWP and SNP towns. There is no further drafting required in the PTL Code.*

### Section 2:

BGE(NI) agree that additional administration resources will be required to process Shipper requested changes to initial Allocations at a shared Exit Point on a daily basis. While the Codes in Northern Ireland do allow this, in practice such requests are infrequent. We understand that the Phoenix proposal is that this would be a daily occurrence and BGE(NI) feel consideration would need to be given as to where this activity should best be carried out.

*PTL has proposes to amend the drafting such that the Phoenix written approval is communicated to PTL between the first business day and 16.00 on the fifth business day of the forthcoming month in respect of gas day D. This written approval should contain a summary of required allocation changes for the previous month. This single monthly communication as apposed to approximately 30-31 daily communications should provide for efficiency and reduction in the risks associated with manual error.*

### Section 3:

BGE(NI) feel that the rules relating to capacity and supply restrictions should be clear to allow the Transporter to implement these rules in a timely fashion.

While there will be regular interaction and close co-operation between the Transmission System operator and the Distribution System operator, both operators should be in a position to implement clear rules in the event of an emergency or restriction. BGE(NI) query whether the proposed modifications are necessary? After the introduction of supply competition. should PS Gas Suppliers ensure that interruptible services are not used to supply gas to end-users who cannot tolerate interruption?

*It has been agreed that Phoenix Distribution books Firm Capacity on behalf of Phoenix Exit Point 1 shippers. Under this arrangement Phoenix Exit Point 1 shippers will be required to flow under interruptible contracts to supply both firm and interruptible loads. The normal protocol of cutting interruptible services cannot therefore be applied.*

*PTL note that the application of interruptible services for all shippers at Phoenix Exit Point 1 and the new capacity reduction drafting may only be interims solution due to the Code changes that may arise from the South/North implementation, i.e. the current flow order rules relating to power station interruption may change and the possibility of the use of only firm Contracts on SNIP being used.*

### Section 4:

BGE(NI) feel that there is merit in having the Flow Order leadtimes consistent in the upstream and downstream systems.

### Section 6:

BGE(NI) feel that the suggestion made by PTL regarding modifying the Accession Agreement to allow a party with a Distribution Licence to accede to the code is worthy of consideration. However, the Codes would also require modification – ref. Clause 17.4.5 of the PTL Code.

*PTL has made amendments to both the Accession Agreement and the Code in order to facilitate the booking of capacity by Phoenix on behalf of shippers at Phoenix Exit Point 1.*

## **Centrica**

British Gas Trading (“BGT”) supports the comments made by Premier Transmission (“PTL”) in this Initial Modification Report. The proposed changes in Code Modification 9 go beyond the remit of a Transmission System Operator and will essentially cascade the costs of facilitating downstream competition to upstream and non-distribution parties.

To this extent BGT supports the rejection of this modification.

However, we note that PTL state that some of the modification proposals could be acceptable. If NIAER agree with this view then such changes should be the subject of a new modification process and in any event all costs associated with these developments should be targeted at the requesting party.

*Since the Initial Modification report was published, it has been determined that PTL will not be the Greater Belfast Matching agent. The costs and resource requirements associated with this activity no longer lies with PTL.  
PTL agree that the costs associated with the reallocations at Phoenix Exit Point 1 may cascade to upstream parties and will take authority from NIAER on the matter.*

## **Proposed Text Amending the Code**

PTL propose the following modifications to the PTL Transportation Code:-

### **Part 1a**

2.3.1 A Nomination shall:

- (e) if the Nomination is a Phoenix Exit Point No 3 Nomination or a Phoenix Exit Point No 2 Nomination, specify the identity of the BGE (UK) Shipper which shall off-take the corresponding quantity of gas from the Phoenix System into the BGE (UK) Downstream System and where there is more than one such BGE (UK) Shipper the quantity which is attributable to each such shipper;
- (f) if the Nomination is a Phoenix Exit Point No.1 Nomination specify the identity of the Downstream Supplier which shall offtake the corresponding quantity of gas from the Transmission System into the Phoenix

Distribution system and where there is more than one such Downstream Supplier the quantity which is attributable to each such Supplier; and

- (g) specify the identity of the nominating Shipper.

#### New Definitions

- “Downstream Supplier”** means a Gas Supplier which is downstream of a Connected System;
- “Phoenix Distribution System”** means the distribution system owned and operated by Phoenix;

**Part 1b and 1c.i** No further drafting required.

#### Part 1c.ii and 1d

- 2.5.5 Premier Transmission shall have the right to specify that a Shipper renominate if there is a substantial mismatch between the nomination by the Shipper on the Premier Transmission System and the nomination by the said Shipper on the Phoenix System.
- 2.5.6 If a nomination is rejected or reduced by BGE (UK) in accordance with section 2.5.4 (a) where the nomination was for a quantity to which Premier Transmission is entitled under the BGE (UK) Transportation Agreement Premier Transmission shall take such steps, as would a Reasonable and Prudent Operator in relation to the rejection or reduction, which may include requiring that the BGE (UK) accepts any nomination which it obliged to accept under the terms of the BGE (UK) Transportation Agreement.
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#### **2.15 Matching Nominations/Renominations at Phoenix Exit Point 1**

- 2.15.1 PTL and Phoenix acknowledge that nominations and renominations shall be submitted by PTL Shippers and Phoenix Suppliers separately to the relevant Transmission or Distribution Operator for the relevant Transportation or Distribution System in accordance with the relevant Code.
- 2.15.2 Daily Nomination Information Flow
- 2.15.2.1 PTL shall inform PNGL no later than 08:30 on the day before ("**D-1**") the commencement of the Gas Flow Day ("**D**") of all PTL Shippers’

nominations received by PTL for offtake at Phoenix Exit Point No. 1. Such information shall be in accordance with clause 2.3.1. (f).

- 2.15.2.2 PTL shall confirm to PNGL no later than 16:00 on D-1 that the information supplied under Clause 2.15.2.1 is either correct or that such information has been amended to reflect a mismatch between delivery nominations into the PTL Transportation System and nominations in respect of Phoenix Exit Point No. 1. PTL's confirmation pursuant to this Clause 2.15.2.2 shall comprise a breakdown of the confirmed or revised nominations, as the case may be, at Phoenix Exit Point No. 1. by the relevant Phoenix Exit Point 1 Shipper.

PNGL shall use the information provided under Clause 2.15.2 to perform the matching process at Greater Belfast.

### **2.15.2 Renomination Information Flow**

- 2.15.3.1 PTL shall inform PNGL, no later than ten (10) minutes past the Hour Bar by which a Shipper has renominated on the PTL Transportation System for a revised offtake at Phoenix Exit Point No. 1, of all PTL Shippers' revised renominated quantities, identifying the corresponding PNGL Suppliers and the quantities to be delivered to Phoenix Exit Point No. 1. and broken down by the relevant Phoenix Exit Point 1 Shipper.

- 2.15.3.2 PTL shall confirm to PNGL, no later than fifty five (55) minutes past the Hour Bar referred to in Clause 2.15.3.1 that the information supplied under Clause 2.15.3.1 is either correct or that such information has been amended to reflect a mismatch between delivery renominations into the PTL Transportation System and renominations in respect of Phoenix Exit Point No. 1. PTL's confirmation pursuant to this Clause 2.15.3.2 shall comprise a breakdown of the confirmed or revised renominations, as the case may be, for Phoenix Exit Point No. 1 by the relevant Phoenix Exit Point 1 Shipper.

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## **Part 2**

- 3.6.3 A Reallocation shall be accepted by Premier Transmission only if:  
(a) Premier Transmission is satisfied that the aggregate measured quantity of gas which would be allocated to such affected Shippers in respect of D if section 3.5.1 were applied, is equal to the quantity of gas which the affected Shipper's have requested be Reallocated; and

(b) in the case of a Reallocation of gas at Phoenix Exit Point No 2 and/or 3, Premier Transmission receives BGE (UK)'s written approval of such Reallocation before 16:00 on D+5.

(c) in the case of a Reallocation of gas at Phoenix Exit Point No 1, Premier Transmission receives PNGLs written approval of such Reallocation between the first business day and 16:00 on the fifth business day of the next subsequent month in respect of day D.

3.6.4 A Reallocation accepted in accordance with section 3.6.3 shall, subject to section 9 (*Measurement and Testing*), become a Final Allocation.

### Part 3

6.2.3 (b) (iv) If Premier Transmission believes that the submission of revised Nominations for Phoenix Exit Point No 1, Phoenix exit Point 2 or Stranraer Exit Point Nominations and/or revised nominations of Daily Profiles attributable to such Distribution Nominations may avert the D-1 Predicated Capacity Shortfall, Premier Transmission shall promptly inform Phoenix, BGE(NI) and Stranraer of:

(aa) the reduction in capacity utilised on the PTL System which it believes will, if achieved through Revised Distribution Nominations avert the D-1 Predicted Capacity Shortfall, and the time by which it believes that such Revised Distribution Nominations will have to be submitted in order that Premier Transmission will not have to issue a Flow Order to avert the D-1 Predicted Capacity Shortfall; and

(bb) whether Premier Transmission believes that the D-1 Predicted Capacity Shortfall has arisen as a result of:

(i) the pressure at the entry to the PTL System falling below 64 bar;

(ii) there being an operational constraint in respect of the PTL System;

or

(iii) the Nominations and Renominations and/or the Daily Profile attributable to each such Nomination and/or Renomination in respect of a Day exceeding the capability of the PTL System on that Day or in any hour on that Day where there is no significant operational constraint in respect of the PTL System.

If, after the time by which Premier Transmission requested Revised Distribution Nominations, Premier Transmission has not received any such Revised Distribution Nominations and there remains a D-1 Predicted Capacity Shortfall Premier Transmission shall by issuing a Flow Order:

- (cc) require that Phoenix Exit Point 1, Phoenix Exit Point 2 and Stranraer shippers submit no further Nominations or Renominations (other than any Renominations of a reduced Firm Nominated Quantity or a reduced Interruptible Nominated Quantity, which may continue to be made) on D-1 or on Day D for any Exit Points identified in such Flow Order; and
- (dd) subject to section 6.2.4, reduce those Nominations or Renominations which have been submitted (whether or not accepted by Premier Transmission) on D-1 up until the time by which Premier Transmission required that no further Nominations or Renominations be submitted in accordance with (cc) above, and/or the Daily Profiles attributable to each such Nomination or Renomination, to an extent which Premier Transmission believes will avert the D-1 Predicted Capacity Shortfall as per the following:

1. each Stranraer Nomination, Phoenix Exit Point No 1 Nomination, Phoenix Exit Point No 2 Nomination shall be reduced pro rata to all such nominations; and/or
2. each Daily Profile attributable to each such Stranraer Nomination, Phoenix Exit Point No 1 Nomination and Phoenix Exit Point No 2 Nomination shall be reduced pro rata to all such Daily Profiles,

to the extent which Premier Transmission believes will avert the D-1 Predicted Capacity Shortfall and that there remains a D-1 Predicted Capacity Shortfall after applying 6.2.3(b)(iii) above.

- 6.2.3.(b)(v) PTL shall communicate any Flow Order issued in accordance with 6.2.2.(b)(iv) to Phoenix, BGE(NI) and Stranraer for information purposes only.

- 6.2.4 Nominations and/or Renominations shall not be reduced in accordance with section 6.2.3 (b) by an amount exceeding the amount by which such Nominations and/or Renominations exceed the Available Capacity for Day D. If both any Nomination and/or Renomination and its corresponding Daily Profile are reduced in accordance with section 6.2.3 (b) the Daily Profile shall not be reduced below the level of one twenty fourth of the reduced Nomination and/or Renomination. If a Daily Profile (but not the Nomination and/or Renomination to which it relates) is reduced in accordance with section 6.2.3 (b) the Daily Profile shall not be reduced below the level of one twenty fourth of the Nomination and/or Renomination to which it relates.
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- 6.3.3 (b) (iv) If Premier Transmission believes that the submission of revised Nominations for Phoenix Exit Point No 1, Phoenix exit Point 2 or Stranraer Exit Point Nominations and/or revised nominations of Daily Profiles attributable to such Distribution Nominations may avert the D day Predicated Capacity Shortfall, Premier Transmission shall promptly inform Phoenix, BGE(NI) and Stranraer of:
- (aa) the reduction in capacity utilised on the PTL System which it believes will, if achieved through Revised Distribution Nominations avert the D day Predicted Capacity Shortfall, and the time by which it believes that such Revised Distribution Nominations will have to be submitted in order that Premier Transmission will not have to issue a Flow Order to avert the D day Predicted Capacity Shortfall; and
  - (bb) whether Premier Transmission believes that the D day Predicted Capacity Shortfall has arisen as a result of:
    - (i) the pressure at the entry to the PTL System falling below 64 bar;
    - (ii) there being an operational constraint in respect of the PTL System;or
    - (iii) the Nominations and Renominations and/or the Daily Profile attributable to each such Nomination and/or Renomination in respect of a Day exceeding the capability of the PTL System on that Day or in any hour on that Day where there is no significant operational constraint in respect of the PTL System.

If, after the time by which Premier Transmission requested Revised Distribution Nominations, Premier Transmission has not received any such Revised Distribution Nominations and there remains a D day Predicted Capacity Shortfall Premier Transmission shall by issuing a Flow Order:

- (cc) require that Phoenix Exit Point 1, Phoenix Exit Point 2 and Stranraer shippers submit no further Nominations or Renominations (other than any Renominations of a reduced Firm Nominated Quantity or a reduced Interruptible Nominated Quantity, which may continue to be made) on D-1 or on Day D for any Exit Points identified in such Flow Order; and
- (dd) subject to section 6.2.4, reduce those Nominations or Renominations which have been submitted (whether or not accepted by Premier Transmission) on D-1 up until the time by which Premier Transmission required that no further Nominations or Renominations be submitted in accordance with (cc) above, and/or the Daily Profiles attributable to each such Nomination or Renomination, to an extent which Premier

Transmission believes will avert the D-1 Predicted Capacity Shortfall as per the following:

1. each Stranraer Nomination, Phoenix Exit Point No 1 Nomination, Phoenix Exit Point No 2 Nomination shall be reduced pro rata to all such nominations; and/or
2. each Daily Profile attributable to each such Stranraer Nomination , Phoenix Exit Point No 1 Nomination and Phoenix Exit Point No 2 Nomination shall be reduced pro rata to all such Daily Profiles,

to the extent which Premier Transmission believes will avert the D day Predicted Capacity Shortfall and that there remains a D day Predicted Capacity Shortfall after applying 6.3.3(b)(iii) above.

6.3.3.(b)(v) PTL shall communicate any Flow Order issued in accordance with 6.3.2.(b)(iv) to Phoenix, BGE(NI) and Stranraer for information purposes only.

6.3.4 Nominations or Renominations shall not be reduced in accordance with section 6.3.3 (b) by an amount exceeding the amount by which such Nominations or Renominations exceed the Available Capacity for Day D. If both any Nomination or Renomination and its corresponding Daily Profile are reduced in accordance with section 6.3.3 (b) the Daily Profile shall not be reduced below the level of one twenty fourth of the reduced Nomination or Renomination. If a Daily Profile (but not the Nomination or Renomination to which it relates) is reduced in accordance with section 6.3.3 (b) the Daily Profile shall not be reduced below the level of one twenty fourth of the Nomination or Renomination to which it relates.

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## Parts 4 & 5

No further drafting required.

## Part 6

17.4.6 Section 17.4.5 shall not apply in respect of any Shipper, or Prospective Shipper, that does not have a Gas Supply Licence but does with the Authority's consent either: (i) hold Firm Capacity; or (ii) have entitlement to Exit gas from the Designated Network as if it had a Gas Supply Licence.

PTL has attached the Accession Agreement with the proposed new drafting.

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### **Likely Implementation Date**

PTL proposes an implementation date of 01/12/05. This date should allow the other DPOs to review their respective Codes in light of this proposed modification and make any modifications where necessary.

### **Conclusion**

After seeking further clarification from Phoenix regarding a number of issues within their proposal, in particular PTL's role in providing information to the Greater Belfast Matching Agent as apposed to actually fulfilling the Agency role, PTL has proposed the new drafting contained within this report. The new drafting mirrors existing drafting already within the PTL Code and existing PTL agreements, with no substantial change. PTL note that the costs surrounding the Greater Belfast Matching Agent will not be associated with PTL and we shall take authority from NIAER with regard to reallocation costs. PTL believe that the provisions now allow for only Designated Networks, therefore the achievement of the relevant objective can be maintained.

PTL feel that some of the new drafting proposed may only be an interim provision as the implementation of the North/South may require the current Code rules to be revised e.g. the Capacity Reductions rules, as the current Code provisions surrounding initial power station interruption and the use of interruptible contracts may be revised.

PTL feels that the new drafting will allow Phoenix to perform the Greater Belfast Matching role, provides for more efficient allocations and presents comprehensiveness in relation to the Flow Order code. This will allow Phoenix to facilitate the introduction of the Greater Belfast Distribution code and PTL now recommends the proposal as per this Final Modification Report.