



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

**CER Overview of Bord Gáis Proposals including an Interim Distribution Code of Operations, to Enable Additional Eligible Gas Customers to Choose Shipper/Supplier**

**December 2002**

**CER/02/235**

## **EXECUTIVE SUMMARY**

The natural gas market was subject to further market opening on 25 November 2002. As a result of a Ministerial Order, the eligibility threshold, enabling natural gas consumers to choose their supplier, was reduced to 500,000 standard cubic meters. The effective date is 1 January 2003.

There are four papers issued for consultation and these papers are proposals received from Bord Gáis.

**The first two papers relate to the interim Distribution Code of Operations (“DCOP”). These papers are of particular importance to Shippers and the network operator.**

The interim Distribution Code of Operations (“DCOP”) constitutes the basis of certain rights and responsibilities for parties involved in the transportation of natural gas through the distribution system. The particular parties are Shippers who seek access to use the distribution network and the Distribution System Operation, Bord Gáis Distribution.

Two papers have been submitted on this matter, “*Proposed Introduction of the interim Distribution Code of Operations*” which outlines the principles behind the interim DCOP, and the second paper is the proposal for the *interim DCOP*.

**Bord Gáis has also submitted two further papers related to further market opening facilitation. These papers are of relevance for Shippers, Suppliers and End Users consuming natural gas received from the distribution network.**

The “*Interim Metering and Data Services*”, is effectively the interim Gas Point Registration Operator (“GPRO”). It is proposed that the GPRO will provide market support services and maintain the meter and register data to facilitate the Change of Supplier process.

The “*DCOP Supply Point Administration (“SPA”) Guide*” details the responsibilities for the administration of the SPA process, and the provision of metering information for to market participants. This guide can be cross-referenced with the information contained in Condition 7 of the interim DCOP.

**The Commission welcomes comments from shippers and suppliers and all interested parties**, including potential entrants into the Irish natural gas market. The Commission has provided questions for response. It is not, however, proposed to limit responses to those questions, as any observations will be welcome. **Reponses are required by 5.30 pm 24 January 2003.**

## **Introduction**

The introduction of competition in the natural gas market commenced in 1995, with gas users consuming 25 million standard cubic meters (9,050,000 therms or 265 GWh) per annum or higher eligible to choose their gas Shipper/Supplier. The Gas (Interim) (Regulation) Act, 2002, enacted with effect from 30 April 2002, established the CER as the Irish natural gas regulator. This Act also marked the second phase of the opening of the Irish gas market, requiring that Bord Gáis Éireann transmit gas to the following eligible customers, in response to a request from a licensed Shipper:

- Final customers that consume greater than 2 million standard cubic meters of gas (724,000 therms or 21 GWh) per annum at a single meter installation;
- Final customers that operate a gas-fired generating station, irrespective of their annual consumption, for the purpose of providing energy for the generation of electricity at that station.

On 25 November, 2002, the Minister for Communications, Marine and Natural Resources signed an Order requiring further liberalisation of the gas market, effective from January 1<sup>st</sup> 2003. This will reduce the eligibility threshold to 500,000 standard cubic metres per annum (181,000 therms or 5.3 GWh), bringing the total number of industrial and commercial sites eligible to choose Shipper/Supplier to over 250, all of which are daily-metered.

## **Interim Distribution Code of Operations (“DCOP”)**

Many of newly eligible customers are connected to the natural gas Distribution transportation system, which is that part of the gas transportation system consisting of local or regional pipelines. In order to facilitate the transportation of gas to eligible daily-metered customers connected to the Distribution System, which translated to in excess of 250 customers, the CER is publishing for consultation Bord Gáis Éireann’s Interim Distribution Code of Operations (DCOP). When the market opens further to include non-daily metered customers (for example residential customers), it is expected that a new full-term DCOP will be issued.

There are two proposals relating to the interim DCOP, issued for consultation:

- **Introduction to the Interim Distribution Code of Operations**

This paper is intended to provide a brief overview of the proposed interim arrangements for the transportation of natural gas contained in the Bord Gáis Interim DCOP. This includes an overview of the contractual framework between Shippers, Suppliers, the Distribution System Operator (DSO) and the Transmission System Operator (TSO).

- **Interim Distribution Code of Operations (DCOP)**

The Interim DCOP specifies the rights and responsibilities of all parties involved in the transportation of natural gas through the Distribution System - that is Shippers and the Distribution System Operator. Each Shipper will accede to the DCOP via a Framework Agreement.

### **Invitation to Comment**

The CER invites comments on any aspect of these consultation documents, including the following:

- The contractual framework between the TSO, DSO, Shipper and Suppliers;
- Zonal Distributions Agreements, the concept of the Distribution Zones and the Transmission Standard Transportation Agreement;
- What are the valid criteria that enable the existing Shipper/Supplier to object to a proposed transfer to a new Shipper/Supplier? The commercial risks associated with this process for changes lie primarily with the Shipper/Supplier. The Commission seeks to establish the agreed industry criteria for such objections.

### **Interim Metering and Data Services and Role of Interim GPRO**

This “Interim Metering and Data Services paper for Eligible Customers Under Market Opening 2002 and 2003” outlines the role and structure of the Interim Gas Point Registration Operator (GPRO) and the nature of the service that it is intended to provide for market opening 2002 and 2003.

Bord Gáis in the interest of facilitating competition and communication in the newly liberalised gas supply market has established, in agreement with the CER, an administrative service to support the market. This service is known internally to Bord Gáis as the Gas Point Registration Operator, the GPRO.

The Interim GPRO is a ring-fenced entity within the Distribution Business Unit of Bord Gáis, which aims to provide a secure and confidential market support service to participants in the Irish Gas Market, regarding Third Party Access (TPA) and the Change of Supplier by Shipper (CoS) process and will operate in respect of natural gas customers eligible for Third Party Access who consume a minimum of 0.5 million standard cubic meters (mscm) per annum at a single gas meter point or have gas fired generation.

The main roles and responsibilities of the Interim GPRO in the provision of metering and data services are:

- Set up and operate a register of eligible customer sites;
- Establishment and management of gas points and supply points;
- Maintain a register of gas points and supply points;

- Facilitate the Change of Supplier by Shipper (CoS) process;
- Metering operations;
- Provision of metering and other data to valid requests.

The structure and functions of the Interim GPRO are designed to be fit for purpose, at a minimum cost for the noted levels of market opening. It is envisaged that the GPRO will evolve as required to cater for and in step with future market developments.

The paper issued today by the CER proposes the business processes to be operated by the Interim GPRO and the nature of the service that it is intended to provide for market openings 2002 and 2003.

Meters must have Daily Metering (DM) equipment fitted in order to access the TPA transportation services. This paper outlines Bord Gáis's proposals for Daily Metering installation programme including:

Market 2002 Eligible Customers:

- All Transmission connected customers using >5 mscm of natural gas at a single meter installation will have a daily meter fitted by 1<sup>st</sup> March 2003.
- All eligible Distribution connected customers with an annual consumption between 5 mscm and 2 mscm of natural gas at a single meter installation currently have DM equipment fitted to their meter. Also, there is a programme to fit DM equipment to Distribution connected gas points that use more than 5 mscm per annum. This programme is to be completed by July 2003.
- For eligible customers under 2 mscm per annum, i.e. customers with gas fired generation, DM equipment will be installed when a request for TPA transportation services is received.

Market 2003 Eligible Customers:

- Eligible customers from 1 January 2003 will be fitted with Daily Meter equipment;
- Distribution zone eligible customers metered data will be collected on the distribution Scada system.

The Interim GPRO will have access to the Gas Transportation Management System ("GTMS") to assist in the management of enquiries and processes relating to the performance of its functions.

A programme is being prepared to fit DM equipment for customers who become newly eligible in 2003, i.e. customers whose annual consumption at a single gas meter point is greater than 0.5 mscm and less than 2 mscm. Bord Gáis Distribution Unit will give priority to those gas points where a TPA transportation service request has been received.

The CER would like comment on the functions and role as detailed in this paper.

## **DCOP Supply Point Administration Guide**

This “*DCOP Supply Point Administration Guide*” paper is intended to provide a guide to the Supply Point Administration (SPA) procedures in the Interim Distribution Code of Operations (DCOP). It is important to note that in the event of any doubt or discrepancy between this paper and the DCOP, then the DCOP shall prevail.

The Supply Point Administration (SPA) procedures, Section 7 of the Interim DCOP, allow Shippers<sup>1</sup> to become the registered Shipper at a supply point and to book capacity and register other relevant terms at each supply point. Shippers will also be required to inform the Distribution Transporter where a party other than the Shipper (i.e. the Supplier<sup>2</sup>) has signed a gas supply agreement with an End User (for which the Shipper is contracting for transportation services). These SPA procedures also facilitate the Change of Supplier by Shipper (COS) process in respect of Supply Point Capacity for Daily Metered (DM) off-takes within a Distribution Zone.

The procedures also cater for a change in Supplier when there is no change in Shipper. Also, the obligation will lie with the Shipper to update the Gas Point Registration Operator (GPRO) with the new Supplier ID and to liaise with existing Supplier for objections to the change.

For clarity and to summarise, Appendix 1 provides an overview of Shipper registration process and flowchart.

The CER welcomes comment on the procedures detailed in this document. The paper also contains the proposed forms to facilitate these procedures and the CER welcome comments on what requirement should be mandatory in these forms to facilitate the CoS process.

All comments should be sent to **Paul Hogan** at [phogan@cer.ie](mailto:phogan@cer.ie), by **17:00 Friday 24<sup>th</sup> January 2003**.

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<sup>1</sup> Shipper – Any person having or with reasonable expectation to have an entitlement by way of a contract with the Transporter to ship natural gas through the Bord Gáis system or any part thereof for offtake at an Exit Point. This activity requires a natural gas licence under the Gas (Interim) (Regulation) Act, 2002.

<sup>2</sup> Supplier – A person holding or with reasonable expectation to apply for a natural gas licence consistent with natural gas supply. Supply being defined here as the delivery or sale of natural gas to an End User. This person may or may not have the necessary contracts in place with the Transporter to ship natural gas.

