

# Capacity Allocation Mechanisms (CAM) at Interconnection Points:

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Implementing Regulation EU 984/2013

Code Modification No. A062

*CER Approved Business Rules for Industry*  
*Consultation*

~~Code Modification No. A062~~

~~23<sup>rd</sup> September~~ 16<sup>th</sup> October 2014

~~Version 2.0~~ Version 3.0



## VERSION CONTROL

Version	Date	Description
1.0	27 <sup>th</sup> June 2014	Initial version for Industry Consultation
2.0	23 <sup>rd</sup> September 2014	<u>Industry Consultation:</u> Revision of version 1.0 to include: <ul style="list-style-type: none"><li>• Transitional Capacity Booking Arrangements</li><li>• Amendments to section 3.4.5 and 4.23</li></ul>
<u>3.0</u>	<u>16<sup>th</sup> October 2014</u>	<u>CER Approval:</u> Revision of version 2.0 following CER review to include <u>minor amendments to 3.3.2, 3.5.10, 4.3.32 &amp; 4.3.33</u>

## CONSULTATION PERIOD

~~Comments are requested on or before 1<sup>st</sup> October 2014;~~

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## Contents

1. INTRODUCTION .....	1
1.1. Background .....	1
1.2. Purpose and Scope of Document: CAM Business Rules for Industry Consultation .....	2
2. DEFINED TERMS .....	4
2.1. Business Rules Defined Terms .....	4
3. GENERAL PRINCIPLES .....	7
3.1. Matrix of Capacity Products at IPs .....	7
3.2. Schedule of First IP Capacity Auctions .....	8
3.3. Transitional Capacity Booking Arrangements .....	8
3.4. Bundling of Capacity at Interconnection Points .....	10
3.5. Joint Booking Platform .....	12
3.6. Gas Day and Units .....	16
3.7. Tariffs .....	16
4. CAPACITY ALLOCATION AT INTERCONNECTION POINTS .....	17
4.1. High Level Principles .....	17
4.2. Available Capacity .....	17
4.3. Ascending Clock Auction .....	19
4.4. Annual IP Capacity Auctions .....	22
4.5. Quarterly IP Capacity Auctions .....	23
4.6. Monthly IP Capacity Auctions .....	23
4.7. Uniform Price Auction .....	24
4.8. Daily (Day-Ahead) IP Capacity Auctions .....	26
4.9. Within-Day IP Capacity Auctions .....	27
4.10. Virtual Reverse Flow .....	28
5. FINANCIAL SECURITY .....	29
5.1. Financial Security Requirements for CAM Auctions .....	29
6. SECONDARY CAPACITY AT INTERCONNECTION POINTS .....	30
6.1. Secondary Capacity .....	30

Supporting Documentation:

Date	Source	Reference
October 2013	European Union	<a href="#">Regulation EU 984/2013</a> , Capacity Allocation Mechanisms (CAM) Network Code
2009 (updated in 2012)	European Commission	<a href="#">Regulation (EC) No 715/2009</a> updated with the Commission Decision 2012/490/EU of 24 August 2012
April 2013	Gaslink	Consolidated <a href="#">Gaslink Code of Operations v4.0</a> as of 1 April 2013
23 <sup>rd</sup> June 2014	Gaslink	Code Modification Proposal A062 ‘Capacity Allocation Mechanisms at Interconnection Points’ Proposal Form
	PRISMA	<a href="#">PRISMA capacity platform website</a>
January 2014	ENTSOG	<a href="#">ENTSOG Pilot Auction Calendar</a>
1 May 2014	Joint Office of Gas Transporters	<a href="#">UNC Modification No. 0500</a> : ‘EU Capacity Regulations – Capacity Allocation Mechanisms with Congestion Management Procedures’
27 June 2014	Gaslink	Code Modification Proposal A062 ‘Capacity Allocation Mechanisms at Interconnection Points’ <a href="#">Business Rules</a>

# 1. INTRODUCTION

## 1.1. Background

Regulation EC 715/2009 (on conditions for access to the natural gas transmission networks) set the framework for the establishment of the European Network of Transmission System Operators for Gas (ENTSOG). The Regulation also established a list of Network Codes to be developed by ENTSOG, including in the area of ‘capacity allocation’. Accordingly, the Network Code on Capacity Allocation Mechanisms (CAM) was developed, approved, and ultimately published in the form of Regulation (EU) 984/2013 (to be referred to as ‘The Regulation’ hereafter) in October 2013.

The Regulation aims to aid the creation of a European internal energy market by facilitating open and non-discriminatory access to transmission infrastructure, thus lowering transaction costs for cross-border trade. More specifically, the CAM Network Code establishes a common methodology for the allocation of capacity at all European interconnection points (i.e. points between adjacent entry/exit systems). The most notable features of the CAM Network Code include the following:

- Capacity at interconnection points is to be sold by means of an auction process, with auctions at each interconnection point taking place simultaneously across Europe in accordance with a harmonised auction calendar, save where expressly stated otherwise.
- A suite of ‘standard capacity products’ is to be offered at all interconnection points in the form of annual (up to 15 years ahead), quarterly, monthly, day ahead and within-day capacity.
- Whereas currently each TSO at an interconnection point sells its capacity independently (e.g. Gaslink sells Moffat Entry Capacity to Irish Shippers and National Grid sells NTS Exit Capacity to NTS Shippers), the Regulation requires capacity at interconnection points to be offered as a single ‘bundled’ product, with a single ‘bundled’ tariff, and allocated to a single Shipper.
- Capacity at interconnection points must be offered on a ‘joint web-based booking platform’.
- The gas day across Europe is being harmonised such that the gas day will be 05:00 to 05:00 (local time) as opposed to the current gas day of 06:00 to 06:00.

Further to the Code Modification Proposal A062 ‘Capacity Allocation Mechanisms at Interconnection Points’ which was issued to industry on 23<sup>rd</sup> June 2014, this business rules document sets out the detailed rules and processes by which capacity at Irish interconnection points will be allocated. However, it is worth noting the following high level points in relation to implementation of the rules:

- The Regulation has an implementation date of 1 November 2015.

- The auctions for the various standard capacity products will commence in a staggered manner (see section 3.2 for further information) from this date forward.
- The PRISMA<sup>1</sup> capacity platform shall perform the function of the ‘joint web-based booking platform’ at Irish interconnection points.
- Shippers intending to participate in capacity auctions at Irish interconnection points will be required to register with PRISMA.
- In addition to the initial PRISMA workshop held with Shippers in April 2014, further Shipper training will be provided in terms of using the PRISMA platform.
- Note that while the scope of the Regulation is limited to interconnection points, the change to the gas day is to be applied across the entire network and is not limited to interconnection points.
- It should also be noted that the new gas day shall be implemented as and from 1 October 2015 in order to align with the start of the gas year.

## **1.2. Purpose and Scope of Document: CAM Business Rules for Industry Consultation**

- 1.2.1 The purpose of this document is to outline the proposed Transporter–Shipper processes and interactions which are required to facilitate the allocation of capacity at interconnection points in accordance with the Capacity Allocation Mechanisms (CAM) Network Code (the Regulation).
- 1.2.2 Approved business rules shall form the basis for the subsequent development of Code legal drafting amending the Gaslink Code of Operations. However, it should be recognised that this business rules document is in draft form only and is intended to prompt discussion rather than present the final position of Gaslink. Accordingly, Gaslink reserves the right to modify these proposals as appropriate either as a result of industry responses to the consultation, CER direction, or as a result of further and more detailed development of the draft processes contained within.
- 1.2.3 This business rules consultation represents one element of a wider EU Network Code implementation project which will involve a number of further business rules consultations in respect of distinct areas such as Nominations, Balancing etc.
- 1.2.4 The rules contained within this business rules document are generic in nature insofar as they may be applied to any Irish interconnection point. It is recognised, however, that there may be specific and unique features of any given interconnection point which accordingly require specific and unique treatment. Any such IP–specific rules will be developed at a later stage in the project timeline and will be consulted on separately.

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<sup>1</sup> [www.prisma-capacity.eu](http://www.prisma-capacity.eu)

1.2.5 The Scope of this document includes:

- a) generic capacity allocation rules and processes to apply at Irish interconnection points;
- b) registration process in respect of the joint booking platform;
- c) definition of the functions which will be performed on the joint booking platform as distinct from those which will be performed on the Transporter's IT Systems;
- d) definition of capacity products which will be available at interconnection points and the process by which Shippers may request such capacity (submission of auction bids);
- e) description of the capacity allocation methodology (auction) which shall apply to each product;
- f) communication of auction results via the joint booking platform and consequent update to the Transporter's IT Systems;
- g) secondary capacity market rules at interconnection points.

1.2.6 The following items have not been included in this business rules document, however these will be addressed in subsequent consultations to be advised at a future date:

- a) IP - specific features as referenced in 1.2.4;
- b) Tariffs: The development of tariff arrangements<sup>2</sup> to apply to the suite of CAM products at interconnection points will be progressed separately to the CAM Business Rules [and will become part of a CER Tariff Consultation Paper in due course];
- c) Congestion Management Procedures (CMP): CMP was implemented in the Gaslink Code of Operations in October 2013 and will require amendment to align with the introduction of CAM. CMP rules will be addressed via a separate consultation in due course.
- d) Financial Security requirements;
- e) Virtual Reverse Flow (VRF) product.

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<sup>2</sup> Note that tariffs developed for CAM products at IPs do not require the incorporation of the requirements of the *Network Code on Harmonised Transmission Tariff Structures for Gas* (currently in draft form). However, such requirements may be considered for incorporation as appropriate in tandem with the work of the Network Tariff Liaison Group.



## 2. DEFINED TERMS

- The list below includes only those terms which have been defined with the sole purpose of aiding understanding of this business rules document. Accordingly, Gaslink reserves the right to alter such terms when developing Code legal drafting at a later date.
- Capitalised terms used elsewhere in this business rules document, and not listed below, signify existing terms from the Code of Operations
- The term ‘*allocation*’ of *capacity* is used frequently in this document and refers to the concept of capacity being registered to a particular Shipper following the submission of a capacity booking request or auction bid. It should not be confused with the term ‘*Allocation*’ as defined in the Code which refers to the *allocation of gas* to a Shipper based on Nominations and metered flows.
- The principal focus of this business rules document is to outline the Shipper–Transporter processes (required in the allocation of capacity at interconnection points) which will ultimately be translated into legal drafting to amend the Code of Operations. However, in order to develop a more general understanding of the overall processes involved, it is considered necessary to include certain processes, information flows and interactions between other parties (e.g. Transporter – PRISMA, Shipper – PRISMA, Transporter – Adjacent Transporter etc.). It should be noted, therefore, that only those process steps and information flows which relate directly to the Shipper – Transporter relationship will be reflected in the Code legal drafting.

### 2.1. Business Rules Defined Terms

- 2.1.1 “**Adjacent Transporter**” means the operator of a Transmission System connected to the Transmission System at an Interconnection Point or the operator of a Transmission System that is specifically affected by that Interconnection Point.
- 2.1.2 “**Annual IP Capacity**” is either Entry Capacity or Connected System Exit Point Capacity at an Interconnection Point which may be applied for and registered as held (in a given amount) by a Shipper for each Gas Day in a particular Gas Year, and may be Bundled IP Capacity or Unbundled IP Capacity.
- 2.1.3 “**Ascending Clock Auction**” means an auction in which Shippers place requested quantities of IP Capacity in a bid against defined price steps which are applied sequentially in a series of Bidding Rounds. The Ascending Clock Auction shall be applied to Annual IP Capacity, Quarterly IP Capacity and Monthly IP Capacity.
- 2.1.4 “**Auction Premium**” means the difference (if any) in price between the Reserve Price and the Clearing Price of an IP Capacity Auction.
- 2.1.5 “**Automatic Bid Profile**” means a Joint Booking Platform function that allows Shippers to formulate a profile of bids in respect of each prospective bidding round in an auction in advance of the start of an IP Capacity Auction, such individual bids being automatically submitted in the relevant Bidding Round.

- 2.1.6 **“Bid Window”** means, in respect of a given auction, the period commencing at the opening time of the first Bidding Round and ending at the closing time of the final Bidding Round. A Bid Window may comprise one or more Bidding Rounds.
- 2.1.7 **“Bidding Round”** means the discrete time period during which bids may be submitted, amended or withdrawn. At the end of a Bidding Round, all valid bids are processed in accordance with the relevant auction algorithm and a subsequent Bidding Round may be opened.
- 2.1.8 **“Bundled IP Capacity”** means a combination of either:
- a) Entry Capacity with Adjacent Transporter Exit Capacity; or
  - b) Connected System Exit Point Capacity with Adjacent Transporter Entry Capacity,
- which Shippers may procure by submitting bids in a single auction for an equal amount and duration. Such capacity is registered as Bundled IP Capacity when allocated, and may be Annual IP Capacity, Quarterly IP Capacity, Monthly IP Capacity or Daily IP Capacity.
- 2.1.9 **“Clearing Price”** means, in the case of an Ascending Clock Auction, the Reserve Price plus the Auction Premium which applies in respect of a given Bidding Round; and, in the case of a Uniform Price Auction, the price of the lowest successful bid.
- 2.1.10 **“Daily IP Capacity”** is either Entry Capacity or Connected System Exit Point Capacity at an Interconnection Point which may be applied for and registered as held (in a given amount) by a Shipper for a particular Gas Day only, and may be Bundled IP Capacity or Unbundled IP Capacity.
- 2.1.11 **“ENTSOG Auction Calendar”** means a table of all relevant timings for auctions, including starting dates and standard capacity products published by ENTSOG by January of every calendar year for auctions taking place during the period March until February of the following calendar year.
- 2.1.12 **“First Time Undersell”** means, in an Ascending Clock Auction, an occurrence where capacity demand (i.e. the aggregate capacity bid across all Shippers) is less than the offered capacity at the end of the second Bidding Round or a subsequent Bidding Round in which a Large Price Step is applied.
- 2.1.13 **“Gas Day”** means the period from 5:00 to 5:00 UTC the following day for winter time and from 4:00 to 4:00 UTC the following day when daylight saving is applied.
- 2.1.14 **“Interconnection Point”**<sup>3</sup> ‘means a physical or virtual point connecting adjacent entry-exit systems or connecting an entry-exit system with an interconnector, in so far as these points are subject to booking procedures by network users’.
- 2.1.15 **“IP Capacity”** means either Bundled IP Capacity or Unbundled IP Capacity.

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<sup>3</sup> definition as per Regulation EU 984/2013 Article 3 (10)

- 2.1.16 **“IP Capacity Auction”** means an auction of IP Capacity on the Joint Booking Platform, which may be an Ascending Clock Auction or a Uniform Price Auction.
- 2.1.17 **“Joint Booking Platform”** means the web based platform used to offer, obtain and trade IP Capacity, such platform being the PRISMA capacity platform.
- 2.1.18 **“Large Price Step”** means a price step in an Ascending Clock Auction that seeks to minimise the length of the auction process.
- 2.1.19 **“Monthly IP Capacity”** is either Entry Capacity or Connected System Exit Point Capacity at an Interconnection Point which may be applied for and registered as held (in a given amount) by a Shipper for each Gas Day in a particular calendar month, and may be Bundled IP Capacity or Unbundled IP Capacity.
- 2.1.20 **“IP Capacity”** means either Bundled IP Capacity or Unbundled IP Capacity.
- 2.1.21 **“Quarterly IP Capacity”** is either Entry Capacity or Connected System Exit Point Capacity at an Interconnection Point which may be applied for and registered as held (in a given amount) by a Shipper for each Gas Day in a particular calendar quarter, and may be Bundled IP Capacity or Unbundled IP Capacity.
- 2.1.22 **“Small Price Step”** means an integer division of a Large Price Step that seeks to minimise the level of unsold capacity where an ascending clock auctions closes at a price higher than the Reserve Price.
- 2.1.23 **“Trade Proposal”** means a proposal by a Shipper, submitted on the Joint Booking Platform, to either sell or buy IP Capacity on the secondary market.
- 2.1.24 **“Trade Deal”** means a proposal by a Shipper, submitted on the Joint Booking Platform, to either sell or buy IP Capacity on the secondary market which has been accepted by a counterparty Shipper on the Joint Booking Platform.
- 2.1.25 **“Unbundled IP Capacity”** means Entry Capacity or Connected System Exit Point Capacity at an Interconnection Point, and may be Annual IP Capacity, Quarterly IP Capacity, Monthly IP Capacity or Daily IP Capacity.
- 2.1.26 **“Uniform Price Auction”** means an auction in which the Shipper, in a single Bidding Round, bids price as well as capacity amount and all Shippers who are allocated Capacity pay the price of the lowest successful bid. Uniform Price Auctions shall apply in the case of Daily IP Capacity.

### 3. GENERAL PRINCIPLES

#### 3.1. Matrix of Capacity Products at IPs

- 3.1.1 In accordance with Regulation (EU) 984/2013, ENTSOG is obliged to publish, in January of each calendar year, a table comprising the timings of each auction to be held from March until February of the following calendar year.
- 3.1.2 While the Regulation specifies timings for each auction, these are default timings only and may be superseded by the ‘ENTSOG Auction Calendar<sup>4</sup>’ as appropriate to take account of national holidays etc.
- 3.1.3 The matrix of auctions to be offered at the Interconnection Points is outlined in the Table below includes the default timings as specified in the Regulation:

Auction	Bundled	Unbundled	Allocation Method	Frequency	Auction Start (Default)	Product Start Time
Annual	✓	✓	Ascending Clock Auction	Annual	1 <sup>st</sup> Monday in March	1 October (Y+1 to Y+15)
Quarterly	✓	✓	Ascending Clock Auction	Annual	1 <sup>st</sup> Monday in June	1 October 1 January 1 April 1 July
Monthly	✓	✓	Ascending Clock Auction	Monthly	3 <sup>rd</sup> Monday in month	1 <sup>st</sup> of each month
Day-Ahead	✓	✓	Uniform Price Auction	Daily	15:30 D - 1	05:00 D
Within-Day	✓	✓	Uniform Price Auction	Hourly	[18:00 D – 1]	Hour bar + 4 from start of Bid Window

**Figure 1: Auction Matrix**

<sup>4</sup> ENTSOG published a pilot auction calendar in January 2014:  
[http://www.entsog.eu/public/uploads/files/publications/CAM%20Network%20Code/2014/CAP394\\_CAM%20N%20auction%20calendar%20-%20pilot%202014.pdf](http://www.entsog.eu/public/uploads/files/publications/CAM%20Network%20Code/2014/CAP394_CAM%20N%20auction%20calendar%20-%20pilot%202014.pdf)

## 3.2. Schedule of First IP Capacity Auctions

3.2.1 The schedule of the first auctions which will be held in respect of each IP Capacity product is shown in the table below:

Product	First Auction Date	First Capacity Effective Date
Within-Day	31 <sup>st</sup> October 2015	1 <sup>st</sup> Nov 2015
Day-Ahead	31 <sup>st</sup> October 2015	1 <sup>st</sup> Nov 2015
Monthly	November 2015	1 <sup>st</sup> December 2015
Annual	March 2016	1 <sup>st</sup> October 2016
Quarterly	June 2016	1 <sup>st</sup> October 2016, 1 <sup>st</sup> January 2017, 1 <sup>st</sup> April 2017, 1 <sup>st</sup> July 2017

Figure 2 Schedule of First Auctions

## 3.3. Transitional Capacity Booking Arrangements

3.3.1 Current Code rules are such that Annual Capacity bookings may commence on the first day of any calendar month. However, the Regulation stipulates that Annual Capacity bookings must not have a start date other than the first day of the Gas Year. It is therefore necessary to provide arrangements during the transition period to address a potential misalignment of Capacity bookings.

~~3.3.2~~ Version 1.0 of the business rules proposed that arrangements to address the transitional period where Capacity bookings at Interconnection Points under the existing Code rules (and requested via the Transporter's IT Systems) are phased out and the new CAM auction regime (on the Joint Booking Platform) commences would be detailed in a subsequent and separate consultation<sup>5</sup>.

~~3.3.33.3.2~~ Booking requests in respect of Annual Capacity at Interconnection Points may be submitted on the Transporter's IT System as per the existing Code rules until 05.59 on 23<sup>rd</sup> September 2015.

~~3.3.43.3.3~~ In August / September 2015, the Transporter will request each Shipper with existing Annual Capacity Bookings at Interconnection Points to advise whether it wishes to:

- a) request an extension of the end date of its existing Annual Capacity booking to 30 September 2016, maintaining the existing Capacity amount associated with that booking; or
- b) request a new Annual Capacity booking to be created, specifying:

<sup>5</sup> ~~However, in the meantime the Transporter presented a proposal to at Industry at the Code Modification Forum of 7<sup>th</sup> August 2014, in relation to transitional arrangements. Following a consultation period, 3 written responses were received from Industry supporting the proposal as presented. The proposal is outlined in 3.3.4 to 3.3.7 below.~~

- i. a start date which is one day after the end date of the Shipper's existing Capacity booking;
  - ii. an end date of 30 September 2016; and
  - iii. the amount of Capacity requested, which may not necessarily be equal to the amount of Capacity held in respect of the Shipper's existing booking; or
- c) request that no action be taken in respect of its existing Annual Capacity bookings, thus maintaining its existing level of Capacity bookings.

3.3.53.3.4 Requests for Annual Capacity at Interconnection points submitted as per 3.3.33.3.5 will be processed as per existing Code rules, as applicable, and acceptance of such requests is subject to the availability of Capacity at the Interconnection Point in respect of the relevant period.

3.3.63.3.5 The Annual Tariff (applicable at the time of use of the Capacity) shall apply to any Capacity booked as a result of this transitional process.

3.3.73.3.6 Specifically tailored transitional arrangements are only deemed necessary in relation to Annual Capacity. In respect of all other Capacity products at Interconnection Points, the times and dates for the switchover from Capacity booking on GTMS to Capacity booking on PRISMA are provided in Figure 3 below:

Product	GTMS		PRISMA	
	Last Capacity booking request on GTMS	Last Capacity Effective Date	First CAM Auction Date	First Capacity Effective Date
Within-Day	03:00 31 <sup>st</sup> October 2015	05:00 31 <sup>st</sup> Oct 2015	31 <sup>st</sup> Oct 2015	1 <sup>st</sup> Nov 2015
Day-Ahead		05:00 31 <sup>st</sup> Oct 2015	31 <sup>st</sup> Oct 2015	1 <sup>st</sup> Nov 2015
Monthly	04:59 hours on the Day which is eight days prior to 1 November 2015	05:00 1 <sup>st</sup> Nov 2015	November 2015	1 <sup>st</sup> Dec 2015
Annual	Sep 2015	Variable (as per transitional arrangements)	March 2016	1 <sup>st</sup> Oct 2016
Quarterly	N/A	N/A	June 2016	1 <sup>st</sup> Oct 2016, 1 <sup>st</sup> Jan 2017, 1 <sup>st</sup> Apr 2017, 1 <sup>st</sup> July 2017

**Figure 3 Capacity Booking Transition Schedule**

### **3.4. Bundling of Capacity at Interconnection Points**

- 3.4.1 The Transporter (and the Adjacent Transporter) shall offer all firm capacity at Interconnection Points as ‘bundled’ capacity insofar as there is sufficient available capacity at both sides of the Interconnection Point
- 3.4.2 Based on the available capacity at both sides of the Interconnection Point, an amount of Bundled IP Capacity shall be published and offered in advance of each auction.
- 3.4.3 Where there is more available firm capacity on one side of an Interconnection Point than on the other side for any period considered, the Transporter (or Adjacent Transporter) with the most available firm capacity may offer such extra capacity as an unbundled product on the Joint Booking Platform.
- 3.4.4 Where Unbundled IP Capacity is made available by the Transporter:
- a) it shall be made available as a standard capacity product;
  - b) it shall be auctioned and allocated on the Joint Booking Platform in accordance with the auction algorithm appropriate to the relevant standard capacity product, such auctions being held simultaneously with the equivalent Bundled IP Capacity auction;
- 3.4.5 Where a Shipper is allocated Bundled IP Capacity as a result of an auction process:
- a) the Shipper has effectively entered into two separate capacity contracts, one contract with each TSO, each Capacity contract governed by the specific terms applicable to each TSO;
  - b) each TSO shall update its IT system to account for the new capacity which has been acquired;
  - c) Each TSO shall separately invoice the Shipper for its portion of the ‘bundled’ Capacity tariff.

#### **Bundling of Existing Capacity Contracts**

##### **Regulation EU 984/2013 - CAM: References to Bundling of Existing Contracts**

- Where a Shipper is a party to an existing capacity contract when Regulation EU 984/2013 enters into force, Shippers should ‘aim to reach an agreement on the bundling of the capacity via contractual arrangements’ (Art. 20 (1)).
- ‘All capacity shall be bundled at the earliest opportunity’ (Art. 20 (5)).
- Shippers and TSOs shall report to the NRAs regarding ‘all bundling arrangements reached’, the NRAs shall report to ACER in respect of annual bundling progress, such reports forming the basis for an ACER report on bundling progress which shall be issued in November 2015.



- ‘Existing transport contracts for unbundled capacity cannot be renewed, prolonged or rolled over after their expiration date. Such capacity shall become available capacity as of the expiration date of the transport contracts’ (Art. 20 (5)).

3.4.6 Where a Shipper has an existing Entry Capacity or Connected System Exit Point Capacity booking at an Interconnection Point with an end date which extends beyond 30<sup>th</sup> September 2015, it may submit a request to the Transporter to have the Capacity recorded in the Capacity Register as Bundled IP Capacity, a ‘**Bundling Request**’.

3.4.7 It should be noted that in order to submit a Bundling Request, the Shipper must have title to sufficient Capacity at each side of the Interconnection Point. For the avoidance of doubt, it shall not be possible to submit a request to bundle capacity where the capacity at the other side of the Interconnection Point is held by a counterparty (i.e. a single EIC Code is required).

3.4.8 The Bundling Request shall;

- a) be submitted no later than 60 days prior to the start date of the requested bundling period;
- b) specify the Interconnection Point and flow direction and the relevant Adjacent Transporter;
- c) specify the Shipper (EIC);
- d) specify the requested start and end dates of the requested bundling period;
- e) specify the amount of Entry Capacity or Connected System Exit Point Capacity to be bundled;

3.4.9 The Transporter shall validate a bundling request and forward details of the request to the Adjacent Transporter in accordance with 3.4.10 if the Shipper:

- a) has submitted the request in accordance with 3.4.8;
- b) holds sufficient Entry Capacity or Connected System Exit Point Capacity for the requested bundling period; and
- c) has submitted a valid EIC.

3.4.10 The Transporter shall notify the relevant Adjacent Transporter, using details from the bundling request, including:

- a) The Shipper (EIC);
- b) The Interconnection Point and direction of gas flow;
- c) The start and end dates of the requested bundling period;
- d) The capacity amount.

3.4.11 Provided the Transporter receives confirmation of the Adjacent Transporter’s acceptance of the bundling request no later than one month before the requested start



date of the bundling request, the Transporter shall accept the request and adjust the Capacity Register such that:

- a) The Shipper's Bundled IP Capacity holding at the Interconnection Point is increased by the amount specified in the request in respect of the dates specified in the request; and
- b) The Shipper's Unbundled IP Capacity holding at the Interconnection Point is decreased by the amount specified in the request in respect of the dates specified in the request

3.4.12 The Transporter will notify the requesting Shipper of the acceptance or rejection of its bundling request no later than 5 Business Days before the requested start date of the bundling request.

3.4.13 Where the Transporter receives notification from the Adjacent Transporter that it has received a bundling request from a Shipper, the Transporter will treat this as a Bundling Request and shall process it in accordance with 3.4.6 to 3.4.12.

3.4.14 The Transporter shall update the CER in relation to the progress of any bundling of existing capacity contracts.

### **3.5. Joint Booking Platform**

3.5.1 The sole means by which Shippers may request and be allocated IP Capacity (and trade IP Capacity) will be on the Joint Booking Platform.

3.5.2 Any Shipper wishing to gain access to IP Capacity Auctions must be registered on the Joint Booking Platform.

#### **Registration Process**

3.5.3 The Transporter has entered into a Service Agreement with the PRISMA capacity platform and is the entity who contracts with PRISMA and who pays the related service charge.

3.5.4 Shippers are required to register as 'users' on PRISMA and sign its General Terms and Conditions (GTCs), however the Shipper is not charged by PRISMA for use of the platform.

3.5.5 Any Shipper which has acquired access to the Joint Booking Platform must be approved by the Transporter and must comply with all relevant provisions of the Gaslink Code and its Ancillary Agreements before the Shipper is permitted to take part in an auction at an Irish Interconnection Point.

3.5.6 In respect of auctions of Bundled IP Capacity, a Shipper will require the approval of both the Transporter and the Adjacent Transporter.

3.5.7 Shippers shall be identified on the Joint Booking Platform by an Energy Identity Code (EIC)<sup>6</sup>.

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<sup>6</sup> Further information regarding EICs at [www.enstog.eu](http://www.enstog.eu)



**Summary of PRISMA Registration Process:**

3.5.8 A Shipper may submit an online registration request to PRISMA including:

- a) EIC;
- b) Company data (as required by PRISMA);
- c) ‘User’ Information (may have multiple ‘Users’);
- d) Acceptance of PRISMA GTCs;
- e) Selection of one or more TSOs / IP(s) it wishes to request capacity;
- f) Selection of required functionality i.e. Primary or Secondary Capacity.

3.5.9 PRISMA shall verify the EIC.

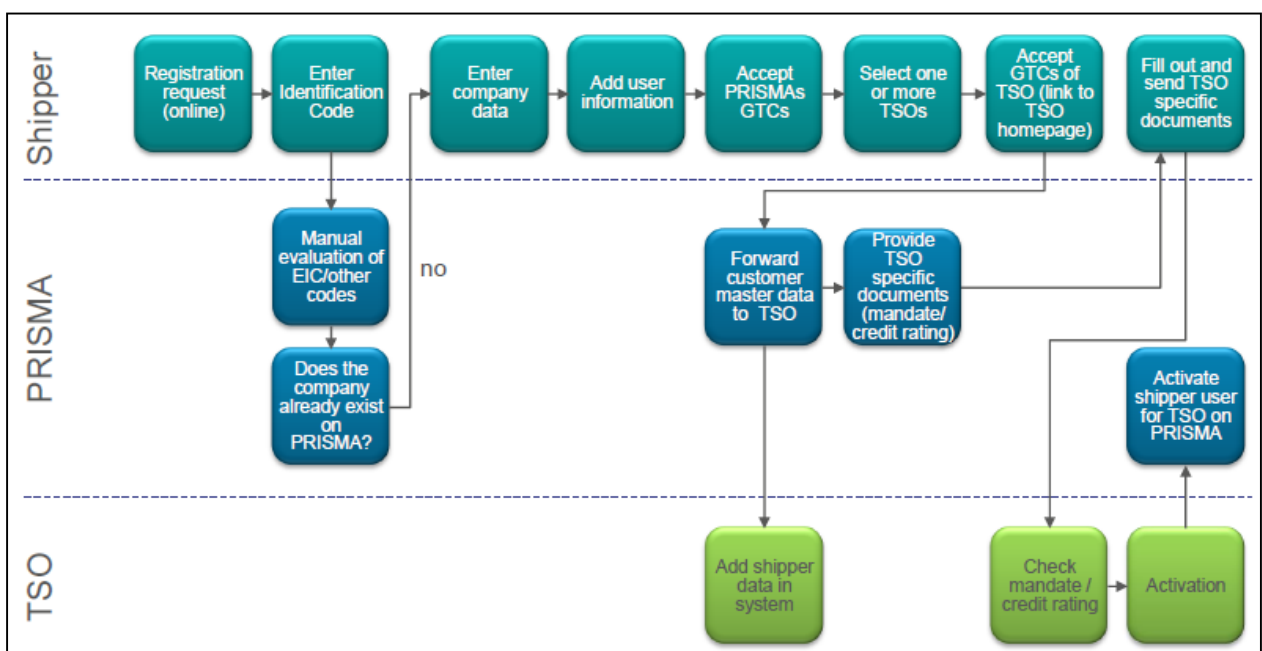
~~3.5.10~~ The Shipper shall be asked (on PRISMA) to agree to the Transporter’s GTCs, at which point

~~3.5.11~~ 3.5.10 Upon acceptance of the Transporter’s GTCs, PRISMA shall forward the Shipper’s registration data to the Transporter and send any Transporter specific documentation to the Shipper.

~~3.5.12~~ 3.5.11 The Shipper shall complete any such documentation and return it directly to the Transporter.

~~3.5.13~~ 3.5.12 The Transporter shall verify the documentation received and advise PRISMA as to whether the Shipper is approved by the Transporter for activation on the Joint Booking Platform.

~~3.5.14~~ 3.5.13 PRISMA shall then activate the TSO (and its Users) on the PRISMA platform.



**Role of Joint Booking Platform and Transporter's IT Systems: Process Summary**

~~3.5.15~~3.5.14 In advance of each auction the Transporter and the Adjacent Transporter shall provide to the Joint Booking Platform all information required to facilitate the publication of the auction, such as:

- a) Available Capacity;
- b) Regulated Tariffs;
- c) Large Price Steps;
- d) Small Price Steps; and
- e) each Shipper's Financial Security status.

~~3.5.16~~3.5.15 The Joint Booking Platform shall publish the information relevant to a given auction in accordance with the timescales set out in these Business Rules.

~~3.5.17~~3.5.16 Shippers may submit bids on the Joint Booking Platform, such bids being processed by the Joint Booking Platform in accordance with the relevant auction process.

~~3.5.18~~3.5.17 The Joint Booking Platform will inform all Shippers of the results of the auction in aggregate, and each Shipper individually in terms of the capacity that has been allocated to that Shipper.

~~3.5.19~~3.5.18 The Joint Booking Platform shall inform the Transporter of the results of the auction and the Transporter shall update its IT Systems accordingly to reflect the changes in each Shipper's Capacity holding (Capacity Register) at an Interconnection Point.

~~3.5.20~~3.5.19 Shippers shall be invoiced for IP Capacity by the Transporter in accordance with existing billing procedures (i.e. monthly invoices issued in month M + 1).

~~3.5.21~~3.5.20 The Transporter shall invoice for its portion of the Reserve Price and Auction Premium.

~~3.5.22~~3.5.21 The Adjacent Transporter shall invoice separately for its portion of the Reserve Price and Auction Premium.

~~3.5.23~~3.5.22 IP Capacity allocated to a Shipper as a result of an auction on the Joint Booking Platform represents a binding commitment on the Shipper in respect of such IP Capacity.

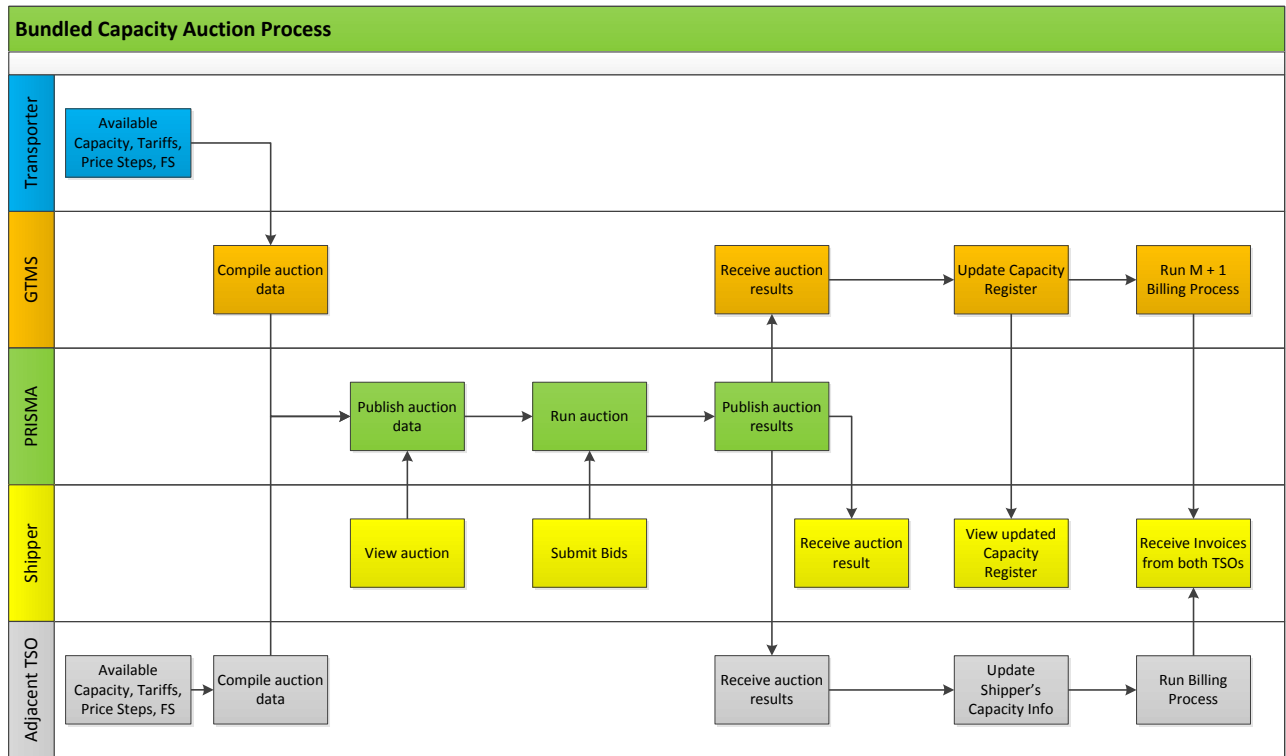


Figure 5 Bundled Capacity Auction Process

### 3.6. Gas Day and Units

- 3.6.1 The Gas Day shall be 05:00 to 05:00 (local time).
- 3.6.2 Energy units shall be kWh/d.

### 3.7. Tariffs

- 3.7.1 Tariffs (including Reserve Prices, Large Price Steps and Small Price Steps) for all IP Capacity products for a given Gas Year (and for annual products up to 15 years ahead) shall be published no later than two months in advance of the Annual IP Capacity Auction which takes place in the preceding Gas Year.
- 3.7.2 The Reserve Price for Bundled IP Capacity shall be the sum of the regulated tariffs of the respective TSOs, as approved by the appropriate NRAs.
- 3.7.3 The Large Price Step applied to a Bundled IP Capacity shall be the sum of the Large Price Step of the Transporter plus the Large Price Step of the Adjacent Transporter.
- 3.7.4 The Small Price Step applied to a Bundled IP Capacity product shall be the sum of the small price step of the Transporter plus the small price step of the Adjacent Transporter.
- 3.7.5 In Ascending Clock Auctions, the Auction Premium shall be shared in proportion with the respective price steps of the Transporter and the Adjacent Transporter.
- 3.7.6 In Uniform Price Auctions, the share of the Auction Premium shall be 50:50 between the Transporter and the Adjacent Transporter.

## 4. CAPACITY ALLOCATION AT INTERCONNECTION POINTS

### 4.1. High Level Principles

- 4.1.1 All IP Capacity (both bundled and unbundled) shall be offered and allocated via the Joint Booking Platform.
- 4.1.2 Each TSO at either side of the Interconnection Point shall determine the amount of Capacity it can make available for a given auction. Where the quantities which can be made available by the respective TSOs are not equal, the lesser amount will be made available as Bundled IP Capacity, with the remainder being offered as Unbundled IP Capacity.
- 4.1.3 Results of the Capacity auctions will be communicated by the Joint Booking Platform:
- a) to Shippers;
  - b) to the Transporter's IT System.
- 4.1.4 The Transporter shall update the Capacity Register in accordance with the information received from the Joint Booking Platform.
- 4.1.5 The Ascending Clock Auction shall apply to Annual IP Capacity, Quarterly IP Capacity, and Monthly IP Capacity.
- 4.1.6 The Uniform Price Auction shall apply to Daily IP Capacity (i.e. day-ahead and within-day auctions)
- 4.1.7 Auctions of Bundled IP Capacity and Unbundled IP Capacity shall occur simultaneously.

### 4.2. Available Capacity

- 4.2.1 The IP Capacity (bundled or unbundled as the case may be) determined by the Transporter as available for inclusion in a given auction at an Interconnection Point 'Available Capacity' shall be, in respect of the period to which the auction applies;
- a) The Technical Capacity;
    - i. less contracted capacity;
    - ii. less any capacity set aside pursuant to 4.2.3;
    - iii. plus any capacity made available via Congestion Management Procedures.

#### Technical Capacity

##### **Regulation EU 984/2013 - CAM: References to Technical Capacity Calculation**

- Article 6 provides that the TSOs at either side of an Interconnection Point are obliged to establish and apply a joint methodology in relation to setting the Technical Capacity, with an emphasis on optimising the capacity which can be made available.

4.2.2 The Transporter and the Adjacent Transporter shall establish and apply a joint procedure to set the Technical Capacity of each Interconnection Point no later than 4 February 2015.

### **Capacity Set-Aside**

#### **Regulation EU 984/2013 - CAM: References to Capacity Set-Aside**

- CAM Art. 8 (6) – (9) specify the rules in relation to the set-aside of Technical Capacity.
- CAM Art. 8 (6) and (7) specify the proportion of Technical Capacity to be set aside
- CAM Art. 8 (9) requires that the degree of capacity set-aside be consulted upon with stakeholders and approved by national regulatory authorities.

4.2.3 Where Annual Capacity Auctions are held in Gas Year Y;

- a) 10% of Technical Capacity is withheld for years Y+1 to Y+5, such that:
  - i. Available Capacity = 90% of Technical Capacity - contracted capacity
- b) 20% of Technical Capacity is withheld for years Y+6 to Y+15, such that:
  - i. Available Capacity = 80% of Technical Capacity - contracted capacity

4.2.4 100% of Technical Capacity (less any contracted Capacity) shall be offered in auctions for Quarterly IP Capacity, Monthly IP Capacity, and Daily IP Capacity i.e. no Capacity is withheld from offer

### **Capacity Made Available via Congestion Management Procedures (CMP)**

#### **Regulation EC 715/2009 – Congestion Management Procedures (CMP)**

- Annex 1 of Regulation EC 715/2009 contains the rules which apply to Congestion Management Procedures.
- CMP measures became effective on 1 October 2013 and were incorporated in the Gaslink Code of Operations on this date.
- The measures introduced in the Gaslink Code in October 2013 will require amendment in order to align with the new capacity allocation rules arising from Regulation EU 984/2013 CAM.
- Amended CMP rules for inclusion in the Gaslink Code of Operations will be developed as part of a later consultation.

4.2.5 In the event of contractual congestion at an Interconnection Point, capacity may be made available for allocation through the auction process as a result of the following Congestion Management Procedures:

- a) Oversubscription and Capacity Buyback
- b) Surrender of Contracted Capacity
- c) Long Term Use It or Lose It

4.2.6 The rules and processes by which Capacity can be included in a given auction as a result of CMP mechanisms, as well as the merit order in which such Capacity is reallocated will be developed as part of a separate consultation process.

### **Bundled Capacity**

4.2.7 The Transporter and the Adjacent Transporter shall bundle as much available capacity as possible.

4.2.8 Where the Transporter's Available Capacity is greater than the available capacity of the Adjacent Transporter;

- a) an amount of capacity equal to the available capacity of the Adjacent Transporter shall be offered as Bundled IP Capacity; and
- b) the remainder shall be offered by the Transporter as Unbundled IP Capacity as follows:
  - i. for a duration of no longer than one year; or
  - ii. to the extent that there is unbundled capacity contracted at the other side of the Interconnection Point, for a duration and amount no greater than such unbundled contracted capacity.

4.2.9 Where the Transporter's Available Capacity is less than the available capacity of the Adjacent Transporter, no Unbundled IP Capacity shall be offered by the Transporter.

### **4.3. Ascending Clock Auction**

4.3.1 Ascending Clock Auctions enable Shippers to place bids for IP Capacity in successive Bidding Rounds at pre-defined prices, starting with the Reserve Price. The price shall increase in each round (except in case of First Time Undersell) until the demand for IP Capacity has reduced so that bids can be allocated in full.

4.3.2 The Ascending Clock Auction shall apply to Annual IP Capacity, Quarterly IP Capacity and Monthly IP Capacity

### **Submission of Bids**

4.3.3 Bidding shall take place between 08:00 and 17:00 with a duration of 3 hours for the first Bidding Round, and a duration of 1 hour for each subsequent Bidding Round. There will be one hour between each Bidding Round.

4.3.4 Shippers will be notified whether the auction closes after each Bidding Round or whether a further Bidding Round will be opened



- 4.3.5 Shippers with successful bids shall be notified of the IP Capacity allocated to them.
- 4.3.6 All bids shall specify:
- a) the amount of IP Capacity applied for (in kWh/day);
  - b) the Shipper (EIC);
  - c) the relevant Interconnection Point and direction of the flow;
  - d) the standard capacity product for which the IP Capacity is applied for in terms of which year, quarter, month, and whether bundled or unbundled;
- 4.3.7 The minimum eligible amount for a bid is 1 kWh/d.
- 4.3.8 Multiple bids may be submitted by a Shipper in a given Bidding Round.
- 4.3.9 A bid shall be considered valid if:
- a) it complies with all provisions of this Section 4.3;
  - b) the sum of all bids from that Shipper are less than or equal to the offered capacity;
  - c) the Shipper satisfies the Financial Security requirements of the Gaslink Code of Operations and the associated Financial Security Policy;
  - d) it complies with any other information mandated by the GTCs of the Joint Booking Platform.
- 4.3.10 Bids may be modified or withdrawn up to the close of the relevant Bidding Round. Once the relevant Bidding Round closes, no modification, withdrawal or variation to valid bids shall be accepted.
- 4.3.11 In order for Shippers to participate in an Ascending Clock Auction, it is necessary to place a bid in the first Bidding Round.
- 4.3.12 A Shipper shall not submit a bid which, in aggregate with other bids submitted by the Shipper in respect of a given Bidding Round, is in excess of the IP Capacity offered in a specific auction.
- 4.3.13 A Shipper may not submit a bid in a given Bidding Round which is greater than the bid placed by the Shipper in the previous round (except in the Bidding Round immediately after a First Time Undersell).
- 4.3.14 In the first Bidding Round after the Bidding Round in which a First Time Undersell occurs, a Shipper may not submit a bid which is greater than the bid it submitted in the Bidding Round which preceded the First Time Undersell.
- 4.3.15 In all Bidding Rounds after the Bidding Round in which a First Time Undersell occurs, a Shipper may not submit a bid which is less than the bid it submitted in the Bidding Round in which the First Time Undersell occurs.
- 4.3.16 Shippers may submit an Automatic Bid Profile in advance of a given IP Capacity auction.

- 4.3.17 Each individual bid included in the Shipper's Automatic Bid Profile shall be automatically entered as a bid in the relevant Bidding Round and shall be treated the same as bids submitted manually.
- 4.3.18 An Automatic Bid Profile may be submitted after the publication of an auction on the Joint Booking Platform in accordance with 4.4.2, 4.5.2, or 4.6.2 and before the opening of the relevant Bid Window.
- 4.3.19 An Automatic Bid Profile shall include the information required in 4.3.6 in respect of each Bidding Round in the Automatic Bid Profile.

#### **Auction Algorithm**

- 4.3.20 Capacity auctions begin in the first Bidding Round with capacity priced at the Reserve Price.
- 4.3.21 If the sum of all Shippers' bids is less than or equal to the IP Capacity offered, the auction will close and all bids will be allocated in full.
- 4.3.22 If the sum of all Shippers' bids in the first Bidding Round is higher than the IP Capacity offered in the auction, a further Bidding Round will be opened with the price equal to the Reserve Price plus one Large Price Step (an Auction Premium equal to one Large Price Step).
- 4.3.23 For each subsequent Bidding Round where the sum of all Shippers' bids remains higher than the IP Capacity offered in the auction, then a further Bidding Round will be opened, and the Auction Premium will increment by one Large Price Step (i.e. the price will be equal to the previous Bidding Round's price plus one Large Price Step).
- 4.3.24 If the sum of all Shippers' bids at the end of any Bidding Round equals the Capacity being offered, then the auction is closed and all bids are allocated in full.
- 4.3.25 If the sum of the bids during a Bidding Round (other than the first Bidding Round) is less, for the first time, than the IP Capacity being offered, this is referred to as a First Time Undersell.
- 4.3.26 A further Bidding Round is opened in this case, however the price shall reduce by one Large Price Step and increase by one Small Price Step. i.e. the Small Price Step is added to the Auction Premium which was valid in the Bidding Round previous to the First Time Undersell.
- 4.3.27 Bidding rounds with successive Auction Premium increments of one Small Price Step are then opened until either:
- a) the IP Capacity being demanded in a Bidding Round is equal to or less than the IP Capacity being offered, at which point the auction closes; or
  - b) any further price increment by one Small Price Step would result in the Auction Premium equalling the Auction Premium of the Bidding Round in which the First Time Undersell occurred.
- 4.3.28 Where an auction closes as a result of the scenarios described in 4.3.21, 4.3.24, or 4.3.27a), all Bids submitted in that Bidding Round are allocated in full at the Clearing Price for that Bidding Round.

4.3.29 Where an auction closes as a result of the scenario described in 4.3.27b), all bids submitted in the Bidding Round in which the First Time Undersell occurred are allocated in full, at the Clearing Price which applied in the Bidding Round in which the First Time Undersell occurred.

4.3.30 Successful Shippers shall be notified of the IP Capacity allocated to them.

### **Price Steps**

~~4.3.31~~ A Large Price Step and a Small Price Step shall be defined in respect of each Interconnection Point and in respect of each standard capacity product. The Small Price Step shall be set such that an increase by an integer number of Small Price Steps is equal to an increase by a Large Price Step.

~~4.3.31~~ ~~The price steps shall be set so that the market price can be established within a reasonable time frame.~~

~~4.3.32~~ ~~The determination of the large price step shall seek to minimise, as far as reasonably possible, the length of the auction process.~~

~~4.3.32~~~~4.3.33~~ ~~The determination of the small price step shall seek to minimise, as far as reasonably possible, the level of unsold capacity where the auction closes at a price higher than the reserve price.~~

### **Multi-Currency**

~~4.3.33~~~~4.3.34~~ ~~The Joint Booking Platform will publish the prices for the auction in the currency of the Transporter and the currency of the Adjacent Transporter along with the daily FX rate that will be used for the auction.~~

~~4.3.34~~~~4.3.35~~ ~~The daily FX rate is published by the European Central Bank (ECB) at 14:00 and will be imported into the Joint Booking Platform at 14:15.~~

~~4.3.35~~~~4.3.36~~ ~~As Shippers are only submitting bids in terms of energy units, there is no need for any currency conversion during the running of the auction.~~

~~4.3.36~~~~4.3.37~~ ~~Once the bids have been allocated, the Transporter shall invoice the Shipper in accordance with existing Capacity billing processes (i.e. invoices issue in month M+1 for capacity utilised in month M) for its share of the bid value in Euros.~~

## **4.4. Annual IP Capacity Auctions**

4.4.1 The Bid Window for the Annual Yearly IP Capacity Auction will commence on the first Monday in March of each year, or as otherwise varied in the annually published ENTSOG Auction Calendar.

4.4.2 One calendar month prior to the start of the auction, the Joint Booking Platform will publish the following information in respect of all Annual IP Capacity auctions for each Interconnection Point:

- a) The amount of Bundled IP Capacity made available to Shippers for Capacity Years Y+1 through to Y+15 (in kWh/d);

- b) The amount of Unbundled IP Capacity made available to Shippers for Capacity Years Y+1 through to Y+15 (in kWh/d);
  - c) the Reserve Prices for each Gas Year (in €/kWh);
  - d) Large Price Steps for each Gas Year (in €/kWh);
  - e) Small Price Steps for each Gas Year (in €/kWh).
- 4.4.3 Annual IP Capacity will be auctioned simultaneously and independently in respect of each Gas Year Y+1 to Y+15 inclusive.
- 4.4.4 The aggregate amount of IP Capacity allocated and the auction Clearing Price for each Gas Year for each auction will be published on the Joint Booking Platform.
- 4.4.5 The amount of IP Capacity allocated to a Shipper will be communicated to that Shipper by the Joint Booking Platform no later than the next business day after the close of the Bid Window.
- 4.4.6 The Transporter will update the Capacity Register and the Transporter's IT Systems to reflect the results of the auction.

#### **4.5. Quarterly IP Capacity Auctions**

- 4.5.1 The Bid Window for the Annual Quarterly IP Capacity Auction shall commence on the first Monday in June of each year, or as otherwise varied in the annually published ENTSOG Auction Calendar.
- 4.5.2 Two weeks prior to opening of the Bid Window, the Joint Booking Platform will publish the following information in respect of all Annual Quarterly IP Capacity auctions for each Interconnection Point:
- a) the amount of Bundled IP Capacity made available to Shippers for each calendar quarter in Gas Year Y+1 (in kWh/d);
  - b) the amount of Unbundled IP Capacity made available to Shippers for each calendar quarter in Gas Year Y+1 (in kWh/d);
  - c) the Reserve Price for each calendar Quarter (in €/kWh);
  - d) Large Price Steps for each calendar Quarter (in €/kWh);
  - e) Small Price Steps for each calendar Quarter (in €/kWh).
- 4.5.3 The aggregate amount of IP Capacity allocated and the auction Clearing Price for each calendar quarter for each auction will be published on the Joint Booking Platform.
- 4.5.4 The amount of IP Capacity allocated to a Shipper will be communicated to that Shipper by the Joint Booking Platform no later than the next business day after the close of the Bid Window.
- 4.5.5 The Transporter will update the Capacity Register and the Transporter's IT Systems to reflect the results of the auction.

#### **4.6. Monthly IP Capacity Auctions**

- 4.6.1 The Bid Window for the Rolling Monthly IP Capacity Auctions shall commence on the third Monday each month, or as otherwise varied in the ENTSOG Auction Calendar.
- 4.6.2 One week prior to the opening of the Bid Window, the Joint Booking Platform will publish the following information in respect of both bundled and unbundled Monthly IP Capacity auctions for each Interconnection Point;
- a) the amount of IP Capacity made available to Shippers for the following calendar month (in kWh/d);
  - b) the Reserve Price (in €/kWh);
  - c) Large Price Steps (in €/kWh);
  - d) Small Price Steps (in €/kWh).
- 4.6.3 The aggregate amount of IP Capacity allocated and the auction Clearing Price for each auction will be published on the Joint Booking Platform.
- 4.6.4 The amount of IP Capacity allocated to a Shipper will be communicated to that Shipper by the Joint Booking Platform no later than the next business day after the close of the Bid Window.
- 4.6.5 The Transporter will update the Capacity Register and the Transporter's IT Systems to reflect the results of the auction.

#### **4.7. Uniform Price Auction**

- 4.7.1 In a uniform price auction, there is a single Bidding Round in which the Shipper bids price as well as capacity amount.
- 4.7.2 The Uniform Price Auction shall be applied to day-ahead and within-day capacity auctions.

#### **Submission of Bids**

- 4.7.3 The Bid Window details applicable to specific Uniform Price Auctions are specified within sections 4.8 and 4.9.
- 4.7.4 All bids shall specify:
- a) the amount of IP Capacity applied for (in kWh/day);
  - b) the bid price (in €/kWh);
  - c) the minimum amount of IP Capacity the Shipper would accept;
  - d) the Shipper (EIC);
  - e) the relevant Interconnection Point and direction of the flow;
  - f) the standard capacity product for which the IP Capacity is applied for in terms of bundled / unbundled.
- 4.7.5 The minimum eligible amount for a bid is 1 kWh/d
- 4.7.6 A bid shall be considered valid if:

- a) It complies with all provisions of this Section;
  - b) the Shipper satisfies the Financial Security requirements of the Gaslink Code of Operations and the associated Financial Security Policy;
  - c) the sum of all relevant Shipper bids does not exceed the Available Capacity for the auction;
  - d) it complies with any other information mandated by the GTCs of the Joint Booking Platform.
- 4.7.7 During the Bidding Round of a given auction, Shippers may submit up to 10 bids. Each bid shall be treated independently from other bids.
- 4.7.8 Bids may be modified or withdrawn up to the close of the Bid Window. Once the Bid Window closes, no modification, withdrawal or variation to valid bids shall be accepted.
- 4.7.9 Shippers may submit an Automatic Bid Profile (comprising up to 10 independent bids) in advance of a given IP Capacity Auction.
- 4.7.10 Each individual bid included in the Shipper's Automatic Bid Profile shall be automatically entered as a Shipper bid in the Bidding Round and shall be treated the same as if such bids were submitted manually by a Shipper.
- 4.7.11 Each individual bid in an Automatic Bid Profile will be treated independently as per 4.7.7.
- 4.7.12 An Automatic Bid Profile may be submitted after the publication of an auction on the Joint Booking Platform in accordance with 4.8.2 and 4.9.3 and before the opening of the relevant Bid Window.
- 4.7.13 An Automatic Bid Profile shall include the information required in 4.7.4 in respect of each Bidding Round in the Automatic Bid Profile.

**Auction Algorithm**

- 4.7.14 Following the closure of the Bid Window, the bids shall be ranked according to their bid prices, highest price ranked first.
- 4.7.15 In the case where the sum of capacity demanded is less than or equal to the capacity offered in the auction then all bids shall be allocated in full.
- 4.7.16 The highest priced bid(s) shall be allocated first provided there is enough capacity offered in the auction. The next highest priced bid(s) shall be allocated from the remaining capacity which has not yet been allocated. This continues until such time as:
- a) all bids are allocated in full; or
  - b) there is insufficient unallocated capacity available to meet the bid(s) at a particular bid price.
- 4.7.17 In the case of 4.7.16b), all bids at the relevant bid price shall be pro-rated so that the remaining unallocated Capacity is provisionally distributed between them.

- 4.7.18 If a provisional allocation for any Shipper as identified in paragraph 4.7.17, is less than the minimum amount (submitted by that Shipper in accordance to 4.7.4c), then the Shipper's bid shall become null and void.
- 4.7.19 The bid stack shall then be re-evaluated without the void bid(s) as per 4.7.16.
- 4.7.20 Once all the offered capacity for the auction has been allocated, then the auction Clearing Price is determined as:
- a) the Reserve Price, where demand is less than the amount of offered IP Capacity.
  - b) the price of the lowest successful bid, where demand exceeds the amount of offered IP Capacity;
- 4.7.21 All Shippers who are allocated IP Capacity shall pay the Clearing Price for their IP Capacity, regardless of the price that they bid in to the auction.

### **Multi-Currency**

- 4.7.22 The Joint Booking Platform will publish the prices for the auction in the currency of the Transporter and the currency of the Adjacent Transporter along with the daily FX rate that will be used for the auction.
- 4.7.23 The daily FX rate is published by the European Central Bank (ECBB) at 14:00 and will be imported into the Joint Booking Platform at 14:15.
- 4.7.24 Shippers may submit bids in either Euros or Pounds Sterling.
- 4.7.25 All bids are converted into Euros by the Joint Booking Platform in order to evaluate the bid stack.
- 4.7.26 Once the bids have been allocated, the Transporter shall invoice Shippers in respect of its share of the bid value in Euros.

### **4.8. Daily (Day-Ahead) IP Capacity Auctions**

- 4.8.1 The Bid Window for the Day Ahead IP Capacity auctions shall be open between 15:30 and 16:00 hours on the day before the IP Capacity can be utilised.
- 4.8.2 At the start of the Bid Window for each Day Ahead IP Capacity auction, the Joint Booking Platform will publish the following information in respect of both bundled and unbundled IP Capacity auctions for each Interconnection Point:
- a) the amount of IP Capacity offered for the following Day; and
  - b) the Reserve Price.
- 4.8.3 The aggregate amount of IP Capacity allocated and the price of the lowest successful bid for each auction will be published on the Joint Booking Platform.
- 4.8.4 The amount of IP Capacity allocated to a Shipper will be communicated to that Shipper by the Joint Booking Platform no later than 30 minutes after the close of the Bidding Round.



- 4.8.5 The Transporter will update the Capacity Register and the Transporter's IT Systems to reflect the results of the auction.
- 4.8.6 Any valid unsuccessful bids shall be automatically included in the first Bidding Round of the Within-day IP Capacity auction

#### **4.9. Within-Day IP Capacity Auctions**

- 4.9.1 Daily IP Capacity will also be made available in a series of within-day auctions. Shippers may submit bids to the Joint Booking Platform for each auction in the series in accordance with the Within-Day IP Capacity auction schedule.
- 4.9.2 The schedule for Within-Day IP Capacity auctions on the Joint Booking Platform is:
- a) for the first within-day auction for a Gas Day, bids from Shippers may be submitted the Gas Day before between 18:00 and 01:30 hours and capacity shall be allocated by 02:00 hours;
  - b) for the second within day auction for a Gas Day, bids from Shippers may be submitted the Gas Day before between 02:00 and 02:30 hours and capacity shall be allocated by 03:00 hours;
  - c) following on from the second within-day auction Shippers may submit bids in any of a series of Bid Windows for a series of auctions that commence on the hour, have a duration of 30 minutes and capacity shall be allocated within 30 minutes of closure of each in the series of Bid Windows;
  - d) For the last within-day auction for a Gas Day, bids from Shippers may be submitted on this Gas Day between 00:00 (midnight) and 00:30 hours and capacity shall be allocated by 01:00 hours.
- 4.9.3 At the start of each Bid Window, the Joint Booking Platform will publish the following information in respect of both bundled and unbundled IP Capacity auctions for each Interconnection Point:
- a) the amount of IP Capacity made available to Shippers for the following Gas Day;
  - b) the Reserve Price.
- 4.9.4 Within Day IP Capacity allocated in the first bidding window (i.e. before 01.30 on the previous Gas Day) shall become effective as of 05:00.
- 4.9.5 All other IP Capacity allocated within day, shall have an effective flow time of 4 hours following the opening of the relevant Bid Window.
- 4.9.6 The aggregate amount of IP Capacity allocated and the Clearing Price for each auction will be published on the Joint Booking Platform by the end of each day.



4.9.7 The amount of IP Capacity allocated to each Shipper will be communicated to that Shipper by the Joint Booking Platform no later than 30 minutes after the close of the Bid Window.

4.9.8 The Transporter will update the Capacity Register and the Transporter's IT Systems to reflect the results of the auction.

**4.10. Virtual Reverse Flow**

4.10.1 The methodology to be applied to the allocation of Virtual Reverse Flow Capacity will be addressed via a separate consultation at a later date.

## 5. FINANCIAL SECURITY

### 5.1. Financial Security Requirements for CAM Auctions

- 5.1.1 The transition to the CAM auctions represents a significant change to the existing capacity booking process, and it is recognised that the existing Financial Security Policy does not adequately cater for the new regime.
- 5.1.2 It is therefore necessary to conduct a comprehensive review of the Financial Security policy to ensure it is fit for purpose in a changed environment at Interconnection Points. This review has commenced and will be the subject of Industry consultation at a later date.
- 5.1.3 The Joint Booking Platform allows the Transporter to provide it with details of each Shipper's Financial Security position at a given point in time so that the platform can determine whether a particular bid in an auction can be processed.
- 5.1.4 If the Shipper has not met the Financial Security requirements of the Transporter, a bid will be rejected.
- 5.1.5 In relation to Daily Capacity bookings, the existing Financial Security Policy does not require Financial Security to be in place in advance of approval of a booking request. This approach may need to be reviewed to assess if it remains appropriate in a changing environment for short term capacity.
- 5.1.6 In relation to Monthly Capacity, the existing Financial Security Policy requires a Shipper to have sufficient Financial Security in place in advance of approval of a Capacity booking request to cover 100% of the cost of the Capacity. It is expected that this arrangement would continue in relation to CAM auctions.
- 5.1.7 In relation to Annual Capacity, the existing Financial Security Policy requires a Shipper to have sufficient Financial Security in place in advance of approval of a Capacity booking request to cover the cost of 72 days' worth of Capacity. This is based on a booking process whereby a booking can be approved a short number of weeks in advance of the effective date of the Capacity booking. However, in a situation whereby an Annual auction is held in March for a Capacity effective date of 1<sup>st</sup> October (and potentially an effective date of 1<sup>st</sup> October Y + 15), there is a disconnect between the time at which the booking is approved and the time at which the capacity is utilised. As a result, it is necessary to review the approach to Financial Security requirements in respect of Annual Capacity.
- 5.1.8 Currently, a quarterly capacity product does not exist in the Code, therefore there is not a precedent for dealing with Financial Security in this instance. However, where an auction is held in June for all four quarters in the next Gas Year, again there is a challenge in terms of the disconnect between the time of booking the capacity and the time of utilising the capacity.

## 6. SECONDARY CAPACITY AT INTERCONNECTION POINTS

### 6.1. Secondary Capacity

#### Regulation EU 984/2013 - CAM: References to Secondary Capacity

- References to secondary capacity are minimal and by no means prescriptive.
- ‘*The functionalities for network users to offer and obtain secondary Capacity shall be provided*’ on the joint booking platform (Art. 27 (2) (c)).
- If capacity is allocated as bundled, it can only be resold on the secondary market as bundled. (Art. 19 (8)).
- However, where unbundled Capacity exists, it can be resold on the secondary market as unbundled. (Art. 19 (6)).

#### High Level Principles:

- GTMS will no longer provide functionality relating to Entry Capacity Trades at Irish Interconnection Points (Entry Capacity Trades at domestic Entry Points will continue to be facilitated on GTMS).
- All trades of IP Capacity will be facilitated by the Joint Booking Platform.
- The Transporter (and Adjacent Transporter) will approve / reject each Trade on the Joint Booking Platform in accordance with their respective Network Codes.
- The ‘Over the Counter’<sup>7</sup> and ‘Transfer of Use’<sup>8</sup> concepts will be retained.
- Trading of Bundled IP Capacity and Unbundled IP Capacity will be facilitated, however IP Capacity allocated as Bundled IP Capacity initially may only be resold on the secondary market as Bundled IP Capacity.
- Back-up Entry Capacity trades will not be facilitated at Interconnection Points or Entry Points.
- Entry Point Transfers will not be facilitated at Interconnection Points.
- Entry Capacity Trade Updates as currently facilitated at Entry Points as per Gaslink Code Part C 3.2 will not be facilitated at Interconnection Points.
- Entry Capacity Trade Reductions as currently facilitated at Entry Points as per Gaslink Code Part C 3.3 will not be facilitated at Interconnection Points.
- Trades of Secondary Capacity (i.e. capacity which has already been traded) are not facilitated under the existing Gaslink Code (see Part C 3.1.2 of the Code). It is proposed that such trades be facilitated at Interconnection Points.

<sup>7</sup>OTC (Over the Counter) is the term used by PRISMA to describe the secondary capacity model where Shippers agree the price and conditions of a capacity trade in advance (bilaterally outside of the platform). Registration, confirmation and validation is done on the PRISMA platform.

<sup>8</sup> ‘transfer of use’ is the term used by PRISMA to describe the secondary capacity concept whereby the obligations to pay the TSO for primary capacity which is subsequently traded remains with the Shipper who bought the primary capacity initially.

- 6.1.1 The prevailing Code of Operations rules for Entry Capacity Trades shall be amended as follows in respect of Interconnection Points.
- 6.1.2 All trading of IP Capacity shall be completed using the Joint Booking Platform. The Transporter's I.T. Systems will not facilitate the trading of IP Capacity.
- 6.1.3 Bundled IP Capacity and Unbundled IP Capacity may be traded on the Joint Booking Platform. However, Bundled IP Capacity obtained on the primary market may only be traded as Bundled IP Capacity on the secondary market (i.e. bundled capacity may not subsequently be unbundled).
- 6.1.4 Where two Shippers have entered into an agreement to trade IP Capacity, the Joint Booking Platform will provide functionalities for Shippers to submit a Trade Proposal to buy or sell secondary IP Capacity.
- 6.1.5 A Trade shall only be executed by the Joint Booking Platform when:
- a) both counterparty Shippers to the trade have confirmed their acceptance of the Trade Proposal; and
  - b) both the Transporter and the Adjacent Transporter have validated the Trade Proposal. In the case of Unbundled IP Capacity, the approval of the Transporter is sufficient.
- 6.1.6 The Joint Booking Platform shall allow for either the Transferor Shipper or the Transferee Shipper to initiate a Trade Proposal, and the following information should be specified:
- a) the proposing Shipper (EIC);
  - b) the counterparty Shipper (EIC);
  - c) the trading procedure (i.e. OTC);
  - d) whether a buy or sell is being set up by the proposer;
  - e) the Transporter (and the Adjacent Transporter in case of Bundled IP Capacity);
  - f) Transaction type (i.e. 'transfer of use');
  - g) location (including direction of gas flow);
  - h) the amount of IP Capacity;
  - i) capacity type (e.g. firm);
  - j) bundling information (bundled or unbundled);
  - k) trade period (first and last GasDays);
  - l) price;
  - m) any other information mandated by the GTC of the Joint Booking Platform.
- 6.1.7 The counterparty to any Trade Proposal must signal its acceptance of the Trade Proposal on the Joint Booking Platform. Once the counterparty has confirmed the Trade

Proposal, a Trade Deal is then created on the Joint Booking Platform, such Trade Deal being forward to the Transporter for approval.

6.1.8 The Transporter may reject a Trade Deal if:

- a) either Shipper does not have secondary market access on the Joint Booking Platform;
- b) the Trading Procedure selected is not OTC;
- c) the transaction type selected is not 'transfer of use' ;
- d) the Transferor does not have sufficient Active Bundled IP Capacity or Active Unbundled IP Capacity:
- e) the Transferee has the same EIC as the Transferor;
- f) the Trade Deal is not received by the Transporter by 00:45 on the Gas Day to which the Trade Proposal relates;
- g) the effect of the Entry Capacity Trade would be to reduce the Transferor Shipper's Retained Primary Entry Capacity at the Entry Point to less than zero on the Day;

6.1.9 The Transporter may, but shall not be required to, reject a Trade Deal where it does not meet any of the validation rules listed above.

6.1.10 The Transporter shall notify the Joint Booking Platform whether a Trade Deal is approved or rejected, within 60 minutes of receiving notification of a Trade Deal.

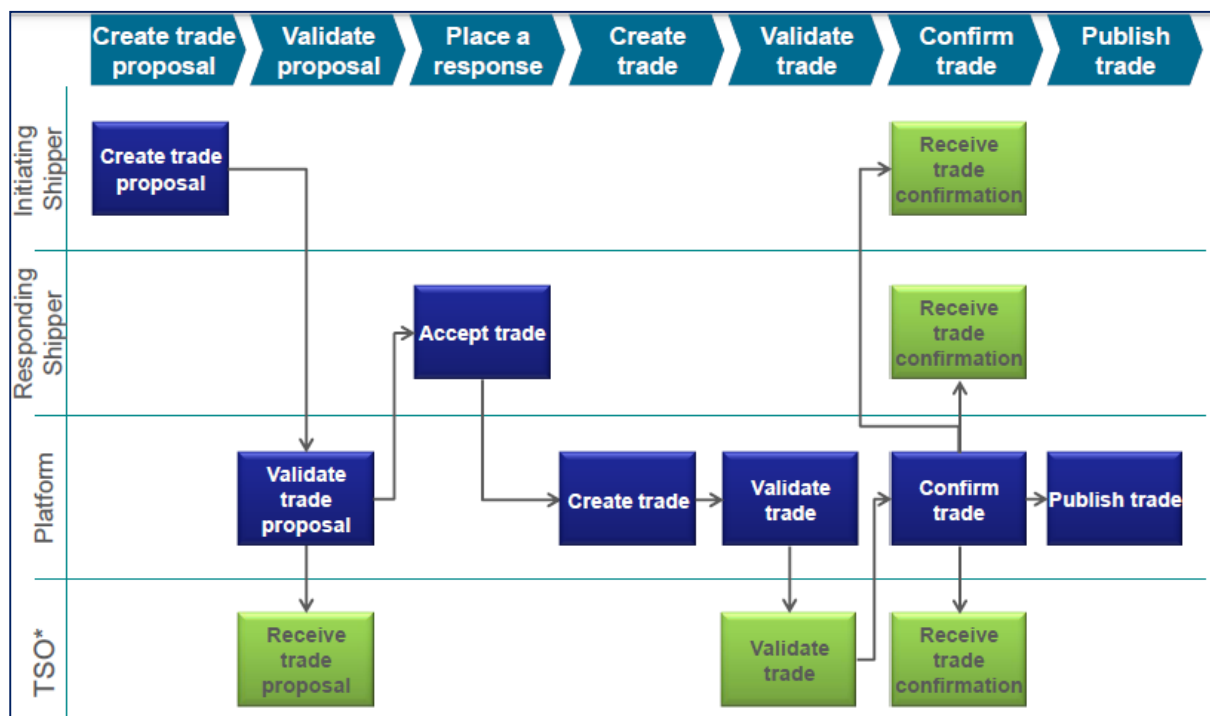
6.1.11 In the case of a bundled Trade Deal, both the Transporter and the relevant Adjacent Transporter must approve a deal or else it will be rejected.

6.1.12 For the avoidance of doubt, in the case of an unbundled Trade Deal, only the Transporter will approve the Trade Deal.

6.1.13 Where a Trade Deal has been rejected, The Joint Booking Platform will inform both the Transferor and Transferee Shipper.

6.1.14 Upon acceptance by the Transporter of a Trade Proposal, the Active IP Capacity of the Transferor Shipper will be reduced by the amount specified in the Trade Proposal and the Active IP Capacity of the Transferee Shipper will be increased by the corresponding traded amount in respect of the period set out in the Trade Proposal.

6.1.15 A summary chart of the Trade process is shown below:



**Figure 5** Secondary Capacity Trades at Interconnection Points Source: PRISMA

6.1.16 Note that the following features of the current Gaslink Code which apply to Entry Points will not be facilitated in respect of Interconnection Points as neither are compatible with bundled capacity:

- a) Back-Up Entry Capacity (see also 6.1.17); and
- b) Entry Point Transfers

6.1.17 The rationale for introducing the Back-up Entry Capacity product was to provide a form of security to Shippers holding Capacity at production connected Entry Points and to ensure that new production Connected Entry Points were not disadvantaged as a result of any perceived risk associated with production connected Entry Points. The Back-up Entry Capacity product was introduced before short term capacity products were established. Given the incompatibility of the product with bundled capacity, coupled with the availability of short term products, it is proposed that the Back-up Entry Capacity product be removed entirely from the Code, including at Entry Points which are not Interconnection Points.

6.1.18 Entry Capacity Trade Updates and Entry Capacity Trade Reductions as currently facilitated at Entry Points as per Gaslink Code Part C 3.2 and 3.3 will not be facilitated at Interconnection Points.

6.1.19 Entry Capacity Trades in respect of Secondary Capacity (i.e. capacity which has already been subject to an Entry Capacity Trade) are not currently facilitated under the Gaslink Code (see Part C 3.1.2 of the Code). It is however proposed that such trades be facilitated at Interconnection Points.

6.1.20 The proposals referred to in 6.1.18 and 6.1.19 are considered appropriate for the following reason:

- a) In order for the secondary market at Interconnection Points to function in a meaningful manner, it is necessary to align the rules which apply to the approval of trade proposals at both sides of the Interconnection Point. Where approval of both TSOs is required, significantly divergent rules at either side could result in a secondary market which does not function correctly.

6.1.21 While the proposals referred to in 6.1.18 and 6.1.19 refer to Interconnection Points only, further consideration should be given to the appropriateness or otherwise of retaining the existing rules at Entry Points which are not Interconnection Points. Such consideration may be facilitated through the Code Modification Forum, specifically with reference to Code Modification Proposal A060 '*Entry Capacity Trades*'.