



CODE OF OPERATIONS

NOTICE TO SHIPPERS

PURSUANT TO PART E SECTION 1.6 OF THE CODE OF OPERATIONS

PROPOSED MODIFICATION

CODE MODIFICATION A084 'REPLACE THE NTS SO & TO EXIT COMMODITY COST ELEMENT IN THE BALANCING TRANSPORTATION COST FORMULA WITH THE OPTIONAL COMMODITY CHARGE'.

COMMISSION RATIONALE

Pursuant to Section 13 (1) of the Gas (Interim) (Regulation) Act, 2002, the Commission hereby rejects modification A084 'Replace the National Transmission System (NTS) System Operator (SO) & Transportation Owner (TO) exit Commodity cost element in the Balancing Transportation Cost formula with the Optional Commodity Charge.'

A brief outline of the proposed modification and reasons for rejection are outlined below.

BRIEF OUTLINE OF THE PROPOSED CODE MODIFICATION

This Code Modification proposal was submitted by the Irish Offshore Operators Association (IOOA) and proposed the following:

"replacing the NTS SO & TO exit Commodity cost element in the Balancing Transportation Cost formula with the Optional NTS Commodity charge (known as the shorthaul rate)".

The Balancing Transportation Cost is currently calculated as the sum of the NTS SO exit & NTS TO exit commodity charges and the GNI entry commodity charges and the GNI entry commodity charge. The intention of this proposed Code Modification is to better align the Balancing Transportation Costs with the current cost of flowing balancing gas from Great Britain to Ireland.

(Note: Parties interested in reading the full text of the proposed code modification should refer to the [TSO website](#)).

REASONS FOR REJECTION OF THE PROPOSED CODE MODIFICATION

This Code Modification was presented at the Code Modification Forum in July 2017 for Industry feedback. There were no responses received from Industry. The Commission has decided to reject this Code Modification based on the reasons outlined below:

1. The TSO has no visibility of the source/transportation route of gas imported via Moffat and is only aware that Shippers wish to nominate gas. Obtaining such accurate information would require the development and implementation of systems in this regard at a cost.
2. The proposed Code Modification would impact the Disbursements Account (i.e. if relevant Shippers are to pay less for their imbalance charges, this will result in other Shippers paying more).

In light of these points, the Commission considers the conventional approach to calculating the Imbalance Gas Transportation Cost to be appropriate as it references the NBP to Moffat benchmark transportation costs in all instances. The Commission hereby rejects A084.