



Gas Transmission Europe

**Madrid Forum XII**  
***Madrid, 21st February 2007***

**GTE Comments on ERGEG**  
***“Guidelines for Good Practices for Gas Balancing”***  
**GGPGB**

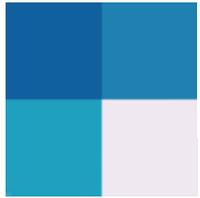
**Michele Ronchi**

Chairman of the GTE Balancing TF



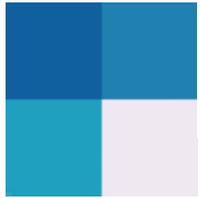
# Background

- **GTE is fully aware of the crucial relevance of the balancing issues considering the increasing of the**
  - demand volatility and unpredictability (e.g. CCGTs, transit)
  - systems rigidity (domestic productions decline, supply contracts,..)
  - additional requirements as a consequence of balancing regimes (e.g. real time metering requirements)
  - demand of flexibility tools (out of GGPGGB scope)
- **GTE has assumed a proactive position by supporting the effort undertaken by ERGEG in providing a set of balancing principles and Guidelines for Good Practice for Gas Balancing (GGPGB)**
- **GTE has organised a dedicated workshop for stakeholders in Brussels the 15th February 2006**
  - Well-representative group of participants, including Ceer/Ergeg, Efet, Ifiec, Eurogas, OGP, NRAs



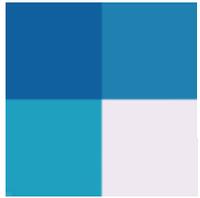
# General remarks -1

- **GTE welcomes the GGPGB as general principles and key tool for driving the design of harmonised balancing rules at national level**
  - Helping TSOs to perform their network operations in a safe, secure, effective and efficient way
  - Reflecting the genuine system needs
  - Taking into account the resources available to the TSOs
  - Economic and political targets as a secondary objective
- **Status of GGPGB ambiguous**
  - Advisory nature of GGPGB and mandatory deadline (1.4.07) inconsistent
  - Deadline not properly addressed: balancing regimes must to be designed at national level by TSOs in consultation with network users under NRAs supervision
- **Many issues mostly agreed by GTE both for content and exposition (scope, characteristics, balancing period, many roles and responsibilities)**



# General agreement areas

- **Scope and objective of the GGPGB**
  - An opportunity for a first elaboration of art. 7 of the Regulation
  - Gaining consensus on the key principles
  - Guiding TSOs and NRAs in designing the balancing regimes for the safe and secure operation of the networks
- **Characteristics of the balancing regimes**
  - TSOs leading role in designing and managing balancing rules
  - After consultation final agreement only between TSOs and NRAs (as for Network Codes)
- **Balancing period definition**
  - Daily preferred
  - Infra-day provisions where system needs require
- **Roles and responsibilities**
  - TSOs and network users and NRAs
  - Concerns on information and harmonisation provisions up to the TSOs

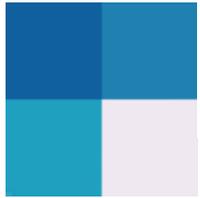


# General remarks - 2

- **Some “Grey” areas**
  - Balancing costs and incentives for TSOs
  - Tolerance levels and services
  - Imbalance and Penalty charges
  - Trading and pooling of imbalance positions

## **potentially driving the implementation of inefficient and/or inconsistent solutions, due to the lack of focus on**

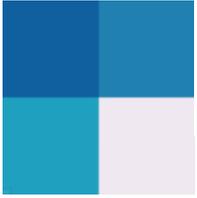
- Real content of the residual (physical) balancing responsibilities up to the TSOs which don't include the recourse to commercial operations for fulfilling the current supply/ demand gaps
  - Distinction between transitory solutions and preferred targets
  - Market-based balancing solutions, despite the conclusions of the MF XI and of the GTE workshop:  
*“The Forum agreed that balancing regimes should converge to a market based approach ...”*
- **Areas of serious concern for the responsibilities charged to the TSOs which should be re-addressed in a wider context**



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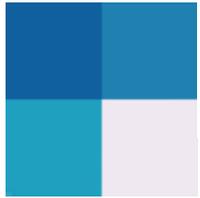
# Areas of concern

- **Market information provisions**
  - Annex II requirements go beyond the regulation
  - Information provision responsibility up to the owner/operator of the underlying assets
  - GTE Transparency WG actively involved
- **Harmonisation of balancing rules**
  - GTE welcomes the opportunity of working on harmonisation and recognises the importance of identifying differences and analysing causes
  - The impacts on trade and market efficiency can be assessed only with the relevant contribution of the other stakeholders involved



# Conclusions

- **Appropriate and harmonised interpretation of the “Grey” areas is a must**
- **Areas of concern to be addressed properly**
- **Flexibility tools development issue to be considered**
- **GTE would like to continue the dialogue with ERGEG**



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