

IME3 Compliance for 2015

Capacity Allocation Mechanisms and Changes for Entry-Exit Business Rules for Industry Consultation

Version 1.0

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1. Introduction

- 1.1. 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.
- 1.2. 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.
- 1.3. Therefore, the NI TSOs (PTL, BGE(NI) and BGTL) are introducing entry capacity as a separate product for use from 1st October 2015. Transition rules have been developed (and published separately) to address the provision to Shippers of an Initial Entitlement of IP Entry Capacity (and an amount of Exit Capacity) which corresponds to their existing point-to-point capacity holdings, as well as detailing the sales process for capacity which will apply during the Gas Year 2014-2015.
- 1.4. The CAM Regulation specifies standard capacity products with specific durations of use and processes (auctions) for the allocation of capacity at Interconnection Points. The CAM rules apply to both forward and reverse flow at an IP, and will be a legal requirement from 1st November 2015. CAM also requires that firm entry capacity at an NI IP should be offered where possible as a bundled product, bundled with exit capacity from the upstream balancing zone (i.e. with GB exit capacity at Moffat and with ROI Exit Capacity at SN). Bundled capacity is to be offered on a joint platform with the Adjacent Transporter. For NI, this will be the PRISMA platform.
- 1.5. As the NI TSOs will be introducing entry capacity for the first time for use in October 2015, it is appropriate to ensure that the way in which it is offered is also compliant with the specifics of the CAM Regulation. The NI TSOs therefore intend to deliver CAM compliant processes to be effective from 1st October 2015, to align with the Gas Year in NI.
- 1.6. The change in the gas day (from 06:00-06:00 to 05:00-05:00) is also a CAM requirement but will be addressed in a separate set of Business Rules and a separate Code Modification Proposal.
- 1.7. Business Rules for Nominations and Allocations at Interconnection Points have been published separately.
- 1.8. This Business Rules document sets out how the NI TSOs will offer standard CAM capacity products, and the sale processes (auctions) which will apply, at Interconnection Points. They also set out a number of consequential changes to the NI Codes that arise as a result of the introduction of entry capacity in the NI regime.

- 1.9. These 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. Some elements of the new processes (e.g. month ahead auctions for IP Capacity) are due to start prior to 1st October 2015, but not all the rules will need to be effective until 1st October. Therefore there will be different 'effective dates' for different elements of these Business Rules, and these will be set out in the Code Modification Proposal. ..

2. Relevant Context

- 2.1. The following points are key elements of relevant context for these Business Rules:
- a. CAM applies to capacity in both directions at an IP. It does not apply at non-IP exit points. The arrangements for Firm Capacity at NI Exit Points will remain largely effective in relation to Exit Capacity¹, with the exception of the simplification of the current point-to-point arrangements relating to Virtual Reverse Flow (VRF). The TSOs intend to hold a review of Exit Capacity arrangements in 2016.
 - b. The Northern Irish Interconnection Points (IPs) are Moffat and South North.
 - c. Both IPs operate physically in forward flow towards NI. There is no capability for physical flow out of NI at the IPs, so VRF applies in the reverse direction. There are no other entry points in NI at this time.
 - d. The NI TSOs will make the full suite of firm CAM products available in the forward flow direction (annual, quarterly, monthly, and daily capacity), but do not intend to offer forward flow interruptible capacity until firm is sold out, as this is not an essential requirement for CAM.
 - e. The NI TSOs intend to implement the minimum CAM requirements for VRF, namely an interruptible product offered at D-1 (and potentially via within day, via an over-nomination procedure).
 - f. 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. It will not be necessary for Shippers to hold any capacity in order to make Trade Nominations.
 - g. There are three TSOs currently operating (in co-ordination with each other) in the NI Regime. Each NI TSO owns and operates different parts of the overall NI Network. The NI TSOs operate together under a joint Northern Ireland Network Operators Agreement to make the NI Network operate as a single balancing zone (and to facilitate the application of a 'postalised' charging system). Therefore it is not necessary for there to be any capacity booking procedures at the points where the NI TSOs networks interface with each other.

¹ The Utility Regulator is proposing amendments to the current arrangement at exit points whereby nominations which exceed the booked capacity at an exit point are deemed to be an application for interruptible capacity. Please see section 17.5 and the Nominations and Allocations Business Rules for more detail.

- h. 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 Entry Capacity at the IPs.
- i. The Utility Regulator is developing the approach for determining Entry Tariffs which will apply to Entry Capacity at IPs. This methodology will set the reserve price for Entry Capacity offered, but the methodology itself if not addressed in these Business Rules. The Utility Regulator will also determine an appropriate Charging Methodology for VRF Exit Capacity at the IPs.
- j. Congestion Management Procedures (CMP) were recently introduced into the NI point-to-point regime for compliance with EU 715/2009. These comprised Surrender rules, Oversubscription and Buyback rules and adapted the previous Code terms for Long Term Use-it-or-lose-it (LTUIOLI). It will be necessary to revise these arrangements such that they apply independently at the IPs. The NI TSOs intend to develop Business Rules for CMP at IPs mid-2015. Therefore these items are not covered in this document, although reference is made to capacity which may be made available as a result of these procedures.
- k. There will need to be a number of permanent consequential changes to the NI Codes to accommodate the introduction of entry capacity products, including for example, to the definition of 'Firm Capacity' (which currently refers to the point to point product). These are also set out in these Business Rules.

3. New Concepts

3.1. Bundling of Capacity at Interconnection Points

- 3.1.1. The CAM Code requires the Transporters on either side of the IP (the Adjacent Transporters) to offer their available capacity as a 'bundle' as far as possible.
- 3.1.2. At Moffat IP, PTL and National Grid will jointly offer their respective available firm capacities as bundled products.
- 3.1.3. At South North IP, BGE(NI) and Gaslink will jointly offer their respective available firm capacities as bundled products.
- 3.1.4. In order to buy bundled capacity products, an NI Shipper will need to also be a registered Shipper on the other side of the IP. It is the Shipper's responsibility to make the necessary arrangements with the Adjacent Transporter.
- 3.1.5. Firm capacity at IPs must be offered as bundled to the extent possible. Where there is a mismatch between the amount of capacity available (i.e. unsold) on each side of an IP, the Transporter which has excess available capacity may offer it as unbundled firm capacity. Since there is significantly more technical capacity available upstream than downstream at Moffat, there is unlikely to be any available unbundled capacity on the NI side from 1st November 2015.

- 3.1.6. Where unbundled capacity is offered as a result of differing available capacity on either side of an IP due to existing long term capacity holdings, the duration of the unbundled capacity to be offered cannot exceed the duration of the contract term of the corresponding unbundled capacity on the other side of the IP. Where unbundled capacity is offered as a result of a technical mismatch it cannot be offered for a duration of more than 1 year.
- 3.1.7. Where there is more than one TSO on one side of an IP (as is the case at Moffat, where National Grid is on the upstream side, and both Gaslink and PTL are on the downstream side) then their respective auctions may be ‘linked’. Linking of auctions may occur when there is less capacity available on the National Grid side than the amount (in total) ‘demanded’ by auction bids on the NI and ROI sides. In this case, the PRISMA platform will jointly assess the bids in both auctions to determine how capacity is to be allocated. This process is described in more detail in the Business Rules sections 8.11 and 9.7.
- 3.1.8. The CAM Code provides for Transporters to offer interruptible capacity in the direction of physical flow, though this is not an obligation unless firm capacity in the forward flow direction is sold out. The NI TSOs do not intend to offer interruptible entry capacity at IPs at this time, though this will be kept under review, and the NI TSOs would seek to offer Interruptible Capacity if any contractual capacity congestion is identified through the mechanisms required by the EU Congestion Management Procedures (CMP) and, in line with CAM, when firm capacity is sold out.
- 3.1.9. Since physical flow at the NI IPs is unidirectional, CAM requires that the TSOs must also offer, as a minimum, interruptible capacity in the Virtual Reverse Flow (VRF) direction in a Day Ahead auction process. The NI TSOs will therefore offer Interruptible VRF IP Exit Capacity, on a Day Ahead basis only².

3.2. Set Aside Rules

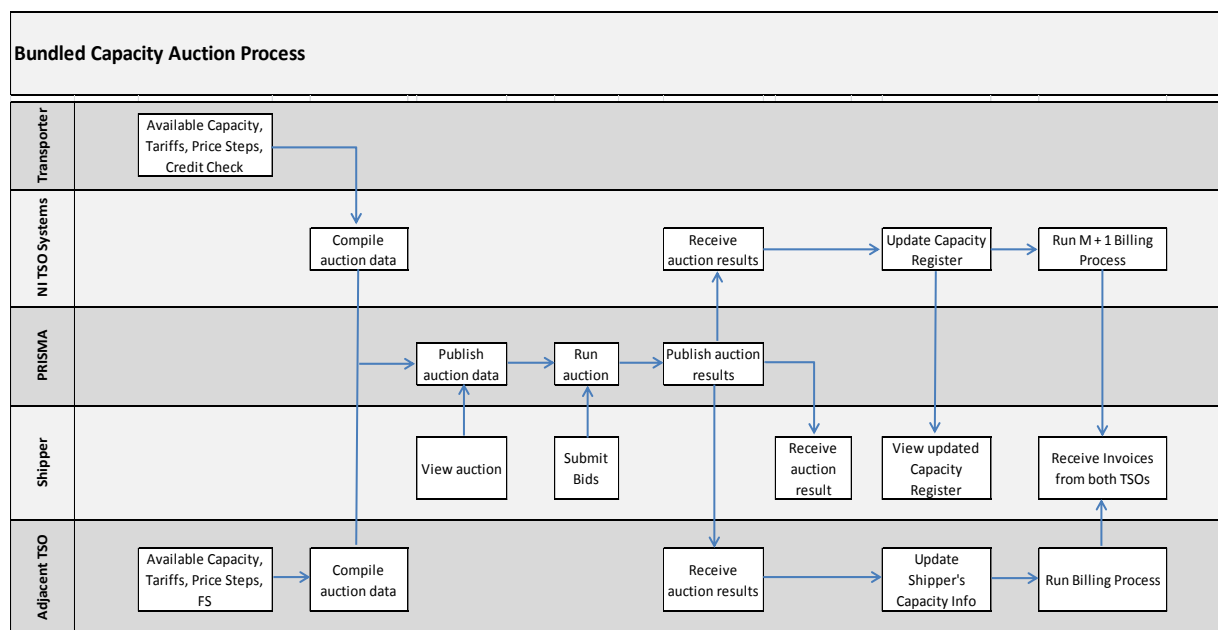
- 3.2.1. CAM requires that certain quantities of capacity are set aside from the amounts to be made available in the annual yearly auctions. This is intended to try to ensure that where possible, capacity remains available for later years and cannot be sold out too many years in advance. The rules are illustrated in the following table:

in Y-1 Annual Auctions					
	for Y to Y+4		set aside 10% for quarterly auctions		
	Y+5 onwards		set aside 10% for the quarterly auctions in the relevant year		
			set aside 10% for the auction 5 years before the relevant gas year		
			i.e total of 20%		

² The TSOs are considering whether to also allow VRF IP Exit Capacity to be utilised via a within day over-nomination procedure. Please also see the IP Nominations Business Rules.

3.3. PRISMA Joint Booking Platform

- 3.3.1. IP Capacity will be offered via the Joint Booking Platform, which will be the PRISMA auction platform. PRISMA will also facilitate secondary trading of IP Capacity between Shippers.
- 3.3.2. Shippers wishing to buy IP Capacity will need to register with PRISMA directly and the PRISMA terms and conditions will apply.
- 3.3.3. It will be a Shipper's responsibility to sign up to PRISMA and ensure that it has the necessary business processes in place to use it.
- 3.3.4. The NI TSOs will provide and manage an interface between the PRISMA system and their own systems. This interface will enable the TSOs to upload the amounts of available capacity, and to receive the results of the auction processes from PRISMA such that once a Shipper has been allocated capacity as a result of the auction process, it will be automatically be added to the Shipper's position in the NI TSOs systems.
- 3.3.5. The diagram below illustrates the activities which will be performed by the various parties/systems.



3.4. Standard CAM Capacity Products and Auction Algorithms

3.4.1. The EU standard capacity products and timetable for their sale are illustrated in the following table. It should be noted that there are proposals to change the timing of the annual and quarterly auctions, in relation to possible changes in the ‘tariff setting’ year. These topics are still under discussion at ENTSOG, and the NI TSOs will update Shippers if any changes are approved.

Auction	Frequency	NI Product Name	Product	Capacity Commences	Start of Auction	Publication of Available Capacity	Allocation	Auction Algorithm
Annual Yearly	annually	Yearly IP Entry Capacity	Firm Y1 to Y15 Annual strips	1st October	1st Monday of March	1 month before auction starts	Next business day	Ascending clock
Annual Quarterly		Quarterly IP Entry Capacity	Firm Q1 to Q4	1st October 1st January 1st April 1st July	1st Monday of June	2 weeks before auction starts		
Rolling Monthly	monthly	Monthly IP Entry Capacity	Firm Monthly Tranche	1st day of each month	3rd Monday of M-1	1 week before auction starts		
Rolling Day Ahead	daily	Daily IP Entry Capacity	Firm daily	Start of the Gas Day	D-1 15:30	At the start of the auction	Within 30 minutes of closure of bidding round	Uniform price
Interruptible Rolling Day Ahead	daily	Interruptible VRF IP Exit Capacity	Interruptible daily	Start of the Gas Day	D-1 16:30	At the start of the auction		
Within Day	hourly	Daily IP Entry Capacity	Firm daily	Rest of the Gas Day	D	After closure of the day ahead auctions		

3.4.2. Also as shown above, the Annual Yearly, Quarterly and Rolling Monthly products are sold via the ‘Ascending Clock’ auction algorithm, whereas Daily capacity (sold day ahead and within day) is sold via the ‘Uniform Price’ algorithm. In the Ascending Clock form, Shippers bid the volumes of capacity they require against certain pre-defined price steps which are applied sequentially in a series of bidding rounds. In Uniform Clock auctions, Shippers bid both price and capacity quantity in a single bidding round.

3.5. European Identity Codes (EIC)

3.5.1. In order for Shippers to access PRISMA, and carry out transactions it will be necessary to have a European Identity Code (EIC). These are unique company identifiers issued by a Local Issuing Office (National Grid or Eirgrid), or alternatively ENTSO-E as they are already used in the Electricity market.

3.5.2. It will be the responsibility of each Shipper to obtain an EIC in the correct format. Since this is the case, the NI TSOs are considering also using this code as an identifier in their systems in relation to Exit Points.

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.

'Adjacent Transporter' means the operator of a Transmission System connected to (or designated as connected to) the NI Network at an Interconnection Point and 'Adjacent Transporters' shall be construed as including the relevant NI TSO at that Interconnection Point³;

'Aggregate Bid Quantity' means the aggregate quantity of IP Capacity for which valid Bids are made in a Bid Round;

'Ascending Clock Auction' means an auction in which Shippers place requested quantities against defined price steps, which are applied sequentially, in a series of bidding rounds;

'Auction Calendar' means a table of all relevant timings for auctions including start dates and EU standard capacity products to which they apply, [published by ENTSOG by January of every calendar year for auctions taking place during the period March until February of the following calendar year];

'Auction Premium' means the difference in price (if any) between the Starting Price and the Clearing Price of an IP Capacity Auction;

'Auction Quantity' means the amount of IP Capacity available to be allocated in an IP Capacity Auction;

'Automatic Bidding' refers to a function provided by PRISMA whereby a Shipper can submit bids before the start of an auction;

'Bid' means a bid by a Shipper to acquire IP Capacity in an auction;

'Bid Quantity' means the amount of capacity to which a Bid refers;

'Bid Round' means a bidding round in an auction;

'Bid Window' means the window of time within which a Bid may be submitted;

'Bundled IP Capacity' means firm IP Capacity which Shippers can obtain via bids in a single auction with corresponding capacity rights of equal quantity and duration provided by the Adjacent Transporter, and/or which is otherwise registered by the NI TSOs as being held by a Shipper as bundled;

'Capacity Duration' refers to the duration of a capacity product, i.e. yearly, quarterly, monthly or daily;

³ PTL is the relevant NI TSO for Moffat and BGE(NI) is the relevant NI TSO for South North. Although PTL's network is not directly physically connected to the National Grid NTS, PTL has arrangements in place with BGE(UK) which owns and operates the pipeline immediately downstream of Moffat in onshore Scotland connected to the NTS. These arrangements enable PTL to offer a transportation service to NI Shippers from the Moffat flange, and consequently enable the NI Shippers to commercially transact directly with GB Shippers. The arrangements were the result of a Treaty between the UK Government and the ROI Government and have been in place since 1996. It is the intention to maintain this arrangement for the purposes of implementation of the EU Codes so that the direct commercial linkage between the NBP and the NI hubs can be preserved.

'Capacity Period' refers to the period to which a capacity transaction relates;

'Clearing Price' means the price determined pursuant to an auction as the price at which IP Capacity is allocated in the auction;

'Daily IP Entry Capacity' means firm IP Entry Capacity which may be applied for and registered as held by a Shipper for a particular Gas Day only;

'EIC' is a European Identity Code which Shippers use to identify their organisation on PRISMA;

'First Time Undersell' means an occurrence, in an Ascending Clock Auction, where the Aggregate Bid Quantity is less than the Auction Quantity at the end of the second bidding round or a subsequent bidding round in which a Large Price Step has been applied;

'Interconnection Point' means Moffat or South North [as the context requires];

'Interruptible VRF IP Exit Capacity' means Unbundled IP Capacity which is interruptible and in the virtual reverse flow direction at an IP and which may be applied for and registered as held by a Shipper for a particular Gas Day;

'IP Capacity' means firm IP Entry Capacity, which may be yearly, quarterly, monthly or daily in duration and/or or Interruptible VRF IP Exit Capacity

'IP Entry Capacity' means firm IP Entry Capacity at an IP, which may be yearly, quarterly, monthly or daily in duration;

'Joint Booking Platform' means the capacity booking platform used by Adjacent Transporters, and is the PRISMA European Capacity Platform GmbH;

'Large Price Step' means the increase in price between each Bidding Round in an Ascending Clock Auction prior to the First Time Undersell;

'Minimum Bid Quantity' means the minimum quantity that a Shipper wishes to be allocated pursuant to a Bid in a Uniform Price Auction;

'Minimum Eligible Quantity' means the minimum quantity that can be submitted in a Bid in an Ascending Clock Auction = [1kWh/Day][to be confirmed]

'Monthly IP Entry Capacity' means firm IP Entry Capacity which may be applied for and registered as held by a Shipper for each Gas Day in a particular calendar month;

'Quarterly IP Entry Capacity' means firm IP Entry Capacity which may be applied for and registered as held by a Shipper for each Gas Day in a particular calendar quarter;

'NI Reserve Price' means the relevant NI price for IP Capacity;

'NI Share' refers to the share (in %) of the price reached in an auction which is payable to the NI TSOs in respect of capacity allocated;

'Small Price Step' means the increase in price between each Bid Round in an Ascending Clock Auction after the First Time Undersell;

'Starting Price' means the sum of the NI Reserve Price and the reserve price of the Adjacent Transporter;

'Trader' means a Shipper who is registered at the Trading Point but is not registered at either an IP Entry Point or an Exit Point;

'Trading Point' [or 'Northern Irish Balancing Point'] refers to a notional point within the NI Network at which gas may be traded from one party to another;

'Transfer Proposal' is a notification of a proposed transfer of IP Capacity from one Shipper to another;

'Unbundled IP Capacity' means IP Capacity which may be obtained via bids in an auction and/or which is otherwise registered by the NI TSOs as being held by a Shipper which is not Bundled IP Capacity;

'Uniform Price Auction' means an auction in which Shippers bid capacity price and volume in a single bidding round;

'Yearly IP Entry Capacity' means firm IP Entry Capacity which may be applied for and registered as held by a Shipper for each Gas Day in a particular Gas Year;

Other capitalised terms have the meanings given to them in the NI Codes or elsewhere in this document

PART A: Business Rules for IP Capacity

5. Use of PRISMA

- 5.1. The Adjacent Transporters will use PRISMA as the Joint Booking Platform and to facilitate Secondary Capacity Trading (transfer). IP Capacity shall not be offered for auction on any other platform.
- 5.2. The NI TSOs also intend to use PRISMA for the purposes of facilitating IP Entry Capacity surrender, and this will be confirmed in the forthcoming Business Rules on the application of Congestion Management Procedures at IPs, during 2015.
- 5.3. Shippers will be responsible for making their own arrangements to access and use PRISMA to participate in IP Capacity Auctions and Secondary Trading, including signing up to PRISMA's general terms and conditions.
- 5.4. The NI TSOs will provide interfaces between their own systems and PRISMA to enable Shippers' allocations of capacity made via PRISMA to be recorded in the NI TSOs systems.
- 5.5. Where there is a PRISMA outage affecting the last Within Day Auction (and/or 6 Within Day Auctions) overrun charges, assuming they are approved by the Utility Regulator, will not be applied in respect of the relevant Gas Flow Day.
- 5.6. Where a PRISMA outage affects an Ascending Clock Auction, the auction will be delayed until the next available opportunity in accordance with PRISMA's General Terms and Conditions.
- 5.7. Relevant communications between Shippers and the PRISMA platform within the scope of these Business Rules will constitute formal Notices under the Codes.
- 5.8. The outcome of the auction processes held on PRISMA will be binding under the NI Codes.

6. Available Capacity at an IP

- 6.1. The total amount of IP Capacity which is available to be allocated in an auction at an IP will be uploaded by the NI TSOs to the PRISMA platform in advance of the auction.
- 6.2. The amount of capacity which the Adjacent Transporter can offer on its system at an IP in an auction will be determined and uploaded to PRISMA by the Adjacent Transporter.

- 6.3. For firm capacity auctions, the PRISMA platform will determine how much capacity can be offered as bundled and the amount of firm capacity (if any) which can be offered as unbundled on either side of the IP at the start of the auction process⁴
- 6.4. CAM rules require that, from November 2015, where a TSO can offer firm unbundled capacity (as a result of a mismatch between the amount of firm capacity available on either side of an IP), the unbundled capacity cannot be offered for durations of more than one year. In NI, it is likely that there will be no unbundled firm capacity available, since at both IPs, there is significantly more capacity available upstream than downstream, so this CAM rule will not be relevant within the NI context.
- 6.5. Interruptible capacity is not required to be offered as bundled, and therefore the amount available is determined individually by each TSO on either side of an IP. In NI, there will be no forward flow interruptible product, and so the only interruptible capacity on offer at an IP will be Interruptible VRF IP Exit Capacity.
- 6.6. Set Aside Rules**
- 6.6.1. Where it is possible to do so, 10% of the technical capacity at an IP will be set aside by the NI TSOs from the amount to be made available for gas years Y+1 to Y+5 in the annual auctions for Annual Yearly IP Entry Capacity, and 20% will be set aside from the amount to be made available for gas years Y+6 to Y+15⁵;
- 6.6.2. Where the amount of capacity already sold in previous auctions means that the amount remaining available is less than the proportion which should be set aside according to 6.6.1. in the annual auctions for Yearly IP Entry Capacity, the whole of any remaining capacity shall be set aside from amount made available for the relevant Gas Year.
- 6.7. CMP Capacity**
- 6.7.1. The NI TSOs are not including the specific rules for CMP at IPs in these Business Rules, as they need to be revised to apply at IP's only, and will be addressed in a separate set of Business Rules and Code Modification during 2015. Those Business Rules will contain the required elements of capacity over subscription and buy-back, capacity surrender and long term use-it-or-lose-it.
- 6.7.2. Any capacity which can be made available as a result of the application of Congestion Management Procedures (CMP) will be added to the amount available after the application of the 'set aside' rules and this aggregate total will be the figure made available on PRISMA.

⁴ Where auctions may be linked, the amount of capacity which is allocated as bundled depends on the outcome of the auction process. See section 8.11 and 9.7.

⁵ See Annex for an example of how these rules will operate.

6.8. VRF IP Exit Capacity

- 6.8.1. On any given Gas Day, the amount of VRF IP Exit Capacity available (NB: VRF IP Exit Capacity will be interruptible and unbundled only) will not exceed the amount nominated for forward flow at that IP for that Gas Day and in addition:
- a) at Moffat, the amount shall be no greater than the quantity agreed with BGE(UK) under the TA, currently 4,100,000 kWh;
 - b) at South North, the amount shall be no greater than 5.1mcmd.

7. Products and Auctions

- 7.1. At IPs, the NI TSOs shall offer the following products in auctions at the times prescribed in the Auction Calendar ⁶:
- a) firm Yearly IP Entry Capacity;
 - b) firm Quarterly IP Entry Capacity;
 - c) firm Monthly IP Entry Capacity;
 - d) firm Daily IP Entry Capacity (sold day ahead and within-day);
 - e) Interruptible VRF IP Exit Capacity;
- 7.2. Shippers shall participate in the relevant auctions in order to bid for and be registered as holding the relevant IP Capacity product pursuant to the NI Codes.
- 7.3. Yearly IP Entry Capacity, Quarterly IP Entry Capacity and Monthly IP Entry Capacity shall be offered in Ascending Clock Auctions, and section 8 shall apply.
- 7.4. Daily IP Entry Capacity and Interruptible VRF IP Exit Capacity shall be offered in Uniform Price Auctions, and section 9 shall apply.
- 7.5. A Shipper's total IP Entry Capacity holding in respect of any given Gas Day may comprise:
- a) IP Entry Capacity it has been allocated in different auctions; and
 - b) bundled and unbundled IP Entry Capacity
- 7.6. A Shipper's total Interruptible VRF IP Exit Capacity holding in respect of any given Gas Day shall comprise the capacity it has been allocated in the day ahead auction for the product and any capacity it utilises by over-nomination during the day, if over-nomination is offered.

8. Ascending Clock Auctions

- 8.1. In an Ascending Clock Auction, IP Entry Capacity is offered to and bid for by Shippers in a series of bidding rounds at ascending prices until the aggregate amount of IP Entry

⁶ See also table on page 6

Capacity bid (the Aggregate Bid Quantity) for does not exceed the amount available in that auction (the Auction Quantity), subject to the further rules in this section.

- 8.2. For each Ascending Clock Auction, the amount of the Large Price Step to be applied shall equal the sum of the relevant Adjacent Transporter's respective large price steps.
- 8.3. The 'NI large price step' shall be the greater of [5%] of the NI Reserve Price or [0.0001p/kWh/d].
- 8.4. The Small Price Step shall be [one fifth] of the Large Price Step, unless otherwise agreed with the relevant Adjacent Transporter.
- 8.5. Particular Bid Rounds are identified as follows:
 - a) 'FTU Bid Round', or First Time Undersell Bid Round, is a Bid Round in which a First Time Undersell occurs;
 - b) 'Last Pre-FTU Bid Round' is the LPS Bid Round preceding a FTU Bid Round;
 - c) 'LPS Bid Round', or Large Price Step Bid Round, is any Bid Round up until the FTU Bid Round;
 - d) 'SPS Bid Round', or Small Price Step Bid Round, is a Bid Round after the FTU Bid Round;

8.6. Auction Information

- 8.6.1. For each Ascending Clock Auction the following information will be made available on PRISMA to Shippers in advance of the Auction⁷:
 - a) the identity of the NI TSO and the Adjacent Transporter;
 - b) the IP;
 - c) the direction (of the capacity, i.e. forward flow);
 - d) the Capacity Duration and Capacity Period;
 - e) confirmation that the IP Entry Capacity to be auctioned is firm;
 - f) the amount of IP Entry Capacity available (subject also to the processes for linked auctions in 8.11);
 - g) the Starting Price, the NI Reserve Price⁸(, and for a bundled auction, the reserve price of the Adjacent Transporter's capacity);
 - h) the Auction date and start time;
 - i) the Large Price Step and the Small Price Step.
- 8.6.2. The date by which the Auction Information shall be available to Shippers shall be:
 - a) in relation to an Annual Yearly Auction, one month before the Auction Date;
 - b) in relation to an Annual Quarterly Auction, two weeks before the Auction Date;
 - c) in relation to a Rolling Monthly Auction, one week before the Auction Date.

⁷ PRISMA will hold this information, but Shippers will need to 'tick a box' on the system on order to receive automatic notification by email

⁸ Prices published ahead of the Annual Yearly Capacity Auctions and Quarterly Auctions will be indicative only.

8.7. Ascending Clock Bid Windows

- 8.7.1. Shippers shall bid in Bidding Rounds. Each Bidding Round shall take place in a Bid Window.
- 8.7.2. The Bid Windows shall be determined as follows:
- a) no Bid Window shall start before 08:00(UTC) or end after 17:00 (UTC);
 - b) the Bid Window for the first Bid Round shall be a period of three hours on the Auction Date;
 - c) the Bid Window for each subsequent Bid Round shall be a period of one hour;
 - d) there shall be a period of one hour between the end of one Bid Window and the start of the next Bid Window;
 - e) Bid Windows may fall only on Business Days.
- 8.7.3. In relation to the Annual Yearly Auction, the Auction Date will be the first Monday in March (or as otherwise specified in the Auction Calendar⁹).
- 8.7.4. In relation to the Annual Quarterly Auction, the Auction Date will be the first Monday in June (or as otherwise specified in the Auction Calendar).
- 8.7.5. In relation to the Rolling Monthly Auction, the Auction Date will be the third Monday in the Month before the Month to which the auction relates (or as otherwise specified in the Auction Calendar).

8.8. Bidding in an Ascending Clock Auction

- 8.8.1. In each Bid Round a Shipper may apply for IP Entry Capacity by submitting one Bid within the Bid Window in accordance with this section. Bids may be revised during a Bid Window in accordance with PRISMA platform rules and the Shipper's prevailing Bid at the end of a Bid Window will be taken to be the Shipper's Bid for that Bid Window.
- 8.8.2. A Shipper must submit a Bid in the first Bid Round in order to submit a Bid in any subsequent Bid Round.
- 8.8.3. Each Bid shall specify:
- a) the identity of the Shipper (EIC);
 - b) the Auction in which it is submitted;
 - c) the Bid Quantity;
 - d) other details as may be required by PRISMA;
- 8.8.4. For each Shipper for each Bid Round, the Bid Quantity;
- a) [shall not be less than the Minimum Eligible Quantity];
 - b) in the case of the first Bid Round, shall not exceed the amount of IP Entry Capacity available;

⁹ The Auction Calendar is published by ENTSOG and will be the reference point if there are any future changes to auction timings. See p 8 for the current timings.

- c) in each subsequent Bid Round except the SPS Bid Round (if any) shall not exceed the Shipper's Bid Quantity in the preceding Bid Round;
 - d) in the first SPS Bid Round, shall not exceed the Shipper's Bid Quantity for the last Pre-FTU Bid Round and shall not be less than the Shipper's Bid Quantity for the FTU Bid Round.
- 8.8.5. If in the first SPS Round, a Shipper does not submit a Bid which meets the requirements of 8.8.4 (d), the Shipper shall be deemed to have submitted a Bid Quantity equal to its Bid Quantity in the last Pre-FTU Bid Round.
- 8.8.6. In addition, for a Bid to be valid,
- a) the Shipper must have sufficient credit cover;
 - b) in a bundled auction, the Bid must also meet the requirements of the Adjacent Transporter;
 - c) the Bid must also comply with any relevant rules and requirements of the PRISMA platform.
- 8.8.7. Bids which do not meet the requirements of 8.8.4, 8.8.5 and 8.8.6 shall be rejected.
- 8.9. Ascending Clock Auction Process**
- 8.9.1. In the first Bid Round, the Bid Round Price will be the Starting Price.
- 8.9.2. If the Aggregate Bid Quantity (of all Shippers) exceeds the Auction Quantity, there will be a further Bid Round, at a Bid Round Price which equals the Starting Price plus a Large Price Step (an 'LPS Bid Round').
- 8.9.3. If in the first LPS Bid Round, the Aggregate Bid Quantity is equal to or less than the Auction Quantity the auction shall close and the Clearing Price shall be the LPS Bid Round Price.
- 8.9.4. If in the first LPS Bid Round, the Aggregate Bid Quantity exceeds the Auction Quantity, Bid Rounds shall continue with each LPS Bid Round being held at a Bid Round Price of a further increment of one Large Price Step, until the Aggregate Bid Quantity in that Bid Round is equal to or less than the Auction Quantity (a First Time Undersell Round or 'FTU Bid Round').
- 8.9.5. Following an FTU Bid Round, there will be a Small Price Step Bid Round ('SPS Bid Round') where the Bid Round Price shall be equal to the Bid Round Price in the Bid Round prior to the FTU Bid Round plus the Small Price Step.
- 8.9.6. If in any SPS Bid Round the Aggregate Bid Quantity is less than or equal to the Auction Quantity, the auction will close and the Clearing Price shall be that SPS Bid Round Price.
- 8.9.7. If following an SPS Bid Round the auction does not close, SPS Bid Rounds shall continue with each SPS Bid Round being held at Bid Round Price of a further increment of one Small Price Step until:

- a) the Aggregate Bid Quantity in that Bid Round is equal to or less than the Auction Quantity, at which point the auction shall close and the Clearing Price shall be that SPS Bid Round Price; or
- b) the Bid Round Price would exceed that of the FTU Bid Round at which point the auction shall close and section 8.10.1 b) regarding the Clearing Price applies.

8.9.8. If an Ascending Clock Auction has not closed by the time at which the NI TSOs must publish information for the next auction of IP Entry Capacity for the same Capacity Period, then the first auction will be discontinued without closing and no Bids shall have any effect.

8.10. Auction Close and the Clearing Price

8.10.1. Where an Ascending Clock Auction closes following any Bid Round;

- a) subject to (b), the Bid Round Price shall be the Clearing Price and each Bid submitted in that Bid Round will be accepted, such that the Shippers submitting such Bids are allocated and registered as holding their respective Bid Quantities;
- b) where 8.9.7 (b) applies, the (original) FTU Bid Round is the clearing Bid Round, the FTU Bid Round Price shall be the Clearing Price, and each Bid submitted in the FTU Bid Round will be accepted, such that the Shipper submitting such bids are allocated and registered as holding their respective Bid Quantities.

8.11. Linked Ascending Clock Auction Process

8.11.1. In respect of Moffat, there will be two Ascending Clock Auctions for capacity being held at the same time: one for GB-NI capacity and one for GB-ROI capacity. This section describes the circumstances in which the Ascending Clock Auctions for GB-NI capacity bundles and for GB-ROI capacity bundles may become linked, and what happens as a result.

8.11.2. If the GB-side available capacity exceeds the total amount available on the NI-side and on the ROI-side, then the auctions will not be linked.

8.11.3. If there is less capacity available on the GB-side than there is in total on the NI-side and the ROI-side, then there is a quantity of capacity which is 'competing' and a quantity which is 'non-competing', as follows:

- a) the competing capacity is equal to the sum of the NI-side available capacity and the ROI-side available capacity less the GB-side available capacity; and
- b) the non-competing capacity for the GB-NI auction will be the NI-side available capacity less the Competing Capacity; and
- c) the non-competing capacity for the GB-ROI auction will be the ROI-side available capacity less the Competing Capacity.

- 8.11.4. Where the auctions are linked, they will be held in parallel with simultaneous Bid Rounds in each auction. In each Bid Round, the Aggregate Bid Quantity in the auction for GB-NI capacity will be assessed (automatically by the PRISMA platform) in conjunction with the Aggregate Bid Quantity in the auction for GB-ROI capacity.
- 8.11.5. If the total Aggregate Bid Quantity in the first Bid Round of both auctions can be allocated, the auctions shall close after the first Bid Round.
- 8.11.6. If the total Aggregate Bid Quantity in the first Bid Round of both auctions cannot be allocated, both auctions will progress with simultaneous LPS and SPS Bid Rounds as described in 8.9, remaining linked until the Aggregate Bid Quantity in one of the auctions is less than or equal to the non-competing capacity in that individual auction. At this point the auctions will cease to be linked and will progress separately in accordance with the following:
- a) the auction in which the Aggregate Bid Quantity was less than or equal to the non-competing capacity shall either close immediately (if the Aggregate Bid Quantity equals the non-competing capacity) or that Bid Round shall be treated like an FTU Bid Round and the auction shall progress with Small Price Step Bid Rounds until the Aggregate Bid Quantity is less than the non-competing capacity, whereupon the auction shall close and the Clearing Price shall be the Bid Round Price; and
 - b) the auction in which the Aggregate Bid Quantity was not less than the non-competing capacity shall proceed with LPS (and/or where necessary SPS) Bid Rounds until the Aggregate Bid Quantity is less than or equal to the amount available in that auction, whereupon the auction shall close and the Clearing Price shall be the Bid Round Price.

8.12. Provision of Information following an Ascending Clock Auction

- 8.12.1. On the Business Day following the close of an Ascending Clock Auction, the following information will be published by the PRISMA platform:
- a) the amount of capacity allocated in the auction; and
 - b) the Auction Premium.
- 8.12.2. On the Business Day following the close of an Ascending Clock Auction, PRISMA will provide the following information (by email) to Shippers:
- a) the amount of capacity the Shipper has been allocated in the auction; and
 - b) in the case of a bundled auction, the NI-share of the price in respect of capacity allocated.

9. Uniform Price Auctions

9.1. In a Uniform Price Auction, IP Entry Capacity is offered to and bid for by Shippers in a single bidding round in which both prices and quantity are bid, subject to the further rules in this section.

9.2. Auction Information

9.2.1. For each Uniform Price Auction the following information will be available on PRISMA to Shippers in advance of the Auction:

- a) the identity of the NI TSO and, in the case of a bundled auction, the Adjacent Transporter;
- b) the IP;
- c) the direction (of the capacity, i.e. forward flow or VRF);
- d) the Capacity Duration and Capacity Period;
- e) whether or not the auction is for firm IP Entry Capacity or Interruptible VRF IP Exit Capacity;
- f) the amount of IP Entry Capacity available (subject to the processes for linked auctions in 9.7);
- g) the NI Reserve Price (and in the case of a bundled auction, the reserve price of the Adjacent Transporter and the Starting Price);
- h) the Auction date and time at which the Bid Window opens; and
- i) the relevant Gas Flow Day.

9.3. Within Day Auctions

9.3.1. For each Gas Flow Day, Within Day Auctions shall be held with Bid Windows closing at hourly intervals from 01:30 on D-1 to 00:30 on Day D as follows:

- a) the first Within Day Auction Bid Window shall be from 18:00 to 01:30 on D-1;
- b) the second Within Day Auction Bid Window shall be from 02:00 to 02:30 on D-1;
- c) thereafter there shall be successive Bid Windows of 30 minutes commencing on the hour, up to the last Within Day Auction;
- d) the last Within Day Auction Bid Window shall be from 00:00 to 00:30 on Day D.

9.3.2. Daily IP Entry Capacity allocated in a Within Day Auction in the first Bid Window (i.e. before 01:30 on D-1) shall be deemed to have an effective time of 05:00 on D. All other IP Capacity allocated in a Within Day Auction shall have an effective time of 3.5 hours from the close of the relevant Bid Window.

9.4. Rolling Day Ahead Auctions

9.4.1. A Rolling Day Ahead Auction of IP Entry Capacity shall have a Bid Window of 30 minutes starting at 15:30 on D-1, or other time as specified in the Auction Calendar;

9.4.2. A Rolling Day Ahead Auction of Interruptible VRF IP Exit Capacity shall have a Bid Window of 30 minutes starting at 16:30 on D-1, or other time as specified in the Auction Calendar;

9.5. Bidding in a Uniform Price Auction

9.5.1. In each Uniform Price Auction a Shipper may apply for IP Capacity by submitting a Bid within the Bid Window in accordance with this section.

9.5.2. A Shipper can submit up to 10 Bids in a Uniform Price Auction each of which shall be separate and independent of the others.

9.5.3. Each Bid shall specify:

- a) the identity of the Shipper (EIC);
- b) the Auction in which it is submitted;
- c) the Minimum Bid Quantity;
- d) the Bid Price;
- e) in the case of a Rolling Day Ahead Auction Bid of IP Entry Capacity, whether or not the Bid is a 'carry forward' Bid (to be carried forward to the Within Day Auction);
- f) other details as may be required by PRISMA.

9.5.4. The following must also be satisfied in relation to Bids:

- a) [for each Bid, the Bid Quantity must be not less than the Minimum Eligible Quantity];
- b) for each Bid, the Bid Price must be not less than the Starting Price;
- c) for each Shipper, the aggregate of all Bid Quantities under all Bids in an Auction must not exceed the Auction Quantity;

9.5.5. In addition, for a Bid to be valid,

- a) the Shipper must have sufficient credit cover;
- b) the Bid must also meet the requirements of the Adjacent Transporter;
- c) the Bid must also comply with any relevant rules and requirements of the PRISMA platform.

9.5.6. Bids which do not meet the requirements of 9.5.3, 9.5.4 and 9.5.5 shall be rejected.

9.5.7. Where a Shipper has specified that its Bid is a 'carry forward' Bid (in 9.5.3 e), if the Bid has not been successful in a Rolling Day Ahead Auction, the Bid will be carried forward into the first Within Day Auction, and;

- a) Bids that have been partially allocated will not be carried forward;
- b) Shippers may amend Bids which have been carried forward;
- c) Bids created by Automatic Bidding will not be carried forward;
- d) Bids will not be carried forward to any other auction after the first Within Day Auction.

9.6. Uniform Price Auction Process

- 9.6.1. Bids must be submitted in the relevant Bid Window.
- 9.6.2. Following closure of the Bid Window, IP Capacity will be allocated to valid bids in accordance with the following:
- a) all valid Bids will be ranked in order of Bid Price (highest first);
 - b) IP Capacity shall be allocated to Bids in descending order until the amount of IP Capacity allocated is equal to the Auction Quantity or there are no more remaining Bids to satisfy;
 - c) where a Bid Quantity exceeds the amount remaining unallocated (after allocation to higher priced bids), the remaining unallocated quantity shall be allocated to the relevant Bid, subject also to (d) below;
 - d) where two or more Bid Quantities have the same Bid Price and the amount remaining unallocated is less than the total of the Bid Quantities, then the remaining unallocated quantity shall be allocated pro-rata to the respective Bid Quantities (and where the quantities to be so allocated would be less than the Minimum Bid Quantity, those Bids shall be disregarded).
- 9.6.3. Each Bid to which IP Capacity is allocated in accordance with 9.6.2 is accepted and the Shipper shall be allocated and registered as holding that quantity of IP Capacity.
- 9.6.4. In relation to a Uniform Price Auction the Clearing Price is:
- a) if the aggregate of Bid Quantities under all Bids is less than the Auction Quantity, the Starting Price; otherwise
 - b) the Bid Price of the lowest-priced successful Bid in the Auction.

9.7. Linked Uniform Price Auction Process

- 9.7.1. In respect of Moffat, there will be two Uniform Price Auctions for capacity being held at the same time: one for GB-NI capacity and one for GB-ROI capacity. This section describes the circumstances in which the Uniform Price Auctions for GB-NI capacity bundles and for GB-ROI capacity bundles may become linked, and what happens as a result.
- 9.7.2. If the GB-side available capacity exceeds the total amount available on the NI-side and on the ROI-side, then the auctions will not be linked.
- 9.7.3. If there is less capacity available on the GB-side than there is in total on the NI-side and the ROI-side, then:
- a) separate auctions for GB-NI and GB-ROI shall be held on the basis that the Auction Quantity in each auction is deemed to be the quantity available on the NI-side and the ROI-side respectively; but
 - b) the allocation of capacity according to the separate auctions is considered to be provisional, no Bids are accepted and no Clearing Price is determined;
 - c) the Bids to which capacity have been provisionally allocated (in the 'first round allocation') are combined into a single set of Bids, and in respect of each Bid the

quantity provisionally allocated in the first round allocation shall be deemed to be the Bid Quantity;

- d) all such Bids are ranked and the amount of the available capacity on the GB-side is allocated to the Bids in accordance with 9.6.2 in a second round allocation;
- e) the results of the second round allocation are final and binding as to the capacity to be allocated and the determination of the Clearing Price.

9.8. Provision of Information following a Uniform Price Auction

9.8.1. Following each Uniform Price Auction, the following information will be published by PRISMA within 30 minutes:

- a) the amount of capacity allocated in the auction; and
- b) the Auction Premium.

9.8.2. In addition, PRISMA will provide following information (by email) to Shippers:

- a) the amount of capacity the Shipper has been allocated in the auction; and
- b) in the case of a bundled auction, the NI Share of the price in respect of capacity allocated.

10. Secondary Trading (transfer) of IP Capacity

10.1. A Shipper may arrange to trade IP Entry Capacity and Interruptible VRF IP Exit Capacity at an IP with another Shipper, in accordance with this section.

10.2. 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.

10.3. IP Capacity cannot be transferred from one IP to another.

10.4. The PRISMA Platform will provide functionality for Shippers to offer and obtain secondary capacity. A Shipper selling capacity to another is the 'Transferor Shipper' and the Shipper obtaining capacity is the 'Transferee Shipper'. Either party may set up the offer/request in PRISMA, and the following information should be specified:

- a) the proposing Shipper (EIC);
- b) the counterparty Shipper (EIC);
- c) the trading procedure¹⁰ (i.e. OTC);
- d) whether a buy or sell is being set up by the proposer;
- e) the TSO, and in the case of bundled capacity, the Adjacent Transporter;
- f) the transaction type (i.e. a transfer);
- g) IP, including confirmation of the direction of gas flow;
- h) the amount of IP Entry Capacity;
- i) whether the capacity is firm or interruptible;

¹⁰ This is required for the PRISMA platform, to distinguish the type of transaction. OTC refers to Over the Counter, as opposed to an Auction procedure, or a 'First Come First Served' capacity sale.

- j) whether the capacity is bundled or unbundled;
 - k) the Transfer Period (first and last days);
 - l) price;
 - m) any other information required by PRISMA.
- 10.5. Once the counterparty has confirmed the proposal, a deal (Transfer Proposal) is created on the PRISMA platform that is subject to validation by the relevant NI TSO (and in the case of bundled capacity, the Adjacent Transporter).
- 10.6. A Transfer Proposal will be notified to the Adjacent Transporters by PRISMA. The NI TSOs shall validate transfers in accordance with the following rules:
- a) the Trading Procedure should be OTC;
 - b) the transaction type should be a transfer (not an assignment);
 - c) the Transferor should have sufficient (firm, interruptible, bundled, or unbundled) IP Entry Capacity;
 - d) the Transferee should be different to the Transferor;
 - e) the deal notification should be received by the NI TSO by 03:00 on the day of the capacity transfer.
- 10.7. The NI TSOs shall notify PRISMA whether a deal is approved or rejected within 60 minutes of receiving the notification of the deal.
- 10.8. In the case of bundled capacity, both the relevant NI TSO and the Adjacent Transporter at the IP should approve the deal, or it will be rejected.
- 10.9. In the case of unbundled capacity, only the relevant NI TSO will validate the transfer.
- 10.10. All IP Capacity transfers must be completed using the PRISMA Platform.

11. Capacity Assignment

- 11.1. The NI TSOs are considering whether to provide the following Capacity Assignment rules and processes on an ongoing basis (i.e. fully systemised) or as a one-off arrangement prior to October 2015. If a one-off approach is adopted, the process would be added to the Transition Section of the Codes to enable Assignments of Initial Entitlements and IP Entry Capacity purchases made in April 2015, otherwise the rules would be included in the permanent Entry Capacity sections of the Codes. Shipper's views are sought on this point.¹¹
- 11.2. A Shipper (the 'Assignor') may arrange a (permanent) assignment of IP Entry Capacity to another Shipper (the 'Assignee') in accordance with this section. Under an assignment, the Assignee takes over the rights to use the capacity and the liability to pay, and the Assignor will no longer be invoiced for the amount of capacity of an approved Assignment.

¹¹ Neither National Grid or Gaslink have indicated that they intend to facilitate assignment of bundled capacity on their respective networks

- 11.3. [Only unbundled Yearly IP Entry Capacity]¹² may be assigned to another Shipper in durations of whole years. IP Entry Capacity at an IP may not be assigned to a Shipper at another IP.
- 11.4. The Assignor Shipper may only assign IP Entry Capacity if it is registered as holding sufficient (bundled or unbundled) IP Entry Capacity.
- 11.5. Where a Shipper wishes to request an assignment, both the Assignor and the Assignee should inform the relevant NI TSO, specifying:
- a) the identity of the Assignor and Assignee;
 - b) the IP;
 - c) the amount of IP Entry Capacity to be assigned;
 - d) the duration of the assignment (the Assignment Period).
- 11.6. An assignment request must be notified to the relevant NI TSO not later than [10] Business Days before the first day of the Assignment Period[, or if implemented as part of the Transition section, not later than July 30th 2015].
- 11.7. The NI TSOs may reject assignment requests if the information required in 11.5 is not provided by both parties, and/or the Assignee does not have sufficient credit.
- 11.8. The NI TSOs will approve or reject an assignment request no later than [1] Business Day[s] before the first day of the Assignment Period.

12. Voluntary Bundling

- 12.1. A Shipper may submit a request to the relevant NI TSO for its firm unbundled IP Entry Capacity at an IP to be bundled with its corresponding capacity on the other side of the IP in accordance with this section.
- 12.2. The Shipper need only submit one request, and it may be submitted to either the relevant NI TSO or the relevant Adjacent Transporter.
- 12.3. A request to voluntarily bundle existing capacity holdings shall specify:
- a) the identity of the Shipper (EIC);
 - b) the IP, direction (i.e. forward flow¹³) and Capacity Duration of the capacity to be bundled;
 - c) the amount of IP Entry Capacity to be bundled;
 - d) the first Day (effective date) of the Capacity Period for which the capacity is to be bundled (which shall be no less than [two months] from the date of submission of the request);

¹² The NI TSOs could consider including Quarterly IP Entry Capacity if this would be of value to Shippers

¹³ Since there is no physical reverse flow, only Interruptible VRF capacity is available on the NI side, and this (being interruptible) will always be unbundled.

- 12.4. Where a request is submitted to the NI TSOs, provided that the Shipper holds sufficient IP Entry Capacity for the relevant Capacity Period and Capacity Duration, the NI TSOs shall accept the request and notify the Adjacent Transporter [within 10 Business Days].
- 12.5. Where both the relevant NI TSO and the relevant Adjacent Transporter accept the request, they shall confirm such acceptance to each other, and the party which received the request shall notify the Shipper not less than [5] days before the effective date.
- 12.6. Requests which are not accepted by both the relevant NI TSO and the relevant Adjacent Transporter shall be rejected, and the Shipper so notified not less than [5] days before the effective date.
- 12.7. Once a request has been accepted the relevant NI TSO will adjust the Shipper's holdings of bundled and unbundled firm IP Entry Capacity accordingly.

13. IP Entry Overrun Charges

- 13.1. Where a Shipper is allocated gas in excess of the total amount of IP Entry Capacity it has booked in respect of a Gas Flow Day, it will be liable to pay overrun charges. The amount by which the Shipper's aggregate IP Entry Allocation exceeds the aggregate IP Entry Capacity held by the Shipper will be the 'Overrun Quantity'.
- 13.2. IP Entry Overrun Charges will be calculated as follows:-

$$\text{IP Entry Overrun Charge} = [8] \times P_{\text{daily}} \times \text{Overrun Quantity}$$

where P_{daily} is the relevant NI Reserve Price for Daily IP Entry Capacity on the day.

14. Tariffs for Auctions

- 14.1. The Utility Regulator will determine the way in which tariffs for NI Capacity are to be calculated following its recent consultation, and the licences of the NI TSOs will be modified accordingly.
- 14.2. The NI TSOs will publish Business Rules and a Code Modification for the changes to the Codes required for Credit and Invoicing during 2015. The information in this section is provided to give an overview of the intended approach. The NI TSOs may subsequently develop or modify the approach in the forthcoming TSO Consultations particularly in light of the Utility Regulators' Tariffs and Licence Consultations.
- 14.3. Reserve Prices (or at least indicative prices) for auctions shall be published in advance of each auction. The reference price for Annual IP Capacity may have multipliers and/or seasonal factors applied (in accordance with the rules to be set out by the Utility Regulator) such that the NI Reserve Price for each type of IP Entry Capacity product (Yearly, Quarterly, Monthly, Daily) may differ.

- 14.4. For bundled capacity the Starting 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.
- 14.5. For unbundled capacity being sold in an auction, (including Interruptible VRF IP Exit Capacity), the relevant NI Reserve Price shall apply.
- 14.6. If in an auction, the Clearing Price exceeds the Starting Price, the difference is the 'Auction Premium'. The Utility Regulator and adjacent NRAs 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 (since this is the default rule in CAM). The NI TSO's share of any Auction Premium will remain fixed on closure of the relevant auction.
- 14.7. Shippers with a total allocation of gas at an IP which exceeds their total IP Entry Capacity in respect of a Gas Day shall be liable to pay overrun charges, as described in the Allocations Business Rules.
- 14.8. Shippers shall be invoiced at the payable price, which will be the reserve price for the relevant product/duration during the year in which the capacity is used plus the NI share of any auction premium that was successfully bid at the time the capacity was bought.
- 14.8.1. Where the capacity on either side of an IP is sold in different currencies, PRISMA will publish the price of capacity in both currencies along with the exchange rate (the daily FX Rate published by the European Central Bank, imported to PRISMA at 14:15 each day). In a Uniform Price Auction, where Bids are to be ranked in price order, the Bid Price for each Bid will be converted to euro prior to ranking.

15. Credit and Invoicing for IP Capacity

- 15.1. As described above, the NI TSOs will publish Business Rules and a Code Modification for consultation on the changes to the Codes required for Credit and Invoicing during 2015. An outline of the intended approach is provided here for information, in advance of those consultations.
- 15.2. As now, Shippers will still be required to forecast their use of capacity (although separately for each product type and for each month) in the forthcoming Gas Year, and place sufficient credit for that capacity ahead of the start of the Gas Year. This information will be collected via the Shipper Forecast Information Request described in section 23.
- 15.3. The Required Level of Credit Support for capacity charges will still be 80% of the forecast capacity charges for the forthcoming Gas Year, as it is considered that the existing level should be maintained in the context of the postalised charging regime, under which all Shippers are liable for a default by any other Shipper.

- 15.4. The NI TSOs intend to use PRISMA functionality to apply credit checks in auctions of Monthly and Daily IP Capacity (but not in auctions of Annual and Quarterly Capacity¹⁴). A Shipper will be able to see its relevant available credit amount on the PRISMA platform, and the credit check will operate so as to prevent a Bid being submitted if the Shipper does not have sufficient credit available. It will be the responsibility of the Shipper to ensure that it has placed sufficient credit with the NI TSOs well before the start of an auction in order to avoid being prevented from placing Bids as a result of the credit check.
- 15.5. In the postalised charging regime in NI, Shippers are currently invoiced by the NI TSO at the exit point(s) that the Shipper uses. This will apply in relation to IP Entry Capacity, i.e. PTL will invoice for IP Entry Capacity charges associated with Moffat and BGE(NI) will invoice for IP Entry Capacity charges associated with South North.
- 15.6. 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.

¹⁴ Credit checks on the PRISMA platform will not be needed for Annual or Quarterly IP Entry Capacity auctions since those auctions take place ahead of the Gas Year. As now, Shippers will still need to place sufficient credit at the start of the Gas Year to cover its (forecasted) invoices for the forthcoming 12 months.

PART B: Business Rules relating to Exit and Other Changes

16. Other Consequential Changes arising from the introduction of Entry-Exit

- 16.1. There will be a number of consequential changes to the NI Codes as a result of the introduction of an entry-exit regime. These changes to the PTL and BGE(NI) Codes are described in the following sections, in order of the existing sections of the Codes, in order to provide a reasonably complete overview of all the changes proposed.
- 16.2. Where the changes involve materially new or different processes, the following sections give the relevant Business Rules, or describe when/how those Business Rules will be provided to Industry in future consultations. The impact on the BGTL Code is described separately in section 32.

17. Firm Capacity (Exit Capacity)

- 17.1. In section 1 of the Codes, and in accordance with the proposed text of the Transition Rules (as recently consulted upon), from 1st October, Shippers existing Firm Capacity will be transitioned into Exit Capacity and corresponding Initial Entitlements of Entry Capacity. Consequently, the Code from 1st October 2015 will refer to Exit Capacity instead of Firm Capacity and the definition of Firm Capacity (Codes section 1.1.2), Available Firm Capacity and other associated definitions will be revised accordingly.
- 17.2. The existing processes whereby Shippers can apply for annual Firm Capacity at the Mid Year Date will remain (with references changed to Exit Capacity).
- 17.3. The existing Daily Capacity product at exit (along with the associated processes for application and allocation) will be removed.
- 17.4. The existing interruptible product (whereby a nomination in excess of firm capacity constitutes an application for interruptible capacity) will be adapted as described in 17.5 below. Consequently there will be no interruptible transmission exit capacity.
- 17.5. [Exit Capacity Ratchet**
- 17.5.1. A Shipper may nominate and be allocated gas flows in excess of its' Exit Capacity booking at an Exit Point. If on a Gas Flow Day in any Month M, a Shipper is allocated gas in excess of the Exit Capacity it has booked at an Exit Point (a 'Ratchet Month'), it will be charged at an appropriate rate, and its Exit Capacity booking will be increased in accordance with the following:-
- a) the amount by which the Shippers' allocation exceeds the Shippers' Exit Capacity on a Day shall be a 'Ratchet Amount';
 - b) from the first Gas Flow Day of the next calendar Month (M+1) the Shippers' (annual) Exit Capacity booking shall be automatically increased by the highest Ratchet Amount in Month M;

- c) a 'Ratchet Charge' ('RC') will be payable, equivalent to the cost of the annual Exit Product which would have been payable had the product been booked from the start of the Gas Year, calculated as follows:

$$[RC = RA_{\max} \times P \times t$$

where:

RA_{\max} is the highest Ratchet Amount in the Ratchet Month;

P is the (annual) Forecast Postalised Capacity Charge /12; and

t is the no of months (including month M) since the start of the Gas Year.]

17.5.2. At an Exit Point where a Distribution Network Operator holds the capacity, this rule shall apply in aggregate, such that:

- a) the Ratchet Amount will be determined in aggregate (i.e. the amount by which the aggregate flows of all Shippers exceed the total booked capacity at the Exit Point);
- b) the booking of the Distribution Network Operator shall be increased by the Ratchet Amount;
- c) the Ratchet Charge will be payable by the Distribution Network Operator.]

17.6. The Long Term Use it or Lose it mechanism (Codes section 1.10) will be revised to ensure that it relates to Exit Points only, and the following rules¹⁵ shall apply;

- a) Shippers use of Exit Capacity will be assessed annually (ahead of the Mid Year Date) by the NI TSOs;
- b) if a Shipper is under-utilising their Exit Capacity (i.e. has not used more than 80% of their Exit Capacity during the year) and has the same amount of, or more, Exit Capacity booked for subsequent years; then
- c) the NI TSOs shall inform the Utility Regulator and the relevant Shipper; and
- d) if there are other Shippers who wish to purchase additional Exit Capacity at the Exit Point, then the NI TSOs shall determine whether, if the relevant Shipper's Exit Capacity was reduced by 20% and this capacity were reallocated to other Shippers, the total amount of Exit Capacity booked would increase or remain the same;
- e) if there would be no decrease in the total amount of Exit Capacity booked, then the capacity shall be removed from the underutilising Shipper (subject to approval by the Utility Regulator) and reallocated to those requesting more Exit Capacity.

17.7. The Surrender rules (Codes section 1.11) will be revised to reflect the independent nature of Exit Capacity. A Shipper will be able to request a surrender of Exit Capacity, and such a request shall only be accepted if there are other Shippers wishing to purchase additional Exit Capacity.

17.8. The existing rules for transfer of Firm Capacity will be revised to reflect the term Exit Capacity, and re-titled as Assignment (in line with the terms for IP Entry Capacity) since they reflect a permanent transfer of both the use of the capacity and the liability to pay. It shall no longer be possible to transfer/assign capacity from one exit point to another.

¹⁵ These rules are essentially those which were in place prior to the introduction of CMP-compliant UIOLI in the point-to-point regime

- 17.9. The existing rules for sub-letting of Firm Capacity will also be revised to reflect the term Exit Capacity. Since the sub-letting rules reflect a temporary transfer of capacity from one Shipper to another, they will be re-titled as Transfers, in line with the proposed terminology for IP Entry Points. It will not be possible to sub-let/Transfer Exit Capacity from one Exit Point to another.
- 17.10. Sub-CSEP Certificates are no longer required and references to these shall be removed.
- 17.11. There will no longer be Oversubscription and Buyback arrangements for Exit Capacity (as this arrangement is only mandated at IPs), so the existing Codes section 1.16 shall be removed.¹⁶

18. Nominations, Allocations and Balancing

- 18.1. Nominations and Allocations are covered in Business Rules published separately. Shippers are advised to refer to those documents. The NI TSOs expect to add a new separate section to the Codes on IP Nominations/Renominations, and to amend the Allocations section to cover IP Entry Allocations rules.
- 18.2. In relation to Balancing, the introduction of separate IP Entry Nominations means that it is likely to be appropriate to revise the calculation of Shipper's balancing tolerances. Also, imbalance charges will be calculated to reflect the Shipper's aggregate NI imbalance position. Separate Business Rules and a Code Modification Proposal will be developed in 2015 to cover these points and modify section 4 of the Codes accordingly.
- 18.3. The arrangements for procuring Balancing Gas and for dealing with Shrinkage Gas (the requirement for which is covered by the procurement of Balancing Gas) in section 5 of the Codes will be unchanged. The Balancing Gas contracts will need to be amended for the next tender process for Gas Year 2015-2016 to reflect the new arrangements at Entry Points, and it is anticipated that Balancing Gas shall not attract overrun charges.
- 18.4. The operation of the disbursement accounts which enable imbalance and scheduling charges to be collected from and re-distributed amongst Shippers will be unaffected.

19. Capacity Reduction and Emergencies

- 19.1. Although the concept of separate entry capacity products will be new to the NI regime, the physical operation of the system is not fundamentally changing and nor are the emergency procedures. It is likely that the Emergencies section of the Codes (section 6) will require further review in future years (for example in the light of a Single Code) but the NI TSOs are not proposing to make extensive changes for October 2015. Some changes are needed at this time to acknowledge the entry-exit regime, but the fundamentals of actions to be taken in the event of a constraint or an emergency will remain as they are at present.

¹⁶ Oversubscription and Buyback rules will be developed for IP Entry Capacity during 2015.

- 19.2. Section 6 in the Codes will be amended as follows :
- a) the definitions of D-1 Predicted Capacity Shortfall and Day D Capacity Shortfall shall be revised to take into account the presence of independent entry and exit capacity products and nominations;
 - b) rules for entry control and exit control in an emergency shall be essentially unchanged, although it will be clarified that the NI TSOs will be able to direct nominations and renominations using Flow Orders at both entry and exit ¹⁷
 - c) in relation to the consequences of an emergency, scheduling charges shall not apply (as now), imbalances will be calculated in aggregate (as set out in the Allocations Business Rules) and the cashout price will continue to be the daily gas price regardless of the application of balancing tolerances.

- 19.3. As described in the Nominations Business Rules, the NI TSOs may apply alternative nomination matching rules in an exceptional event/Emergency.

20. Entry and Exit Requirements

- 20.1. Although the commercial arrangements in relation to IP Entry Points are changing, there will be no change to the technical parameters for the gas flows, so there is no requirement to change Codes section 7 or 8, although some minor amendments may be made to reflect updates to the Northern Ireland Network Operators Agreement and other defined terms in the Codes.

21. Measurement and Testing

- 21.1. Section 9 of the Codes covers arrangements for measurement and testing at various points on the NI Network. These terms will be amended to remove references to the Moffat Agent, which will no longer be required, and to reflect any new arrangements (if required) between system operators for the provision of measurement data at Moffat and South North.

22. Maintenance

- 22.1. Section 10 of the Codes describes arrangements for maintenance, which are largely unaffected by the EU required changes. These terms will be reviewed to ensure that the arrangements between system operators concerning the co-ordination of maintenance activities are reflected appropriately in the Codes. No changes to the number of maintenance days are anticipated.

23. Five Year statement, System Planning, and NI Pressure/Capacity Report

- 23.1. The Codes section 11 contain provisions relating to the provision of information by Shippers to the NI TSOs for the purposes of production of a Five Year Statement, and a NI Pressure/Capacity Report (now known as the NI Gas Capacity Statement) as well as

¹⁷ Where a Flow Order is given in respect of an IP Entry Nomination or VRF IP Exit Nomination, this will be given effect as an amendment to a Shipper's Confirmed Quantities (in accordance with the Nominations Business rules published separately)

System Planning. Information provided under this section is also used for the purposes of tariff calculation. The EU Codes require the production of a Ten Year Statement, and the introduction of short term products at entry means that there will be a need for Shippers to provide greater detail in their forecast information, and over a longer (ten year) time period.

- 23.2. Section 11 in the Codes will be amended to reflect the need for a ten year forecast, and to incorporate references to forecasts at Entry Points as well as Exit Points. In particular, the NI TSOs propose to adopt the approach of an annual Information Request (as also provided for in the Transition Section) as described below.
- 23.3. Each year, the NI TSOs will provide a pro-forma, the 'Shipper Forecast Information Request', by 1st May. Shippers will be required to complete at least the following details in respect of a ten-year period commencing on 1st October for the next Gas Year:
- (a) the amount of IP Entry Capacity by capacity product type which the Shipper forecasts it will hold for each Month;
 - (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.
- 23.4. The NI TSOs shall specify on the Shipper Forecast Information Request the units and any other details or information for which it may reasonably require Shippers to provide a forecast, for the purposes of compliance with EU legislation and/or the licence requirements of Premier Transmission and/or Shippers.
- 23.5. Existing Shippers should complete and submit their Shipper Forecast Information Request annually, by no later than the 10th Business Day in June.
- 23.6. Where there is a material change to a Shipper's Forecast Information during the Gas Year, the Shipper is required to provide a revised Shipper Information Forecast Request form to the NI TSOs as soon as possible.
- 23.7. The NI TSOs may make additional requests for forecast (or other) information at any time where necessary for the purposes of compliance with information requests from the EU, the Utility Regulator and/or any other reasonable purpose.

24. Charges, Payment, Tax and Credit, and the Credit Committee

- 24.1. As described above, the Codes section 12 (Charges, Payment and Tax) and section 13 (Credit) will be amended next year (mid-2015) along with the Credit Committee Procedures in the Appendices to cover the necessary changes for the introduction of entry invoicing and credit for short term entry products.

25. Liabilities and Indemnities

- 25.1. The Codes section 14 refers to Liabilities and Indemnities. This section will be revised to reflect the move from point-to-point to entry-exit, which may include changes such as ensuring that the NI TSO's liabilities for 'Failure to deliver' in the event of negligence or wilful misconduct apply to entry quantities as well as exit quantities.
- 25.2. The NI TSOs intend to propose changes to this section of the Codes in a separate Code Modification on Legal and General Requirements during 2015.

26. Force Majeure

- 26.1. In relation to Codes section 15 concerning Force Majeure, the NI TSOs do not anticipate any changes at this stage, but this will also be confirmed with the Code Modification on Legal and General Requirements during 2015.

27. Termination

- 27.1. Codes section 16 provides for Termination of Shippers in certain circumstances, particularly relating to the non-payment of invoices, breach of the terms of the Codes, and liquidation of the Shipper, and sets out the consequences of termination. A key feature of these provisions is that the termination invoice includes all forecast future postalised charges (not just for the forthcoming gas year, but for as long as the Shipper had been allocated capacity). Any non-payment of a termination invoice becomes a liability for which all Shippers on the postalised network share. No changes will be proposed to this fundamental arrangement, although the section will need to be revised to accommodate the new invoice types for IP Capacity [and overrun charges].
- 27.2. The NI TSOs intend to review this section of the Codes in conjunction with the forthcoming Code Modification on Legal and General Requirements (in 2015) to ensure alignment of the procedures for debt recovery and for the return of unused capacity to market.

28. Accession & Registration

28.1. Introduction

- 28.1.1. Currently accession to the NI Codes can only take place once a Shipper has received a completed Exit Point Registration from the TSOs. This approach is consistent with the requirements of the point-to-point regime. From October 2015 it will be necessary to allow a Prospective Shipper to accede to the Code(s) without holding any capacity at all, for compliance with Balancing Code Article 4 (3) and Shippers will be able to hold capacity separately at entry and exit points. The NI TSOs are therefore proposing that the process for accession to the Codes is separated from the process for registration at

points on the NI Network. Shippers will be able to accede to the Code(s) without necessarily having completed registrations at network points, however, they will not be able to undertake any transactions at any points until they have completed the registration process.

- 28.1.2. At present in the point to point regime, Shippers can request an extension of an Exit Point Registration to incorporate flows being delivered from a second Entry Point. This is only relevant in the point-to-point context for potential flows at South North, and is no longer needed as the location of Entry and Exit Point Registrations will now be independent of each other.
- 28.1.3. Exit Registrations can also be extended at present to allow for the making of VRF Exit Nominations. However, the arrangements for VRF are changing so that they only apply at VRF IP Exit Points (which are also IP Entry Points) and therefore a registration at an IP Entry Point will also constitute a registration at a (VRF) IP Exit Point.
- 28.1.4. At present, there are three NI TSOs. Prospective Shippers must accede to the Codes of each of the relevant TSOs from whose network they wish to exit. This is because each TSO's Code provides the contractual terms for the transportation of gas through their network¹⁸. All current NI Shippers have acceded to the PTL Code, those exiting at Belfast are also Shippers with BGTL, and those exiting at Ten Towns or Coolkeeragh are also Shippers with BGE(NI) (as well as BGTL). From October 2015 it will still be necessary for a Shipper to accede to the Code of each TSO whose Exit Points it wishes to utilise, and additionally it will be necessary to be a Shipper with the relevant NI TSO at any IP Entry Point/VRF IP Exit Point it wishes to utilise.
- 28.1.5. Shippers wishing to use South North will need an IP Registration for that IP (and will need to accede to the BGE(NI) Code, if they have not already done so). This will continue to be the case from October 2015.
- 28.1.6. Existing Shippers will be provided with an IP Registration at Moffat (since they all use Moffat at present) as a result of the Transition Code Modification recently consulted upon¹⁹.
- 28.1.7. The requirements in the Codes (section 17) relating to accession and registration will therefore be developed in line with the business rules described in the remainder of this section 28.

28.2. Accession to Code

- 28.2.1. Accession is the process by which a Prospective Shipper becomes a Shipper, and from October 2015 this will also provide for a party who only intends to trade at the Trading Point (a 'Trader') to accede to the Code(s). The process of accession is completed by the executing of an Accession Agreement by both the Prospective Shipper and the relevant NI TSO in accordance with this section.

¹⁸ The BGE(NI) Code and the PTL Code are almost identical, but the BGTL Code takes a different form as it enables Shippers to hold capacity and make nominations etc. effectively under the terms of the PTL Code.

¹⁹ However, PRISMA setup will need to be addressed separately by Shippers.

- 28.2.2. Accession does not imply registration at a point, and a Prospective Shipper will not be able to make transactions in relation to a point until the registration process (and any other applicable requirements e.g. concerning IT systems) are completed.
- 28.2.3. Any person wishing to become a Shipper should give the relevant NI TSO(s) a minimum of [20] Business Days' notice of its intention, specifying:
- the Entry and/or Exit Points it wishes to utilise;
 - whether it wishes to trade at the Trading Point; and
 - the Effective Date from it wishes to become a Shipper.
- 28.2.4. Within [5] Business Days of receipt of such notice, the NI TSOs will provide the Prospective Shipper with the following:
- an Accession Agreement (for signature by the party);
 - a company information form to complete;
 - a Shipper Forecast Information Request form;
 - a Credit Application form;
 - application forms for an IP Entry Point Registration, Exit Point Registration and/or Trading Point Registration, in accordance with the notice given in 28.2.3;
 - a copy of the Code, Modification Procedures, the Ten Year Statement and other such information as the NI TSO believes is appropriate;
 - 24 hour emergency contacts form;
 - introductory information concerning access to the TSOs IT Systems;
 - where a Prospective Shipper wishes to utilise an IP Entry Point, introductory information concerning access to PRISMA;
- 28.2.5. In order that the relevant NI TSO can execute an Accession Agreement, the Prospective Shipper will be required to provide the following to the relevant NI TSO:
- the Accession Agreement, signed by the party for execution by the TSO;
 - a completed Shipper Forecast Information Request form;
 - confirmation of its Provided Level of Credit;
 - completed 24 hour emergency contact information; and
 - a copy of its Gas Supply Licence (or where appropriate, an exemption from a Gas Supply Licence).
- 28.2.6. Once the relevant NI TSO is satisfied that the Prospective Shipper has satisfied all the requirements for accession, it will within [5] Business Days execute the Accession Agreement and provide a copy to the Shipper.
- 28.2.7. A Prospective Shipper will become a Shipper as at the Effective Date in the Accession Agreement.

28.3. General Registration Requirements

- 28.3.1. A Shipper or Prospective Shipper wishing to utilise any IP Entry Point, Exit Point or the Trading Point must apply for a (separate) Registration in respect of that point in accordance with 28.5, 28.6 and 28.7 as applicable and the further rules in this section;

- 28.3.2. A Prospective Shipper may make an application for a Registration before accession is completed, but it is necessary to be a Shipper in order to complete the registration process.
- 28.3.3. A Shipper/Prospective Shipper must apply for at least a pair of registrations on the NI Network²⁰, either:
- a) an Exit Point Registration and an IP Entry Point Registration;
 - b) an Exit Point Registration and a Trading Point Registration; or
 - c) an IP Entry Point Registration and a Trading Point Registration.
- 28.3.4. Any Shipper/Prospective Shipper that wishes to utilise the Trading Point) must apply for a Trading Point Registration. It is not necessary for a Trader (who does not otherwise wish to hold entry or exit capacity) to obtain a pair of registrations in accordance with 28.3.3.
- 28.3.5. Where an existing Shipper applies for new Registrations (at points it has not utilised previously) it shall also be required to provide:
- a) a revised Shipper Forecast Information Request form; and
 - b) if necessary, a (further) Credit Application.
- 28.3.6. A party wishing to apply for a Registration should request the application form from the relevant NI TSO by giving notice in writing (if it has not already done so as part of the accession process).
- 28.3.7. Applications for a Trading Point Registration should be submitted to [PTL].

28.4. Access to IT Systems

- 28.4.1. Where a Shipper or Prospective Shipper applies for a Registration in respect of a point, the NI TSOs shall initiate the process of ensuring that the party has access to the relevant systems of the NI TSO. This may include activities such as training which may take up to [20] days. Shippers/ Prospective Shippers should ensure that they allow sufficient time between the making of an application for a Registration and having operational systems in place.

28.5. IP Registration Requirements

- 28.5.1. A Shipper shall be required to hold an IP Registration in order to make Nominations/Renominations in respect of either the IP Entry Point and/or the VRF IP Exit Point comprised in the IP.
- 28.5.2. An application for an IP Registration shall specify the following:
- a) the EIC of the Shipper;
 - b) the IP for which an IP Registration is requested;

²⁰ Whilst the NI TSOs will not require that Shippers hold matching quantities of capacity or nominate a balanced position across their entry and exit points, it is necessary for a Shipper to hold a pair of registrations to ensure that it is at least able to nominate a balanced position. The requirement for a pair of registrations applies across the whole NI Network i.e. a pair of registrations does not necessarily require both registrations to be with the same NI TSO.

- c) the effective date from which the Shipper wishes to start utilising the IP (which shall be at least [10 Business Days] from receipt by the TSO of the application form);
- d) whether the Shipper wishes to utilise the IP Entry Point, the VRF IP Exit Point or both;
- e) confirmation that the Shipper has registered with PRISMA; and
- f) whether or not the Shipper requires additional credit support.

28.5.3. In order to validate an application for an IP Registration, the relevant NI TSO will:

- a) verify that the applicant has completed the accession process (i.e. is a Shipper);
- b) verify the information provided in 28.5.2;
- c) verify that the Shipper has applied for a pair of Registrations in accordance with 28.3.3; and
- d) verify that the Shipper has sufficient credit support.

28.5.4. Once the NI TSO is satisfied that the Shipper has satisfied all the requirements for registration at an IP, it shall provide the IP Registration to the Shipper within [5] Business Days.

28.6. Exit Point Registration Requirements

28.6.1. A Shipper shall be required to be registered at an Exit Point in order to make Nominations/Renominations in respect of that Exit Point.

28.6.2. An application for an Exit Point Registration shall specify/include the following:

- a) the EIC of the Shipper;
- b) the Exit Point for which an Exit Point Registration is requested;
- c) the effective date from which the Shipper wishes to start utilising the Exit Point which shall be at least [10 Business Days] from receipt by the TSO of the application form;
- d) where applicable (i.e. for Shippers at BGEP 1, BGEP 2 and Stranraer) provide a Downstream Load Statement (which sets out the End Users statement of the maximum quantity in kwh/d which may reasonably be required to supply the relevant Downstream Load Category);
- e) whether or not the Shipper requires additional credit support; and
- f) one of following:
 - i. evidence that the Shipper itself will utilise the gas; or
 - ii. written confirmation from a consumer that the Shipper has entered an agreement with the consumer to supply gas (which may be conditional upon obtaining an Exit Point Registration); or
 - iii. written confirmation from the downstream transporter of a connected system that the Shipper has entered into an agreement to ship gas on the connected system.

28.6.3. In order to validate an application for an Exit Point Registration, the relevant NI TSO will:

- a) verify that the applicant has completed the accession process (i.e. is a Shipper);
- b) verify the information provided in 28.6.2;

- c) verify that the Shipper has applied for a pair of Registrations in accordance with 28.3.3; and
- d) verify that the Shipper has sufficient credit support.

28.6.4. Once the NI TSO is satisfied that the Shipper has satisfied all the requirements for an Exit Point Registration, it shall provide the Exit Point Registration to the Shipper within [5] Business Days.

28.6.5. Downstream Load Statements provided to the NI TSOs as part of the registration process must be updated to maintain their accuracy, and the other current rules in the Codes concerning the requirement for, and the updating of, Downstream Load Statements will continue to apply.

28.7. Trading Point Registration Requirements

28.7.1. A Shipper shall be required to be registered at the Trading Point in order to make Trade Nominations (to any other party) at the Trading Point.

28.7.2. An application for a Trading Point Registration shall specify:

- a) the EIC of the Shipper;
- b) the effective date from which the Shipper wishes to start utilising the Trading Point (which shall be at least [10 Business Days] from receipt by the TSO of the application form);
- c) whether or not the Shipper requires additional credit support.

28.7.3. In order to validate an application for a Trading Point Registration, the relevant NI TSO will:

- a) verify that the applicant has completed the accession process (i.e. is a Shipper);
- b) verify the information provided in 28.7.2; and
- c) verify that the Shipper has sufficient credit support.

28.7.4. Once the NI TSO is satisfied that the Shipper has satisfied all the requirements for a Trading Point Registration, it shall provide the Trading Point Registration to the Shipper within [5] Business Days.

28.8. De-Registration

28.8.1. A Shipper may only terminate a Registration if it still holds a pair of Registrations in accordance with 28.3.3;

28.8.2. A Shipper may terminate an Exit Point Registration by giving (10) Business Days' notice, such registration not to be terminated before the last day on which it holds Exit Capacity at the Exit Point and provided that there is still another Shipper registered at the Exit Point. If a termination of an Exit Point Registration would result in there being no Shipper registered at an Exit Point, the NI TSOs may require that the Shipper maintain its Exit Point Registration until the Exit Point has been isolated.

- 28.8.3. A Shipper may terminate an IP Registration by giving [10] Business days' notice, such registration not to be terminated before the last day on which it holds IP Entry Capacity and/or VRF IP Exit Capacity at the IP.
- 28.8.4. A Shipper may terminate a Trading Point Registration by giving [10] Business Days' notice.
- 28.8.5. Termination of a Registration does not relieve a Shipper of its obligations in relation to maintain Credit Support until the completion of the bullet payment reconciliation process after the end of the Gas Year.

28.9. Retirement from the Code

- 28.9.1. A Retiring Shipper may apply to retire from the Code by giving [35 Business Days] notice. The NI TSOs shall respond within [25] Business Days indicating the requirements which must be met before termination of the Accession Agreement can take effect, including but not limited to:
- a) that the Shipper has ceased to hold any Registration at an Exit, IP Entry or Trading Point;
 - b) that the Shipper has made full payment for all amounts invoiced in respect of [all applicable invoice types].
- 28.9.2. The Retiring Shipper should write to the NI TSO confirming in writing (together with supporting documentation) that it has complied with the requirements above.
- 28.9.3. The other rules for, and effects of, retirement, including the ongoing liability for outstanding invoices and credit cover, shall continue to apply as set out in the Codes.

29. Moffat Administration Agreement

- 29.1. As a result of the requirements of the Interoperability Code, the Moffat Administration Agreement will no longer be required, and consequently section 18 of the Code shall be removed. This will be accomplished by text to be added to the Transition section of the Code to allow for the transition (overlap) period for Nominations and Allocations at the start of October 2015.

30. Confidentiality & General

- 30.1. Section 19 of the PTL Code and 18 of the BGE(NI) Code cover provisions for Confidentiality. Section 20 of the PTL Code and 19 of the BGE(NI) Code cover a range of legal 'boilerplate' issues including Communications, Systems failures, Notices and Assignment. These provisions of these sections will be revised to ensure that the new processes introduced as a result of the implementation of EU Codes are appropriately covered.

- 30.2. The NI TSOs intend to review these sections of the Codes in the Code Modification on Legal and General Requirements during 2015.

31. Governing Law & Dispute Resolution

- 31.1. The NI TSOs are not anticipating any changes to these final sections of the Codes at this time, but this will be confirmed in the consultations on the Legal and General Requirements Code Modification.

32. BGTL Code Changes

- 32.1. The BGTL pipeline is physically located in the 'middle' of the NI network (between PTL and BGE(NI)'s pipelines, and within the boundaries of the single NI Balancing Zone). The BGTL Code is currently written such that Shippers' rights and obligations under the BGTL Code are determined largely by reference to capacity held and nominations made under the PTL Code.
- 32.2. The BGTL Code will require amendment to coordinate with (definition) changes in the PTL Code relating to the transition of Firm Capacity to Exit Capacity, and to reflect the removal of the point-to-point VRF arrangements which will no longer be needed.
- 32.3. BGTL Code covers Belfast Exit Point, but there are no NI Network entry points to the BGTL pipeline, and so there is no need to provide for entry arrangements (e.g. CAM auctions) within the BGTL Code.
- 32.4. BGTL will continue to invoice Shippers exiting the NI Network at Belfast as at present, and Shippers will still need credit with BGTL to cover those charges. In order to ensure that the terms for invoicing and credit are consistent between the three NI TSOs, it is likely that the BGTL Code will also make some references to entry charges and credit for entry, even though BGTL will not levy any entry charges.
- 32.5. Some changes may also be appropriate in relation to accession and registration, for example in relation to the requirement for Shippers to hold a pair of registrations on the NI Network.
- 32.6. The NI TSOs propose to make all the required changes to the BGTL Code at one time, in a Code Modification Proposal during Q2/3 2015.

33. Transition and Effective Dates

- 33.1. The dates at which the provisions of the CAM and consequential changes Code Modification will become effective will relate to operational processes for Gas Flow Day 1st October 2015, as follows:-

- the first month ahead auction for Gas Year 2015 (for Monthly IP Entry Capacity for October 2015) is due to be held on Monday 21st September.
- the first day ahead auction for 1st October 2015 (for Daily IP Entry Capacity) is due to be held at 15:30 on 30th September 2015.
- the commencement of the Code rules relating to capacity auctions and the associated processes will be given effect by adding to the Transition section ([to be] introduced by Code Modification 27 on Transition and recently consulted upon. The addition will set out that the processes will become effective for the first time as they relate to the Gas Flow Day 1st October 2015.
- The changes relating the definition of Firm Capacity and the new rules concerning Accession and Registration will take effect from 1st October 2015.
- [In relation to assignment of Yearly IP Entry Capacity, if this is to be implemented on a transitional basis, it will be given effect by a change to the Transition section.]

34. Consultation Questions

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 proposals for use of PRISMA;
- ii) the IP Capacity products on offer;
- iii) the arrangements for secondary trading of IP Capacity;
- iv) whether or not Shippers would value a permanent arrangement in the Code for assignment of IP Entry Capacity, potentially including Quarterly IP Entry Capacity or whether a transitional arrangement for Yearly IP Entry Capacity would be sufficient;
- v) the proposals to facilitate voluntary bundling of IP Entry Capacity;
- vi) the proposal to remove the Daily Capacity product at Exit;
- vii) the proposal to provide a firm Exit Capacity product by over-nomination;
- viii) the proposals for a Shipper Forecast Information Request form to collect annual Shipper forecasts;
- ix) the revisions to the arrangements for accession and registration.

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

35. How to Respond

Shippers wishing to respond to this document are requested to provide their views on or by **5th January 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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stephen.english@mutual-energy.com

Premier Transmission Limited

1st Floor

The Arena Building

85 Ormeau Road

Belfast

BT7 1SH

Avian Egan

aegan@gasnetworks.ie

BGE(Northern Ireland)

PO Box 51

Gasworks Road

Cork

Annex 1: Set Aside Rules Example/Illustrative Numbers

Interconnection Point (NI-Side Capacities)	Tech Cap	Total Unsold (as at Dec 2014)	20.00%	10.00%	Available in annual auctions (in March 2016) applicable for Y* to Y+4	Available in annual auctions (in March 2016) applicable for Y+5 onwards	Available in quarterly auctions for Y (in June 2016)**	Available for monthly/daily auctions (starting Oct 2015)***
South North	TC	TC	=20%x TC	=10%x TC	TC - 10%	TC - 20%	TC (- sold capacity)	TC
PTL	8	4	1.6	0.8	3.2	2.4	4	4

**less any sold in March annual auctions for year Y

*** for Y and later: less any sold in quarterly or annual auctions

Y = Gas Year 2016-2017