

## **Notification to Industry on South North Pipeline Exit Tariff 2014/15**

### **1. SNP Exit tariff 2014/15**

In 2012, the CER published a Decision Paper (CER/12/116) which addressed the tariffing arrangements that would be put in place to facilitate south-to-north flows of gas to the South-North Pipeline (SNP). This included the methodology for calculating the exit tariff from the Gaslink system into the SNP at the Relevant Point at Gormanston. The SNP Exit tariff is updated each year as part of the annual network tariff setting process.

The issue of the exit tariff payable at Gormanston has been the subject of some differences between CER and our Northern Ireland counterparts, UR for some time. To help resolve these differences the CER and UR jointly requested legal advice on the SNP Exit tariff. The CER indicated in its recently published Decision Paper *Bord Gáis Networks Allowed Revenues and Transmission Tariffs 2014/15* (CER/14/140) that we would update the SNP Exit tariff once this finalised legal advice was received.

This advice has now been finalised, and concludes that the Exit tariff, as it currently stands would likely be found incompatible with applicable European legislation, including Directive 2009/73/EC. This legal advice is published alongside this notification to industry.

The reasoning of the legal advice received is primarily based on the fact that shippers from Northern Ireland pay two contributions to the costs of the ICs whereas shippers transporting gas to Ireland pay only one. Therefore, the advice concludes that the imposition of the additional set of charges would likely be contrary to EU law.

The current tariff regime in Ireland is based upon the remuneration of specific assets, namely the Interconnectors, Onshore & Inch. The forecast bookings on these assets set the annual network tariffs.

The SNP is connected directly to the ICs at Gormanston, and there is no use of the Onshore or indeed any other assets other than the ICs. Accordingly, in line with the legal advice received in the context of the existing asset remuneration based regime, the CER has decided that SNP Exit tariff for both Capacity & Commodity will be set to zero.

The CER hereby directs Gaslink to implement the following tariffs from 29<sup>th</sup> October 2014 to 30<sup>th</sup> September 2015.

<b>Capacity</b>	€ per peak day/MWh	0.00
<b>Commodity</b>	€ per MWh	0.00

## **2. Future of Gas Entry Regime**

The CER is currently reforming the Gas Entry Regime with an expected implementation date of October 2015. The direction of this necessary reform is based, in part on the guidance available in the ACER Framework Guidelines on Gas Transmission Tariffs and the resulting ENTSO-G Draft Network Code. Further details on the Future of the Gas Entry Regime are available in CER/14/455.

The chosen cost allocation methodology will result in a reformed entry and exit tariff regime that will apply at all entry and exit points onto and off the Gaslink system, including the SNP Exit. It is expected that the reformed tariff regime will apply from 2015/16 and, as such, the tariffs indicated in this notification will be in place until the new regime comes into force.

Any queries on this should be directed to Colm Ó Gormáin [cogormain@cer.ie](mailto:cogormain@cer.ie) at the CER.