



# The Balancing Network Code

Madrid XX, 27 September 2011

39 Transmission System Operators  
23 countries  
1 more application



# State of play

- Awaiting delivery of framework guideline – expected late October
- Industry to build upon, and learn from CAM experience
- Preparation for code development underway – front loading of activity essential
- High quality framework guideline essential for timely development

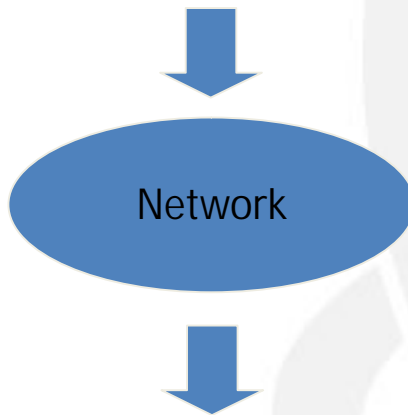
ENTSOG will listen, be responsive, identify and promote approaches that enhance the prospects of a properly functioning market.



# What is “Balancing”?

## Gas flow

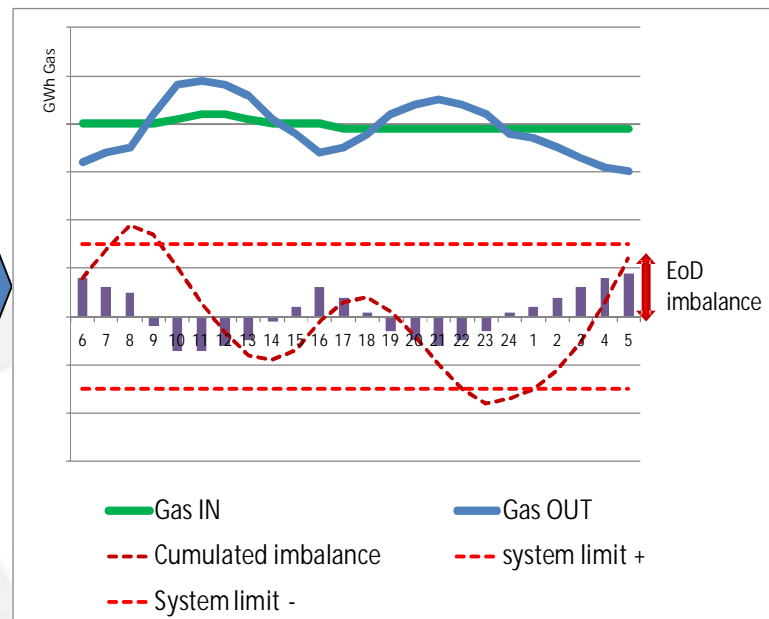
Gas IN: Import, Production, LNG, Storage withdrawal



Gas OUT: consumption (residential, industry, power plants), export, storage injection

## Gas quantities change within the system

Every difference between IN and OUT creates an change in the amount of gas within the system



Gas within system must stay within acceptable limits, reflecting physical characteristics of the system

## Shipper and TSO roles

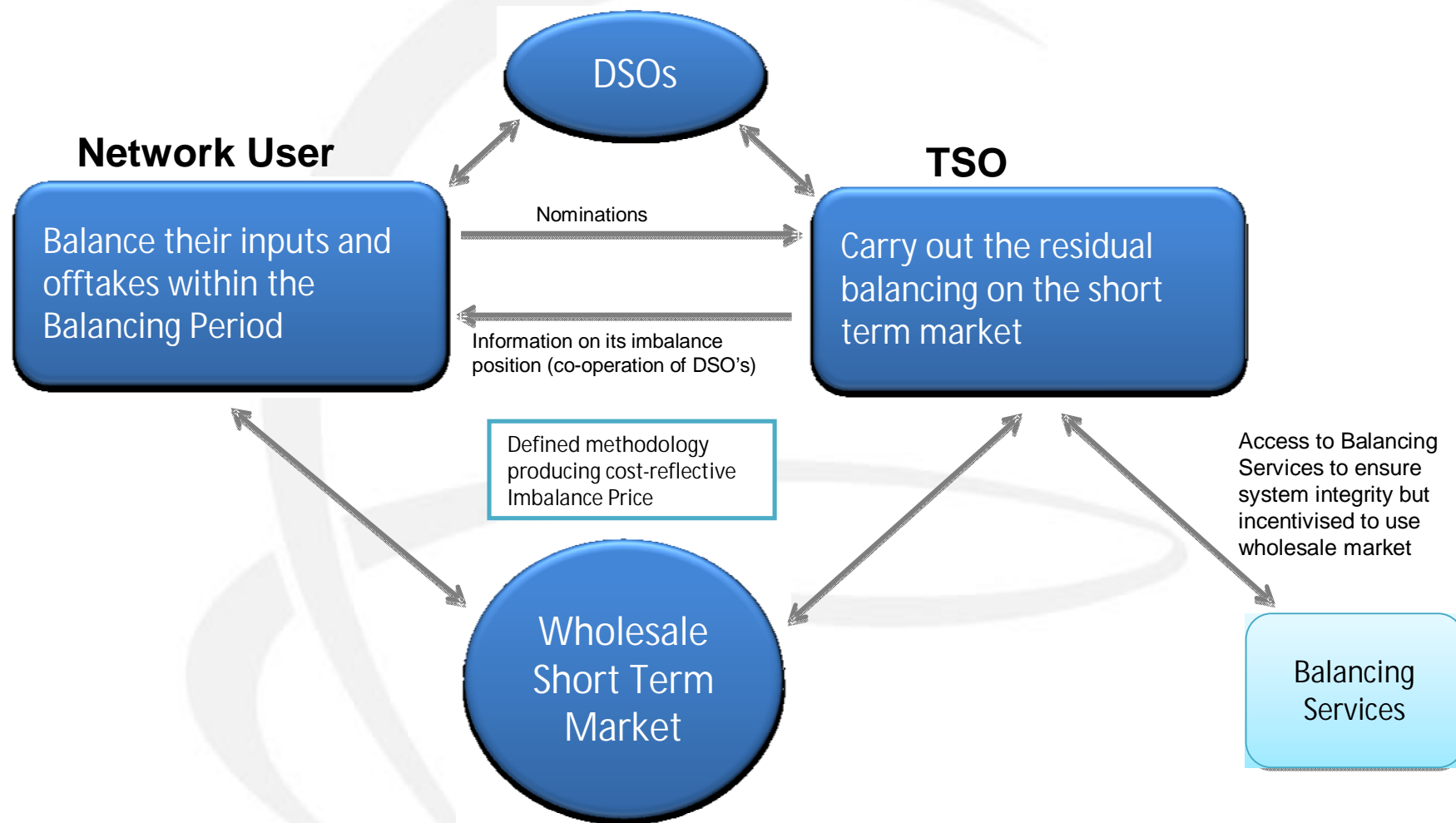
2 contributors to system integrity:

- Shippers who will be expected to influence flows on the system
- TSOs to ensure physical integrity of system is maintained

A combination of both defines a balancing system:

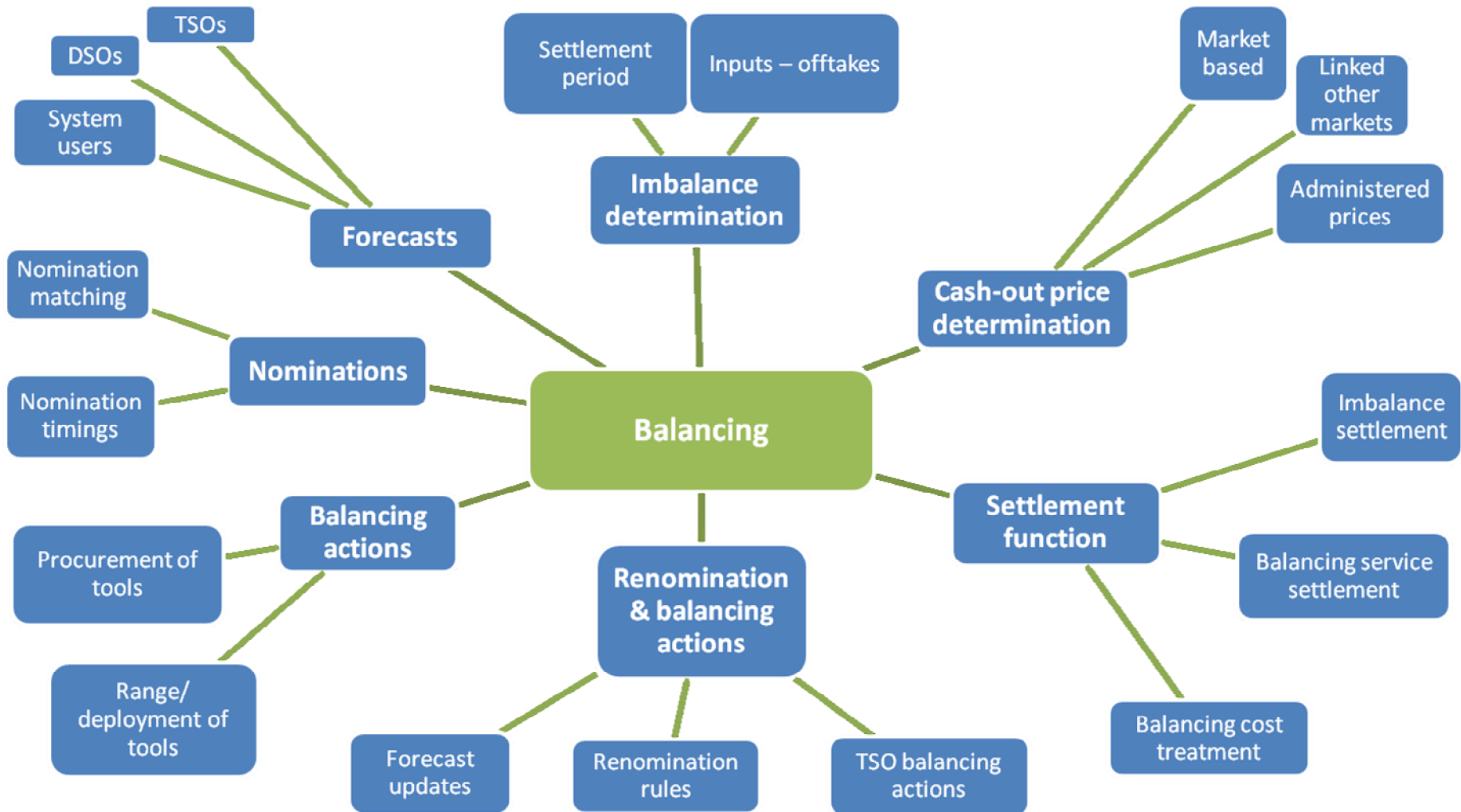
- Shippers are incentivised to “balance” their portfolios
- TSO to have a residual and system management role

# "Balancing Target Model"



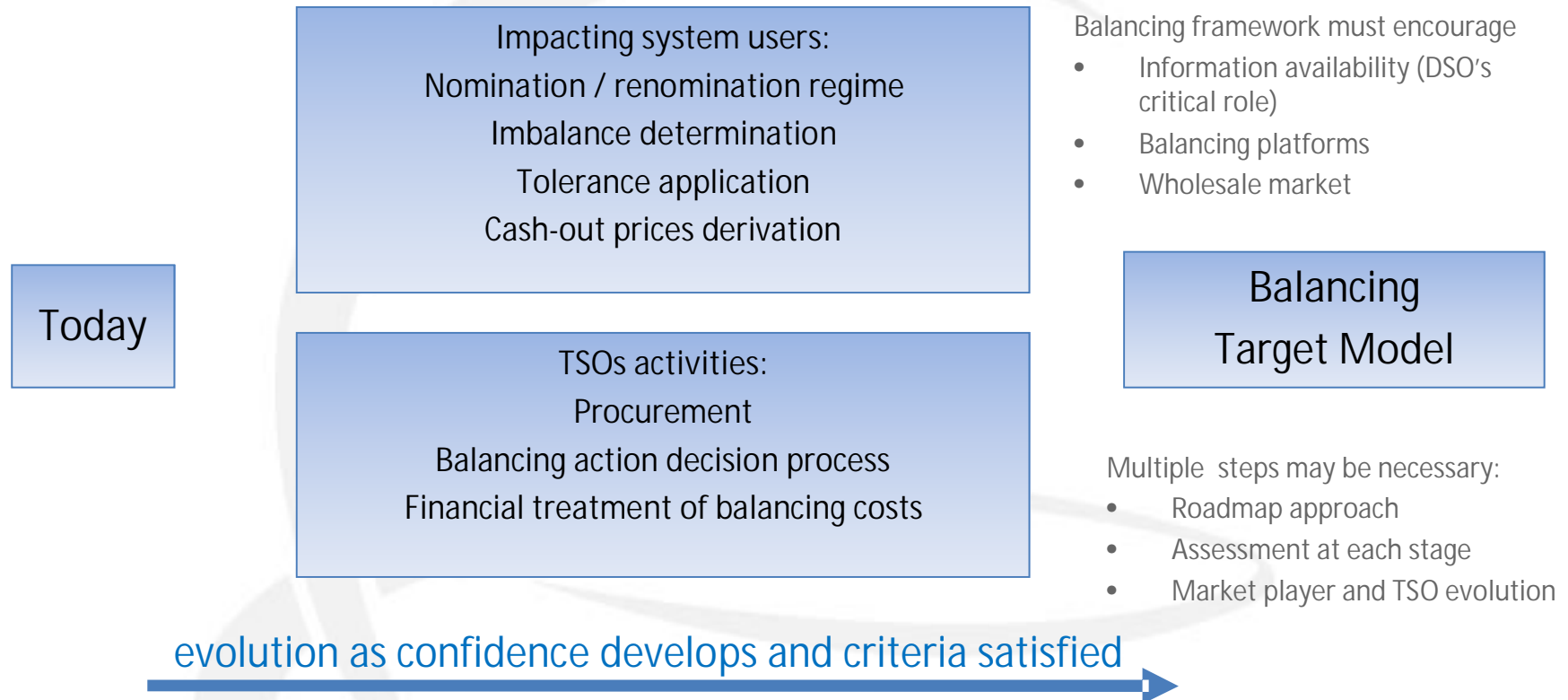
....awaiting clarification from framework guideline of options for TSO system management role and within day constraints/incentives for network users

# Balancing processes



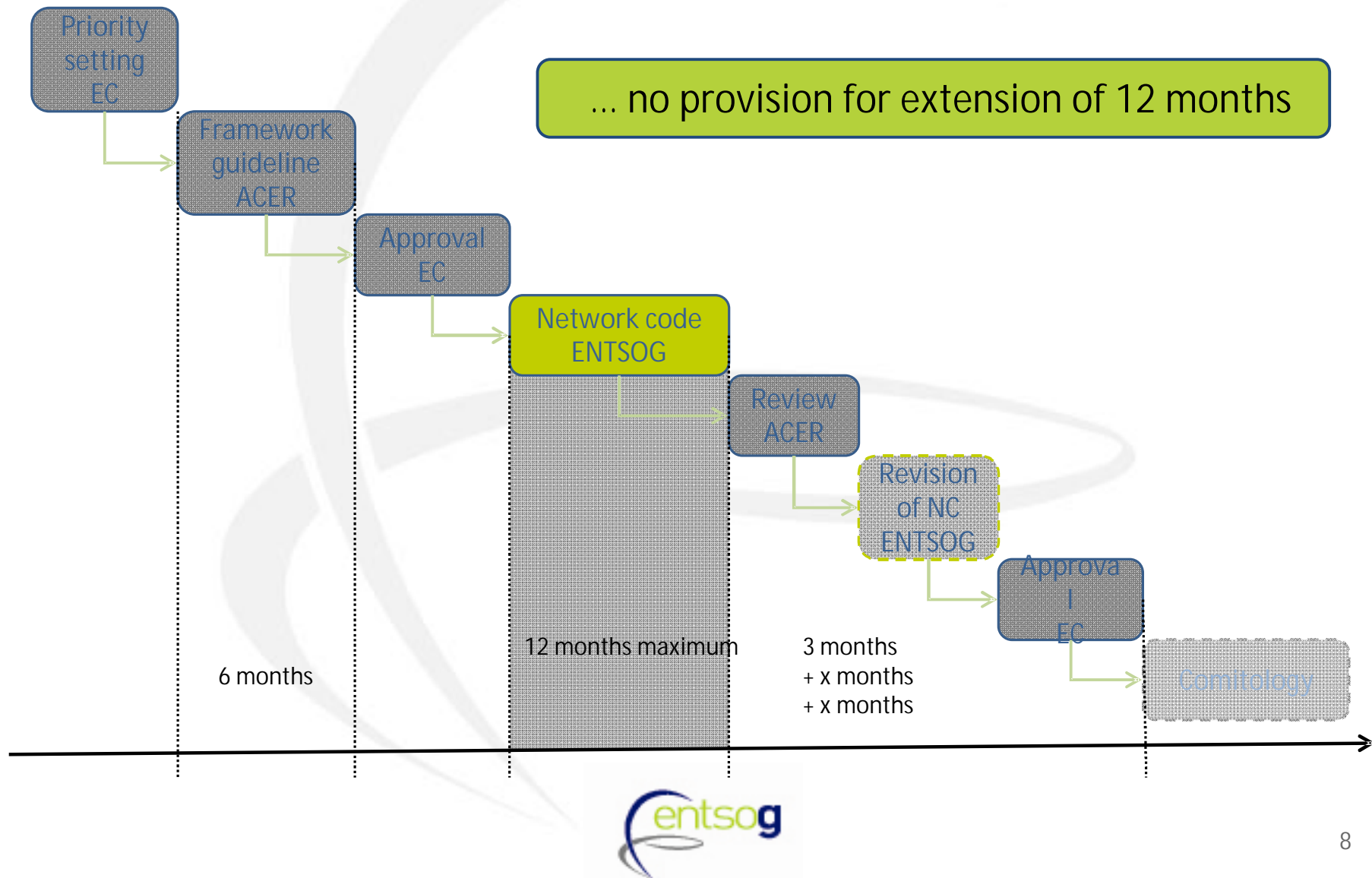
Articulation of each of these elements is required  
Involves fundamental changes in many regimes

# Transition – the path to market based balancing



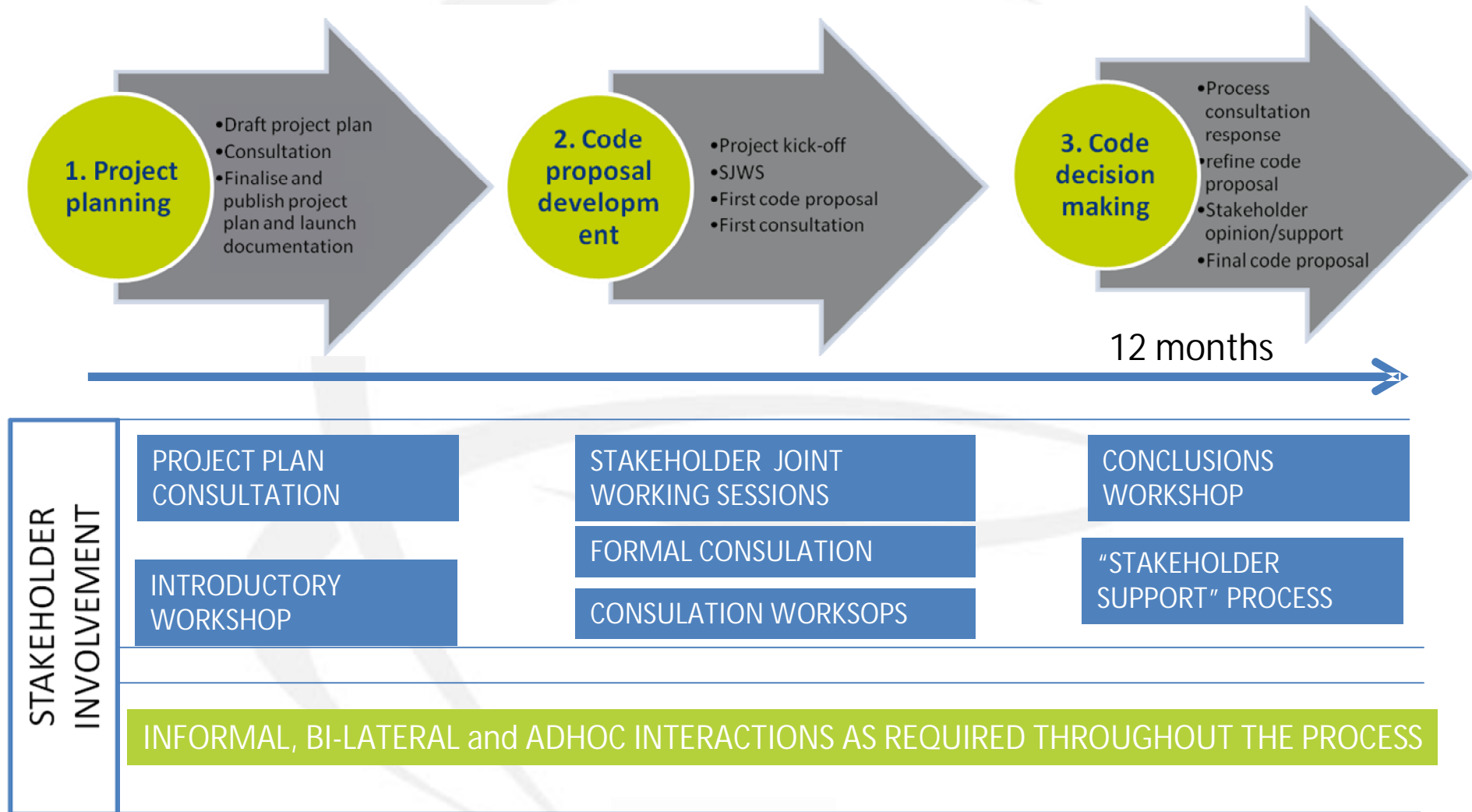
Aiming towards a balancing target model requires both system users and TSOs to manage transitional steps

# Where does the Network Code development process sit?

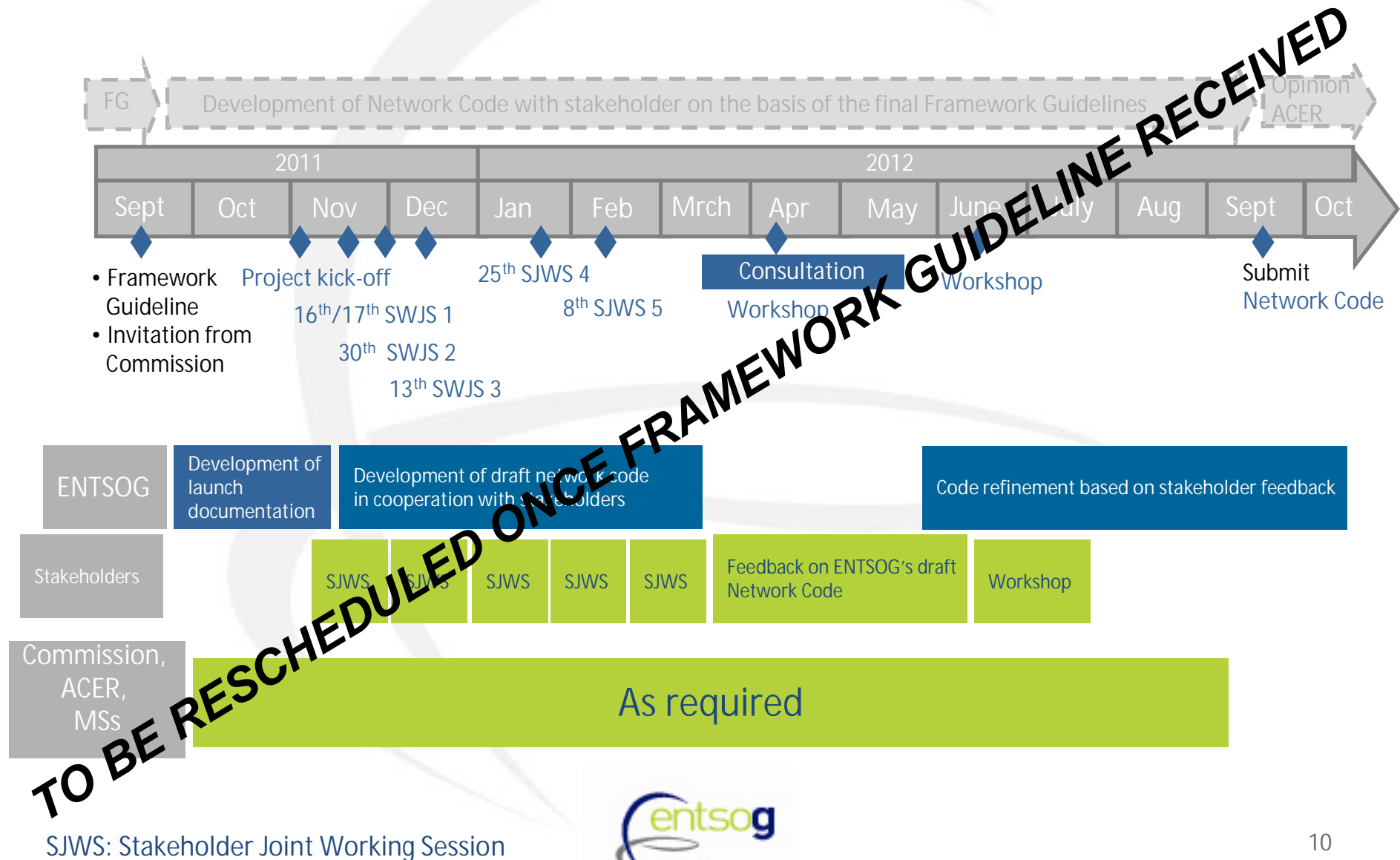




# Phases in ENTSOG's Network Code Development



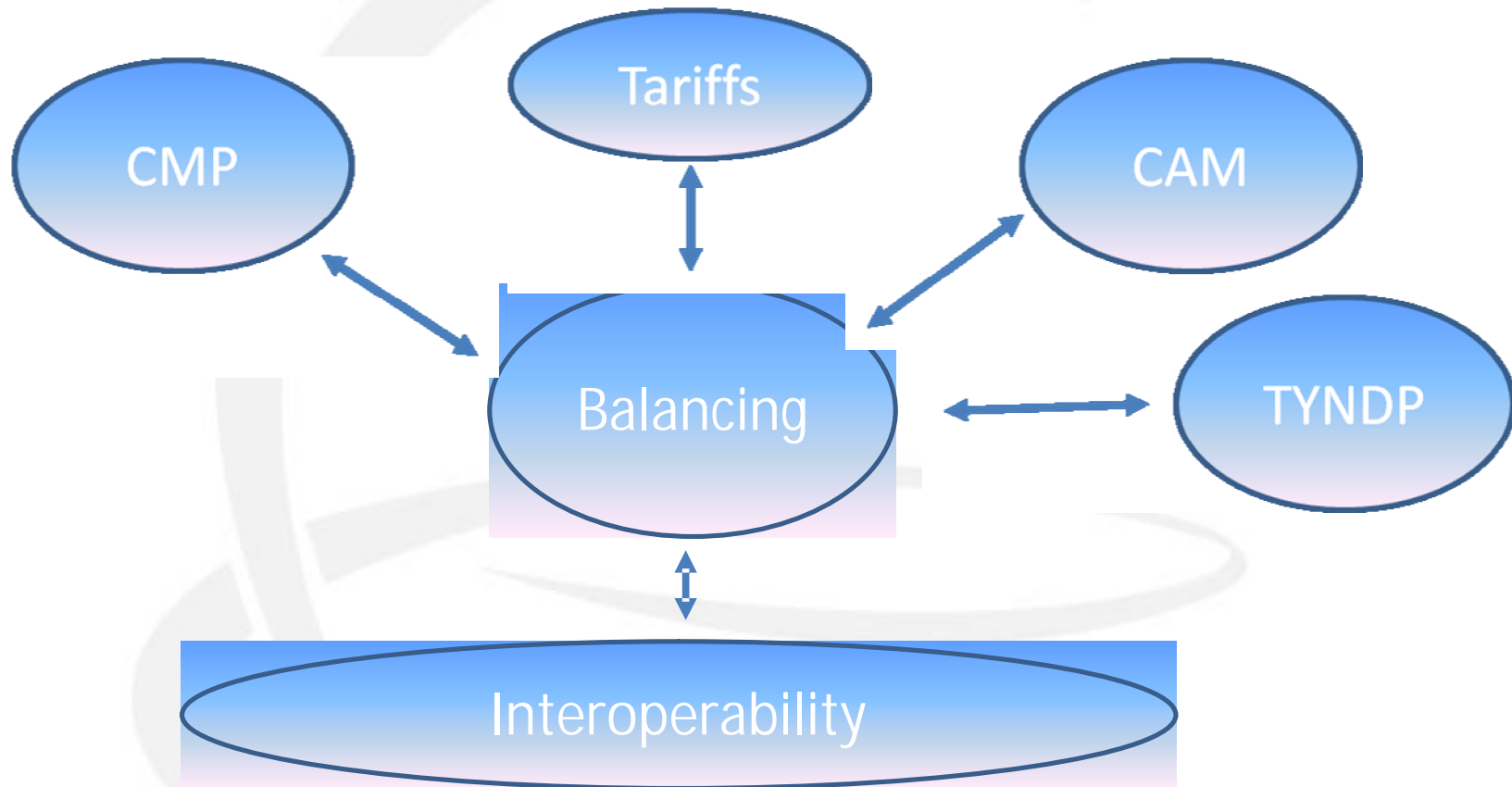
# Network Code development timeline



SJWS: Stakeholder Joint Working Session



## Balancing just one area – ENTSOG is active in many fields



Consistency and coherence needed across all areas

# Conclusions

- Balancing is a critical and complex element of the IEM design
- Current rules are diverse
- Simple commoditised system is the aim, but
  - within-day issues from physical requirements
  - socialisation vs. targeted costs to be carefully considered
  - transition may be necessary for some systems
- ENTSOG
  - is ready to start network code development
  - welcomes early sight of framework guideline
  - requires support from many players (including DSOs)
  - encourages all actors to get involved early

Timely delivery of framework guideline and network code is essential to ensure implementation progress towards the single European market by 2014

**Your input is needed and appreciated!**