

DG ENER's Public Consultation on Preliminary Consultant Report on Cost-benefit assessment of Gas quality harmonization in the EU

FLUXYS RESPONSE

1. General remarks

Fluxys welcomes the EU Commission's initiative to perform a Cost Benefit Analysis in the framework of the harmonisation of gas quality specifications. Fluxys nevertheless deplores that the preliminary outcome seems highly questionable in light of the poor quality of the data as well as the numerous (wrong) assumptions which have been used.

The Preliminary Consultant Report concludes that the costs of harmonising the gas quality specifications are by far outweighing the benefits and seems to imply that some Member States can maintain narrow specifications at their interconnection points.

It is our view that harmonised gas quality specifications in Europe are key to creating an effective interoperability of the networks. A well-functioning internal gas market can only be guaranteed if gas meeting such harmonised specifications at the EU borders is not prevented from being freely traded further in Europe.

Fluxys is convinced that the CBA would show benefits at least for the harmonisation of some parameters at a regional approach to start with : the Wobbe index issue is for instance essentially located in the UK/BE/NL/DE countries, and an appropriate regional solution would alleviate the problem for the whole of Europe, in that the benefits might in that case exceed the costs by far.

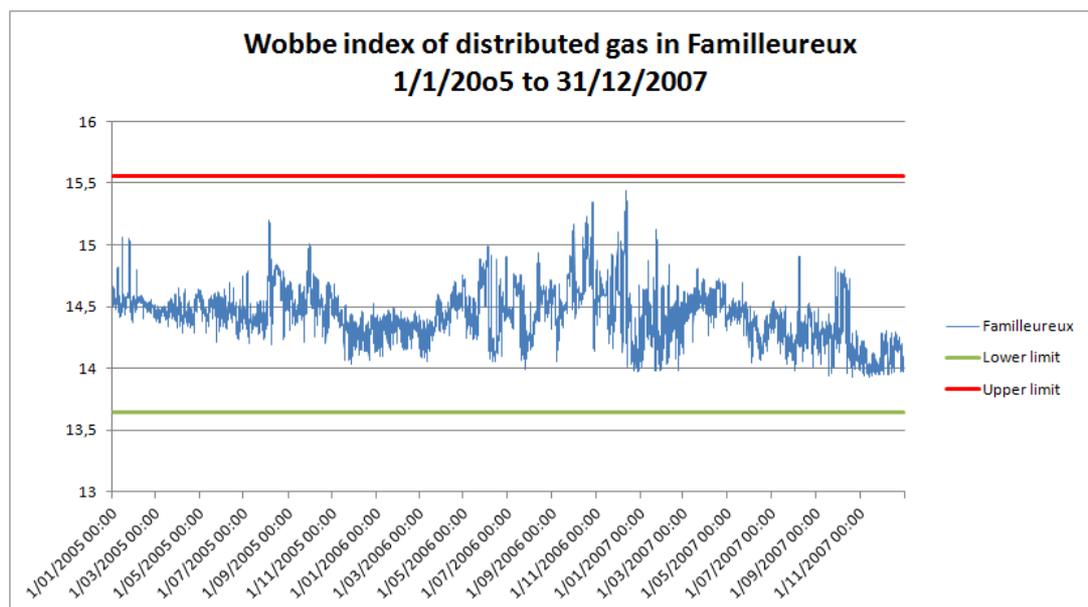
Fluxys is of course committed to helping GL Denton and Pöyry in both improving the quality of the data and discussing the abovementioned Wobbe index issue.

2. Corrections

- The data for Belgium presented in Table 3.4 on page 8 are wrong. GL Denton and Pöyry should make a difference for the Belgian market between the specifications applicable for the appliances contained in the Royal Decree of January 1984 (Wobbe Index, GCV, H₂S and S_{tot} only) and the specifications applicable for the transmission of gas in Belgium. The latter are available on our website at the following addresses:
 - http://www.fluxys.com/en/Services/Transmission_1/ServicesAndModels_1/~media/Files/Services/Transit/ConditionsAndTariffs/MTSA%20NTS%2012%202009%20Att%20B%20pdf.ashx
 - http://www.fluxys.com/en/Services/Transmission_1/ServicesAndModels_1/SpecificRequirementsDomesticTransmission.aspx

- The charts used on page 11 (Figure 3.5a and 3.5b) are absolutely not representative of the gas distributed in Belgium and therefore lead to wrong statements like “variation in gas quality is often substantially smaller” (top of page 11) or “typical historical experience of small variations in delivered gas quality” (top of page 12).

You will find hereunder a chart of distributed gas in Belgium on an hourly basis, from which you can conclude that 80% of the range of acceptable Wobbe index is actually being physically delivered and that the variations are rather important (hourly gradients of +0.6 and -0.7 kWh/m³(n) have been logged).



3. Consultation questions

- Do you agree with the high-level conclusions of this report?
Fluxys does not agree with the conclusions which are based on the use of worst case scenarios.

Firstly, the report gives the impression that the adoption of EASEE-gas specifications at the border points of EU would entail the replacement of a large number of appliances. As a reminder, EASEE-gas range is narrower than both the H and E range (see EN 437), and post-GAD appliances currently burn gasses within that range in a safe way. Implementation of harmonised specifications in EU won't therefore lead to a massive replacement of appliances as suggested.

Secondly, the report seems to identify the need for quality treatment at all interconnection points where the national specifications differ from EASEE-gas. Although the model most likely uses the assumption that Belgium uses 5 000 ppm as upper limit for the oxygen content (which is wrong) and France 100 ppm, no treatment is needed at the interface between Belgium and France for a reduction in oxygen content. The same applies for sulphur content.

- As a manufacturer do you maintain an inventory of installed appliances?
Not applicable
- Are there any specific gas quality related issues not recognised within this report?
Biomethane injection into transmission networks should be taken care of (see Mandate M 475) in order to avoid future interoperability problems between gas networks.
- Do you manufacturer appliances that can operate over the full EASEE-gas specification without loss of efficiency or increased of emissions?
Not applicable
- Do you have evidence of damage or failures caused by appliance operating on gas that is not compliant with the local gas quality specification?
Shippers have to deliver to Belgium natural gas which meets Fluxys' operating conditions and quality requirements. Therefore, no such evidence can be provided.
- Would you support the adoption of the proposed EUROMOT gas quality specification (Appendix B)?
EUROMOT's specifications are too narrow compared to natural gas which is currently being delivered at the borders of the EU: Wobbe index maximum variations of 2% would imply variations of $\pm 0.3 \text{ kWh/m}^3(\text{n})$, which are exceeded in Belgium – see point 2 above, and new parameters are introduced which are currently either not used by the gas industry (ignitability, laminar combustion velocity) or not accurately defined (methane number). Furthermore, taking those values into account would lead to severe restrictions in terms of gas deliveries to the EU.
- Are there any specific circumstances that should be assessed in detail?
As explained above, we do not believe in a one-size-fits-all solution, and the analysis would benefit from a regional approach at least for some of the parameters.
- Do you consider that the data used to undertake this analysis is sufficient to support the conclusions presented in this report?
The data is far from being sufficient in light of the many factual and material errors contained in the report. In respect of the appliances renewal, CEN WG 197 outcomes (even preliminary) should be used to have a better view on the number of appliances which need to be replaced.
- Should significant effort be made to improve the data used in the analysis presented in this report?
Yes (see above).

Furthermore, a greater transparency as to how the Pegasus modelling tool runs would give more confidence. Initially, the model was supposed to run on a base case (Italy), which would have allowed assessing its accuracy and consistency prior to applying it to the whole of Europe. This important step has been skipped but is nevertheless necessary.

- Do you have access to further data that could (if it were made available) improve the quality of the data used in the analysis presented in this report? Fluxys refers to its data platform (<http://data.fluxys.com>) and to the work done with Ofgem in the framework of the workshop on potential constraints on gas flows which has led to a presentation made by Fluxys on 18 November 2009 (see <http://www.ofgem.gov.uk/Markets/WhIMkts/CompandEff/GasQual/Documents/1/Constraints%20on%20gas%20flows%20from%20the%20Zeebrugge%20region.pdf>).
- Can you provide typical detailed gas composition at cross border points?
Yes.
- If so, can this data be made available (respecting confidentiality, as required)?
Yes.
- How should data be collected for such a study?
We would encourage a more interactive approach, whereby the consultant organizes bilateral meetings with the various stakeholders.