

***Guidelines for calculation
methodologies and
transparency requirements
with regard to available
capacities and for convergence
of balancing regimes***

Jean-Paul PINON

Joint-Chairman of the Gas Working Group of CEER
6th Regulatory Forum of Madrid, 30 October 2002



Transparency requirements :

- ✓ **5th Forum of Madrid: Guidelines for transparency agreed by most members, but not by GTE;**
- ✓ **monitoring (by CEER and EC) of transparency level : in general, far below recommended standards;**
- ✓ **28/3/2002: counter-proposal of GTE; starting point for bilateral discussions CEER/GTE;**



The facts

- ✓ **consultation of shippers by CEER concerning the choice between transparency and confidentiality (§12 of the “transparency paper”);**
- ✓ **20/9/2002: CEER shows to the Joint WG which level of agreement could be reached with GTE : « transparency paper »;**
- ✓ **10/10/2002: GTE disagrees with §12;**



- ✓ **6th Forum of Madrid: DG TREN proposing a new chapter on transparency requirements in the revised Guidelines for Good TPA Practice.**



Discussion around §12

- ✓ **GTE is presently using a traffic light system to publish available capacities;**
- ✓ **justification: “only one shipper using an interconnection point involves confidentiality obligations”;**
- ✓ **§12 says: “(...) TSO shall abstain from entering into new commitments which in any way could reduce their capacity to publish these data(...)”;**



Discussion around §12

- ✓ German remark (BMWi): “Germany feels that legitimate confidentiality interests must also be taken into account in the case of contracts with incumbents”.
- ✓ CEER concern: partial transparency is discriminatory; transparency may not be subject to the approval of individual shippers;



Discussion around §12

- ✓ **CEER consults shippers :**
 - ✓ **EFET, Eurelectric, IFIEC: claim for transparency; EFET “fails to understand why aggregate information (...) could be construed as being commercially confidential”;**
 - ✓ **OGP: abstention; TPA-rules not to be imposed to upstream LNG-facilities;**
 - ✓ **Eurogas: request for non-publication (=exception) to be addressed to national authority.**



Discussion around §12

- ✓ **GTE argues that national laws or contractual obligations prevent TSO's from publishing aggregate data;**
- ✓ **CEER has never received legal evidence of GTE's interpretation.**



Lessons drawn from this discussion

- ✓ years are passing and transparency is not implemented everywhere;
- ✓ the rule is transparency and should be applied systematically by all TSO's : shippers who do not agree should go to the relevant authority;
- ✓ problem of vertically integrated TSO's.



Action of the regulators

- ✓ **Germany and France have no gas regulator;**
- ✓ **powers of regulators different from country to country;**
- ✓ **most regulators do not establish the rules : they can make proposals, but rely on Governmental decision**



Action of the regulators

- ✓ **regulators must sometimes wait for an opportunity to enforce new rules: e.g. price revision to enforce new tariff structure;**
- ✓ **problem of discrimination among TSO's : need for European harmonisation of minimum transparency standards.**



Positive trends

Positive trends (points already agreed upon) :

- ✓ **transparency is the rule: the question is what degree of detail should be attained (e.g. available capacities in the future);**
- ✓ **importance of information about physical flows;**
- ✓ **description of the network, and of circumstances that will affect the availability of capacities;**



Positive trends

- ✓ **general rule: information is free of charge;**
- ✓ **target is on-line booking of capacity.**



Best practice

Best practice laid down in the revised guidelines :

- ✓ **transparency : not only for “major cross-border points”;**
- ✓ **physical flows : daily flows;**
- ✓ **no reference at all to confidentiality;**
- ✓ **publication of network code or standard contracts.**



Calculation methodologies for available capacities :

- ✓ **transparency paper: “The calculation of transmission capacity requires a network model and flow simulations in which due account is taken of the fact that non-firm and/or interruptible transmission contracts, if any, allow to alleviate the peak flows. The methods for the calculation of available capacities should take into account the capacity commitments for the years ahead.”;**



Calculation

- ✓ **“capacity paper, §3.1.” :**
The TSO should develop appropriate tools to calculate available capacities taking into account physical gas flows and contractual gas flows, and in particular:
 - ✓ **the fact that system users are unlikely to nominate the maximum use of their booked capacity all at the same time;**



Calculation

- ✓ the degree of predictability of market behaviour (which might be greater for domestic consumption than for other uses);
- ✓ the market for non-firm and interruptible capacity and the buy-back possibilities;
- ✓ the corresponding risk management should be approved by the relevant authority.



Calculation

- ✓ **regulatory control :**
 - ✓ **capacity paper, II.1.1:**
“Regulatory rules or incentives should ensure that the TSO offers system users all available capacity on the primary market”;
 - ✓ **new GGP, §5.2: record of calculation that leads to refusal of access;**



Calculation

- ✓ **regulatory control :**
 - ✓ **new GGP, §5.2: common rules over Europe to be agreed by the Forum;**
 - ✓ **new GGP, §7.1: system resources dedicated to system operations.**



Convergence of balancing regimes

- ✓ principles: conclusions of 5th Forum §19, and “new GGP”, §7;
- ✓ need for a proposal from GTE concerning the implementation of common rules.

