



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

**Short Term multipliers for Quarterly Capacity products at
the Moffat Interconnection Point and the Gormanston
Interconnection Point**

2016/17

DOCUMENT TYPE:	Decision
REFERENCE:	CER/16/013
DATE PUBLISHED:	12 th February 2016
QUERIES TO:	Colm Ó Gormáin cogormain@cer.ie

The Commission for Energy Regulation,

The Exchange,

Belgard Square North,

Tallaght,

Dublin 24.

www.cer.ie

1.0 Background

On 1st November 2015 Regulation (EC) 984/2013 *establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems (CAM)* was implemented in Ireland by Gas Networks Ireland (GNI) as Transmission System Operator (TSO).

This Network Code requires TSOs across the EU to offer a standardised range of capacity products at Interconnection Points, namely annual, quarterly, monthly, daily and within-day products. In addition, the CAM Network Code mandates that these capacity products must be offered via an auction process. Firm capacity at either side of an Interconnection Point must be offered as a bundled product between adjacent TSOs. To facilitate the standardised products and bundling GNI offer these capacity products on the PRISMA capacity booking platform.

The CAM Network Code specifies an auction calendar for each of the standardised capacity products. GNI currently offers four of the five standardised products at Moffat and at Gormanston, including annual, monthly, daily and within-day products. To ensure timely compliance with the auction calendar a quarterly capacity product must be available to shippers.

Under Section 14 of the Gas (Interim) (Regulation) Act, 2002, the CER is responsible for regulating charges in the natural gas market. On this basis that the CER published its Decision Paper CER/12/143¹ which sets out the monthly and daily multipliers. This paper establishes the quarterly multipliers that will apply at the Moffat and Gormanston IPs for 2016/17.

¹ [CER Decision Paper on Short Term Tariffs and Exit Capacity Transfers](#)

2.0 Product availability and auction timeframes

Daily and within day auctions at the IPs have already commenced; these are held on a day-ahead and within day basis.

Rolling monthly auctions have also already commenced; these are held on the third Monday of each month for the following month. Annual and quarterly auctions will be held once a year. Annual auctions will begin on the 7th March 2016. Quarterly auctions will begin on the 6th June 2016. The CER considers it appropriate that the quarterly capacity product multipliers should be known ahead of the start of the annual auction in March, in order to inform shippers participating in the annual auction. The auction timetable is set out below.

Capacity product	Date	How often auction occurs
Annual	1 st Monday of March	Once a year
Quarterly	1 st Monday of June	Once a year
Monthly	3 rd Monday of month for following month	Once a month
Daily	15:30 UTC (winter time) 14:30 UTC (daylight saving)	Once a day
Within-day	00:30 UTC (winter time)* 23:30 UTC(daylight saving)	Every hour

Table 1: Auction timetable

*auction closes

3.0 Quarterly multiplier development

On 29th January GNI submitted its proposal for quarterly products to the CER as per Section 14 of the Gas (Interim) Regulation Act. 2002. In their submission GNI stated that they favoured the application of interim quarterly multipliers for 2016/17 which would consist of the sum of the current monthly multipliers for the three months in each quarter. This would maintain shippers in a neutral position vis-à-vis the monthly capacity multipliers as the sum of the monthly capacity tariffs and the sum of the quarterly capacity tariffs would both equate to 155% of the annual capacity tariff.

Q4 2016 (Nov-Dec)	Q1 2017 (Jan-Mar)	Q2 2017 (Apr-Jun)	Q3 2017 (Jul-Sep)	Total (All months)
44.1176%	92.6471%	15.2353%	03.0000%	155%

Table 2: Quarterly multipliers

The GNI proposal was submitted as an interim solution to apply for gas year 2016/17 only. In their submission GNI proposed that enduring quarterly capacity multipliers would be established in 2016 following a full consultation process.

4.0 CER decision on quarterly products

The CER has considered the submission from GNI for the interim quarterly products. The CER considers that it is appropriate that quarterly product multipliers are set in advance of the annual auctions to allow market participants chose whether to bid into the annual or quarterly capacity products. Therefore, as an interim solution the multipliers as set out above in Table 2 will apply for gas year 2016/17.

CER considers that the enduring quarterly multipliers will require analysis from the TSO, the industry and the CER. In line with the decision of monthly and daily capacity products, the TSO will submit proposal(s) and the CER will consult with industry on this matter during the course of 2016.

5.0 Indicative tariffs for 2016/17 at Moffat and Gormanston

Ahead of the annual auction in March, the TSO is required to indicate the tariffs that will apply at the Moffat and Gormanston IPs for 2016/17. In the light of the uncertainty around supply and demand scenarios, inflation and other matters, GNI propose that the 2016/17 indicative tariffs at the IPs for the purposes of the annual auction in March 2016 will be the 2015/16 tariffs at those IPs.

These tariffs were established in CER Decision Paper 15/214 “*Gas Networks Ireland Allowed Revenues and Transmission Tariffs 2015/16*”².

For clarity, the indicative tariffs are set out below.

Moffat Entry (indicative tariff 2016/17)	
Capacity	€367.786 per peak day MWh
Commodity	€0.118 per MWh

SNP Exit (indicative tariff 2016/17)	
Capacity	€415.21 per peak day MWh
Commodity	€0.267 per MWh

It should be noted that the 2016/17 annual network tariffs to apply at Entry and Exit Points will be set in August 2016. This tariff setting process will include updated forecast supply and demand scenarios, correction of K-Factors and inflation and updated pass-through items and extra-over items, if deemed applicable. Thus the actual tariff that will apply at the IPs in 2016/17 will not be known until that time.

² [Decision Paper on GNI Allowed Revenues and Transmission Tariffs 2015/16](#)