



Gas Transmission Europe

Madrid Forum XII
Madrid, 21st February 2007

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

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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 GGPGB 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



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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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