

ACER



Agency for the Cooperation  
of Energy Regulators



## Framework Guideline on gas balancing

Martin Crouch, Ofgem  
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## Where are we now

- **2010 to March 2011:** ERGEG work on pilot FG
- **April 2011:** Commission invites ACER to draft FG
- **12 April to 12 June:** ACER public consultation
- **Stakeholder engagement:** through Expert Group, public workshops, consultation processes, bilateral meetings, discussions and informal written comment from EC
- **Next step:**
  - » Final FG expected mid-October
  - » European Commission to initiate Network Code development process

# The vision

Balancing framework guidelines – key to market design  
(not just technical rules)



## Facilitating a single market

- Remove barriers to cross-border trade created by different balancing arrangements
- Reduce fragmentation of the market by looking at ways to merge balancing zones
- Promote the development of regional markets by encouraging the use of interconnectors (and gas from cross-borders) in balancing



## Develop liquid traded market

- Facilitate new entry by ensuring balancing arrangements are non-discriminatory;
- Promote market liquidity at emerging gas hubs
  - by encouraging shipper trading across timescales;
  - by having market arrangements for TSO procurement of balancing gas



## Suitable for all parts of Europe

- Provide a coherent set of rules, which
  - lead to a common vision of balancing arrangements;
  - can be implemented in network codes and is enforceable by NRAs;
  - take account of the different degree of market development across Europe (need for interim steps)

## Problem identification

- Lack of access to relevant information, flexible gas and network capacity reduces shippers' ability to balance efficiently;
- Fragmentation of balancing zones may create barriers to cross-border trade;
- Some imbalance charges do not provide the right incentives to shippers and are potentially discriminatory;
- Non-market based methods for TSO procurement of balancing services reduce market liquidity;
- All of this results in TSOs doing most of the balancing instead of the market.

## Key elements of the Framework Guideline

- Network users to balance their portfolio, reduced role for TSOs;
- TSO to procure balancing services on the wholesale market as far as possible;
- Harmonised daily balancing period as far as possible;
- Information provision as much as is cost-effective.

## Public Consultation

- 57 responses received;
- Generally **very supportive** (almost all responses complemented ACER on its document);
- 20 respondents supported a **harmonised daily balancing regime** (5 favoured “cumulative”);
- 24 parties acknowledged that **within-day obligations** may be required (13 would like FG to be more restrictive, 3 parties want it to be less restrictive);
- 17 respondents agreed with use of **marginal price** (4 disagreed);
- 11 respondents would like more frequent **information provision**, 7 ask for cost benefit analysis;
- 18 respondents said the **implementation timescales** were overly ambitious (some want longer, others want no deadline).

## Changes to FG as result of consultation

- No wholesale change, but clarification of application of interim steps;
- Balancing platforms can also be used where locational and temporal products are not available on the wholesale market;
- Clarify criteria for within-day obligations and their approval process;
- Allows for more frequent information provision subject to cost benefit analysis;
- Clarification of role of DSOs.

Thank you for  
your attention

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