

EASEE-gas



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Madrid Forum

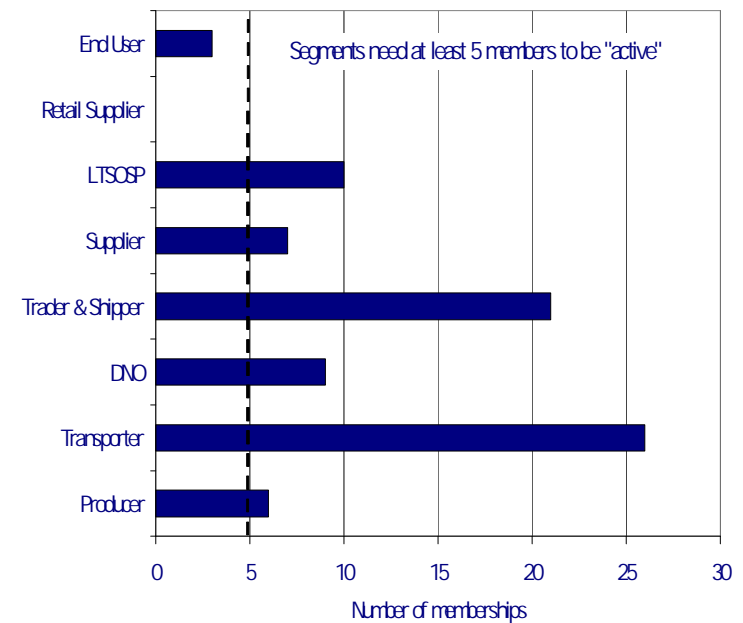
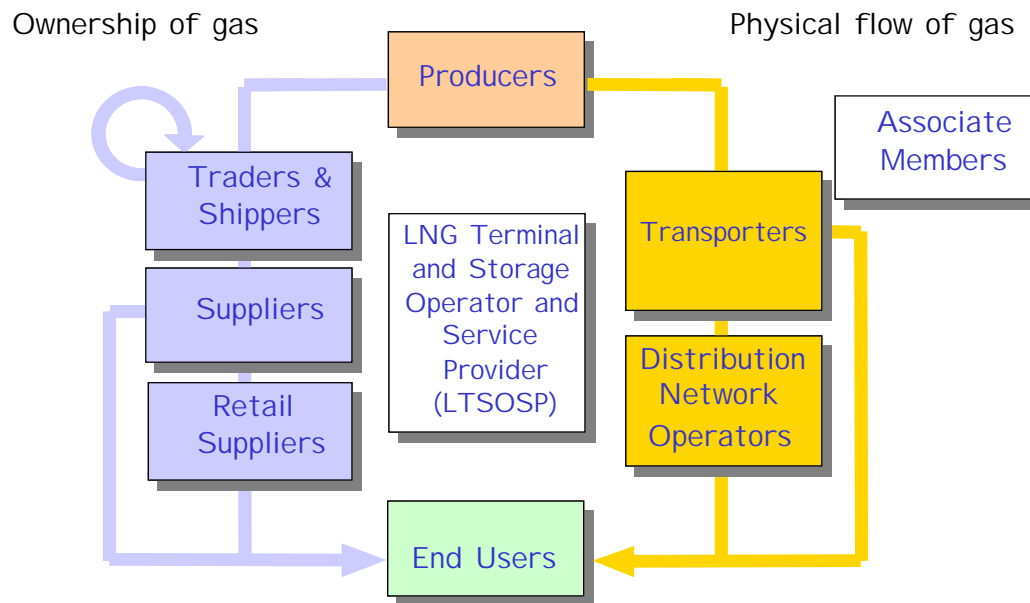
16 October 2007

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Background

- Established in 2002
- Grown to 81 full members and 24 associate members today
- Representation in most segments



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**Common Business Practices
[CBP] Implementation Survey
2007**

CBPs included in survey

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- 2003 Harmonisation of Units
 - Implementation deadline 2005
- 2003 Nomination & Matching
 - Implementation deadline 2005
- 2004 Edig@s
 - No implementation deadline
- 2005 Gas Quality Harmonisation
 - Implementation deadlines 2006 and 2010
- 2005 Interconnection Agreement
 - Implementation deadline 2007
- 2005 Constraints Handling
 - Implementation deadline 2006

2007 CBPs

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Approved Sep 2007

- Common data communications network
- Message transmission protocol
- Company's identifier encoding
- Connection point identifier encoding

Out for consultation – expected to be approved Nov 2007

harmonisation of the allocation information exchange

- Edig@s revision and version rules

Under development

- Secondary trading of capacity

Survey Responses



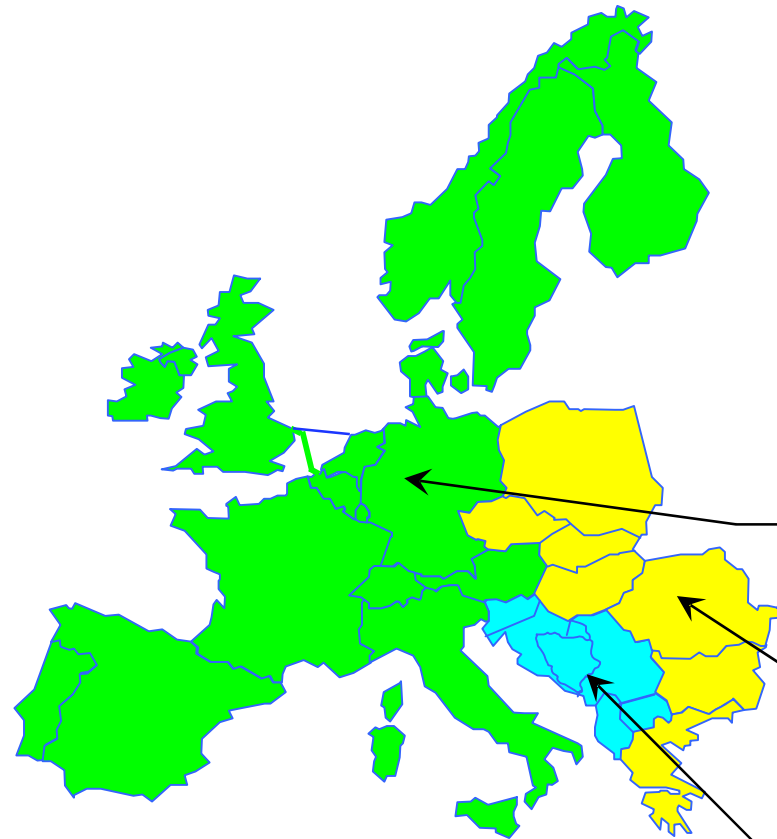
§ Survey carried out in Aug/sep 2007 covering 18 markets/systems

§ Additional responses from Finland, Sweden and Switzerland

§ Fewer responses from some other countries

<u>Responses</u>	<u>2004</u>	<u>2005</u>	<u>2007</u>
Austria	2	1	1
Belgium	4	9	7
Denmark	1	1	2
Finland			1
France	4	6	6
Germany	7	8	8
Ireland	1	1	1
Italy	2	3	2
Luxembourg	1	1	1
Netherlands	7	8	6
Norway	3	4	1
Poland	1	0	0
Portugal	1	0	1
Spain	1	1	1
Sweden			1
Switzerland			1
GB	4	6	6
Northern Ireland		1	1
IUK	1	2	1
	40	52	48

Participation to Survey Responses



EASEE-gas will approach market participants in eastern countries

Green:
respondent already

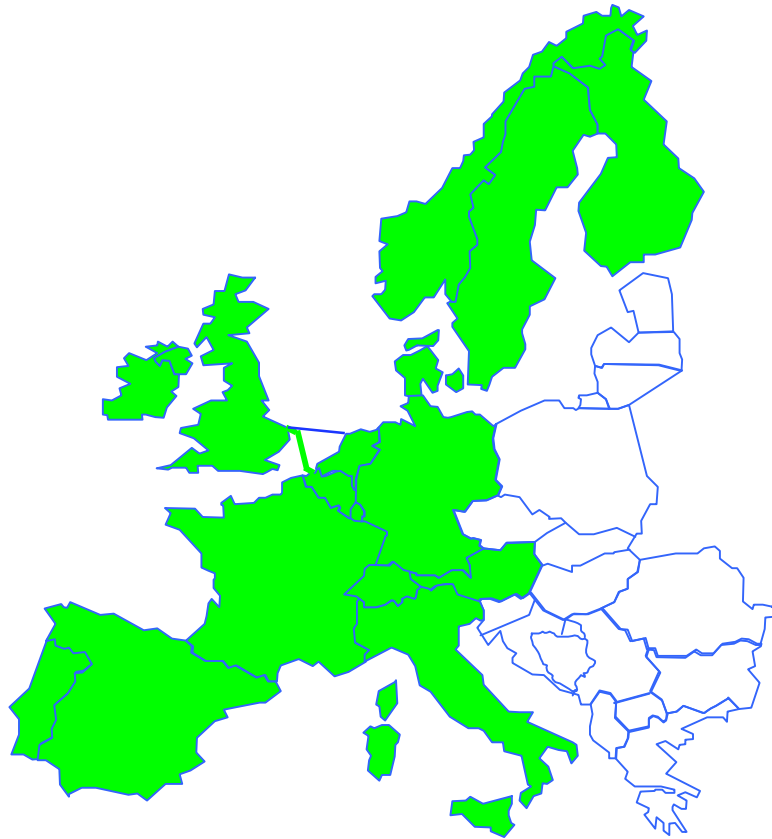
Yellow:
GRI SSE, non respondent

Light blue:
ENC members

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CBP1 Harmonisation of Units

Pressure: bar

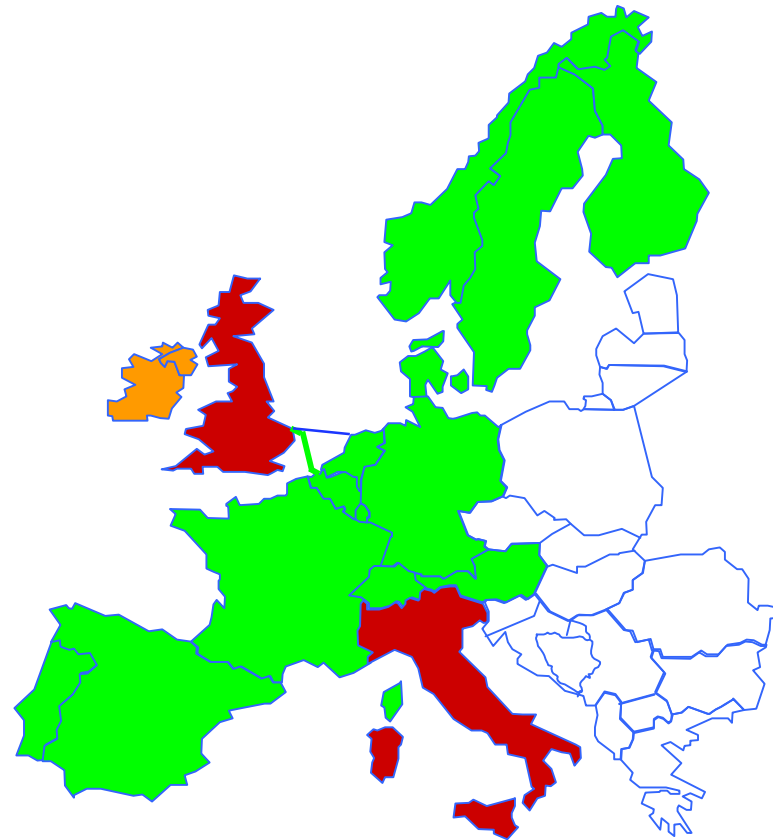


- All respondents indicated that all markets/systems in the survey are using bar to measure pressure

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CBP1 Harmonisation of Units

Volume: normal m³



■ CBP element implemented

■ CBP element not implemented

■ CBP element not implemented due to regulatory/legislative issues

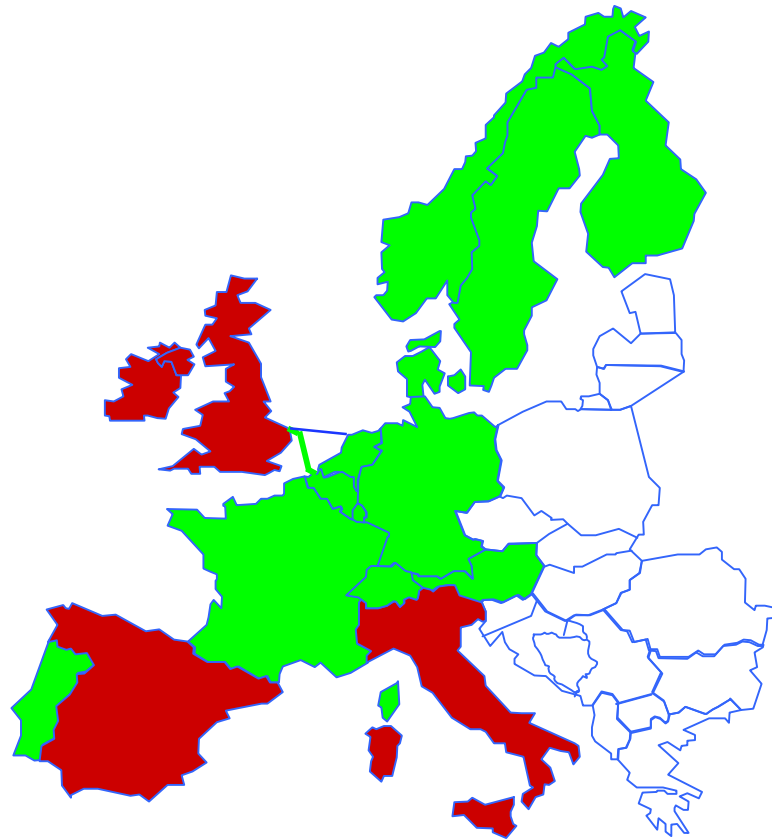
- Most markets using normal m³
- ITA, UK & IRL using standard m³
- GBR & ITA indicates legislative change required initially then contractual changes and systems changes to follow
- IRL & NIR indicate that Network Code changes are required

CBP1 Harmonisation of Units

Combustion Energy: kWh ref. temp 25C

GCV: kWh/nm³ with ref. temp of 25C

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CBP element implemented



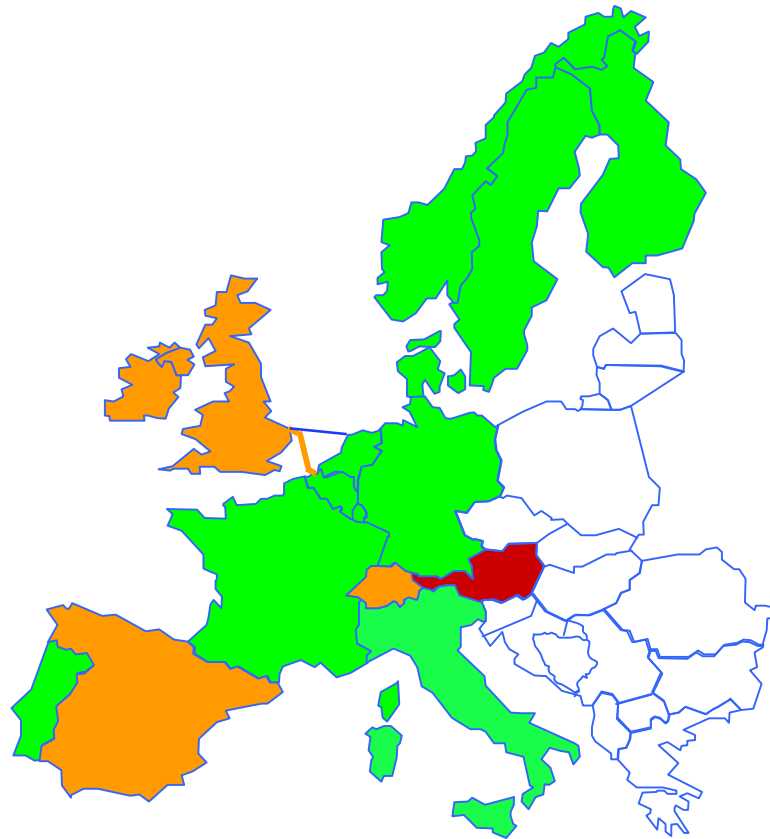
CBP element not implemented



CBP element not implemented due to regulatory/legislative issues

- All markets using kWh, but some are using reference temp. of 15C.
- In all such cases regulatory/legislative change required initially, then contractual changes and systems changes are needed to comply
- NED has implemented the CBP for the nomination and matching process, but another unit is commonly used between shippers and GTS

CBP2 Nomination & Matching Process Use of Coordinated Universal Time



- CBP element implemented
- CBP element not implemented
- CBP element not implemented due to regulatory/legislative issues

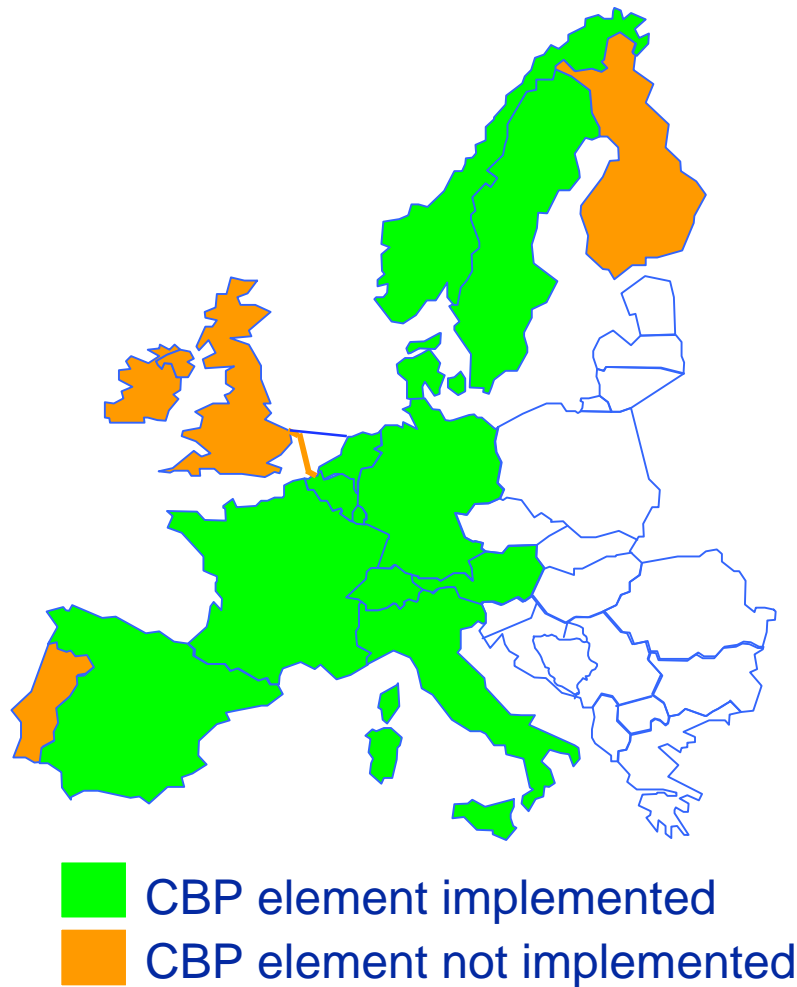
- Most markets appear to use Coordinated Universal Time
- UK & IRL require Network Code changes
- SWI indicates systems and financial issues
- AUT indicates legislative and regulatory changes required
- ESP has not stated barriers

CBP2 Nomination & Matching Process

Lesser Rule applies to matching

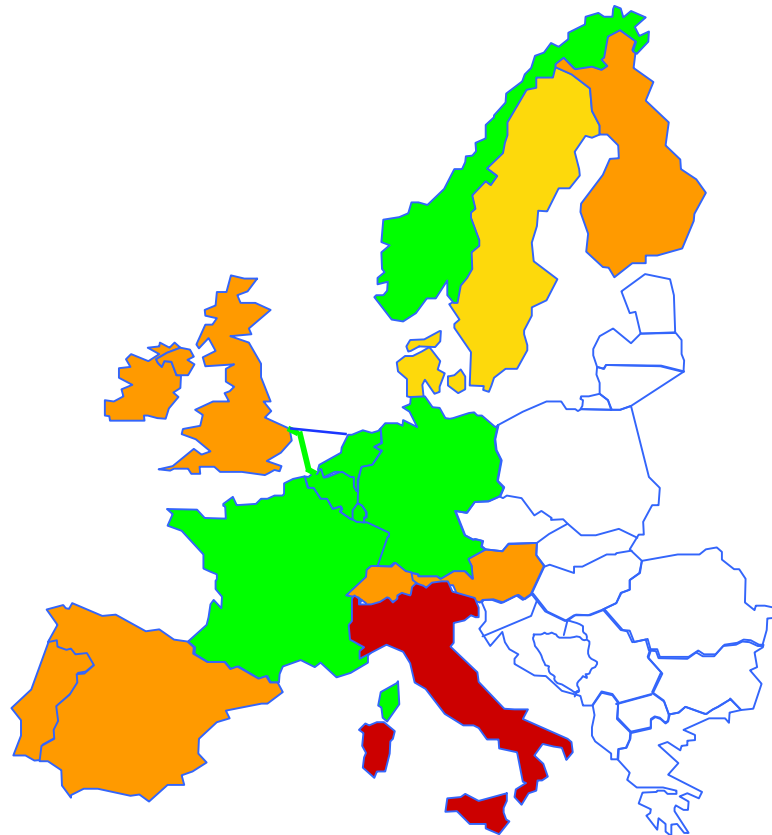
Messages to contain matching shipper

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- Most markets use Lesser Rule for matching
- FIN only has single source, no need for matching
- GBR regime does not include matching and agents act for the shippers at interfaces. No requests from shippers to change existing arrangements
- IRL, NIR, IUK and POR use matching but not with Lesser Rule in all cases
- All would require Network Code and/or Interconnection Agreement changes

CBP2 Nomination & Matching Process Deadlines for initial nominations

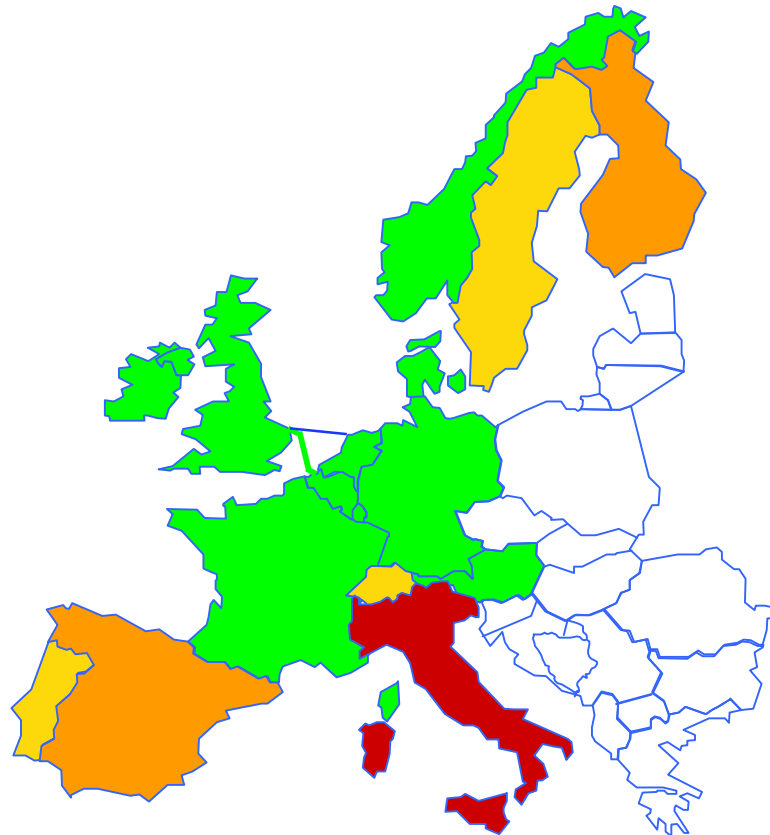


- CBP element implemented
- CBP element in process of being implemented
- CBP element not implemented
- CBP element not implemented due to regulatory issues

- Some markets are not complying with nomination deadlines
- FIN only has single source, so deadlines agreed bilaterally
- DEN and SWE working to implement CBP in near future
- Most others have quoted Interconnection Agreements and Network Code changes as barriers to implementation
- In ITA the regulator drives the Network Code modification process
- No specific barriers mentioned in ESP & POR

CBP2 Nomination & Matching Process

Renomination rules for D



- Generally well adopted in Northern West Europe
- FIN only has single source, so deadlines agreed bilaterally
- SWE working to implement CBP in near future
- SWI is partly implemented, other than transit gas to ITA where Interconnection Agreement is a issue
- In ITA, Network Code change required but regulator drives the mod process
- No specific barriers mentioned in ESP

 CBP element implemented

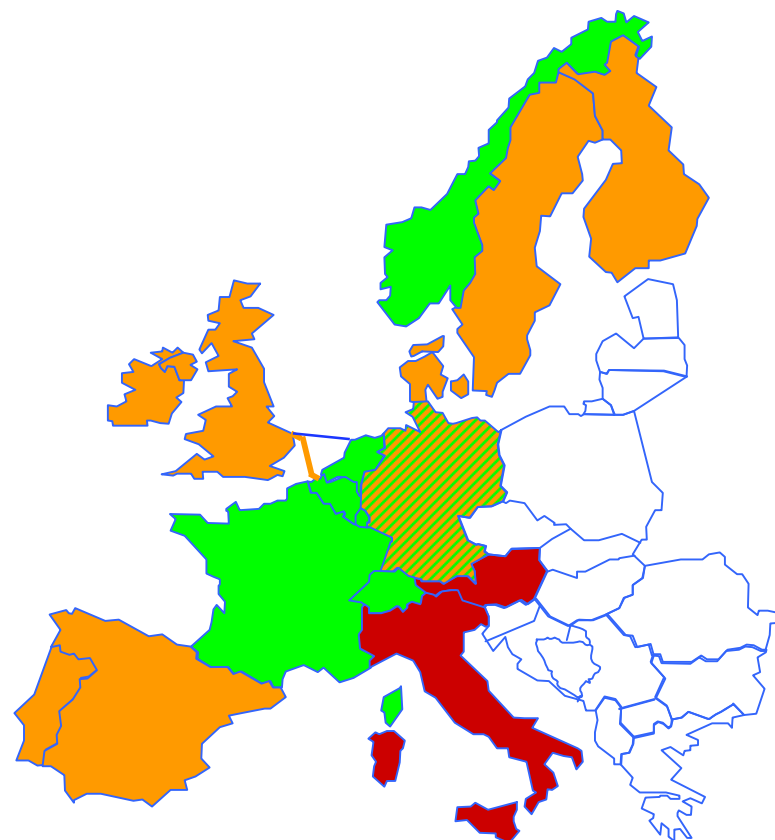
CBP element in process of being implemented

■ CBP element not implemented

■ CBP element not implemented due to regulatory issues

CBP 3 Use of Edig@s

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■ CBP element implemented

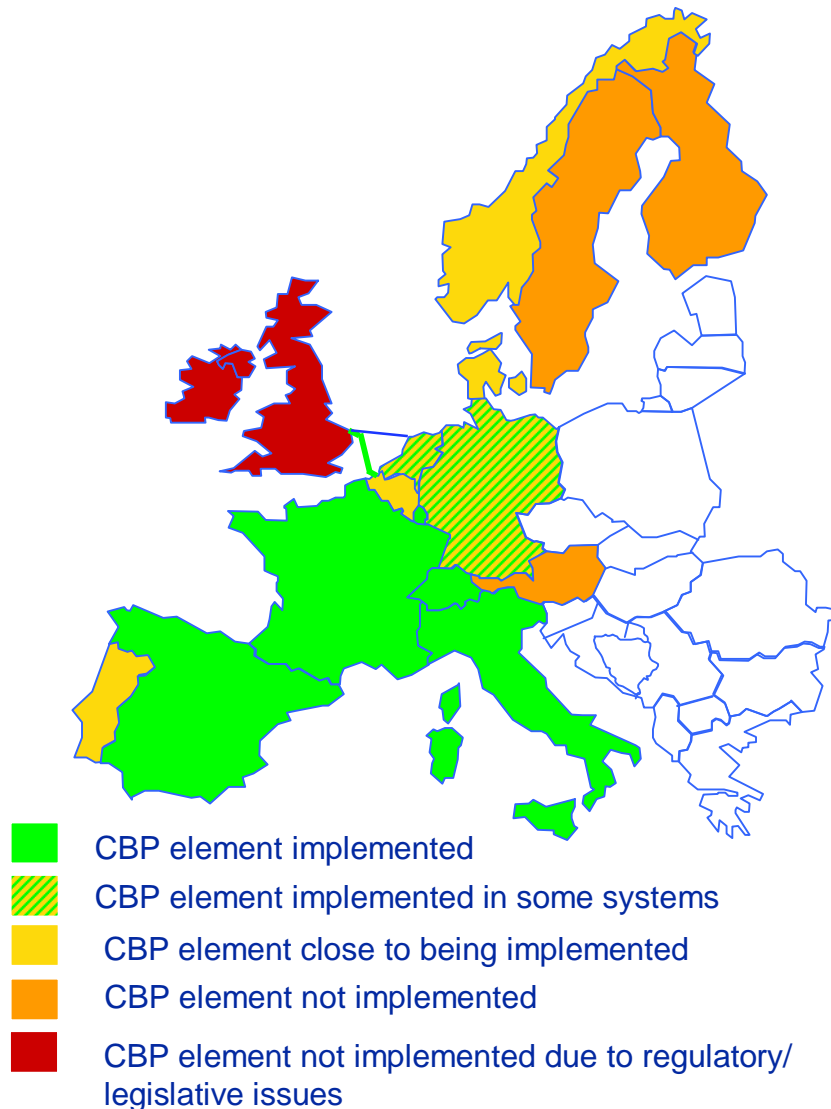
■ CBP element implemented in some systems

■ CBP element not implemented

■ CBP element not implemented due to regulatory/legislative issues

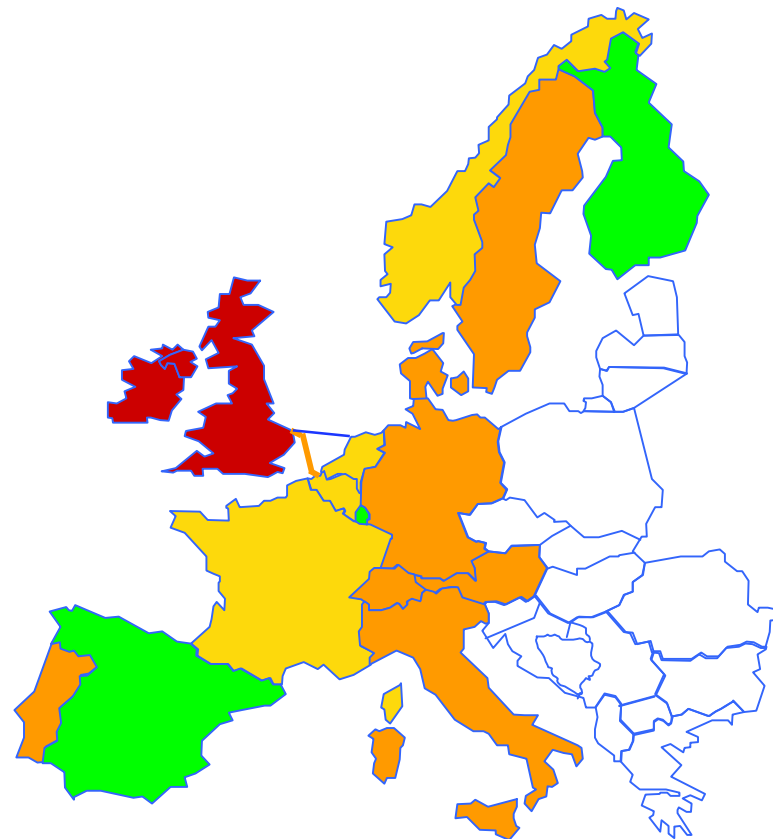
- Generally well adopted through central Europe
- FIN only has single source so communications agreed
- Some systems in GER use it and others do not
- All others indicate IT issues, internal resource and/or financial issues as barriers
- ITA, GBR & SWE also indicate network code changes are required, which in ITA is driven by regulator
- AUT also quotes regulatory issues
- No specific barriers mentioned in ESP

CBP4 Gas quality Harmonisation of S, CO₂, WDP, HCDP



- In most systems the CBP has been implemented, partly implemented or is in the process of being implemented
- FIN single source
- SWE old limits are close & need agreement with DEN
- BEL, DEN, NOR in process of implementing all limits
- GER some systems adopted ahead of new DVGW spec.
- NED implemented at some points but legacy problems slowing down others
- GBR & POR require legislative changes to technical specs
- IRL & NIR linked to GB spec.
- AUT requires changes to OVGW

CBP4 Gas quality Harmonisation of Wobbe, RD, Oxygen



Green CBP element implemented

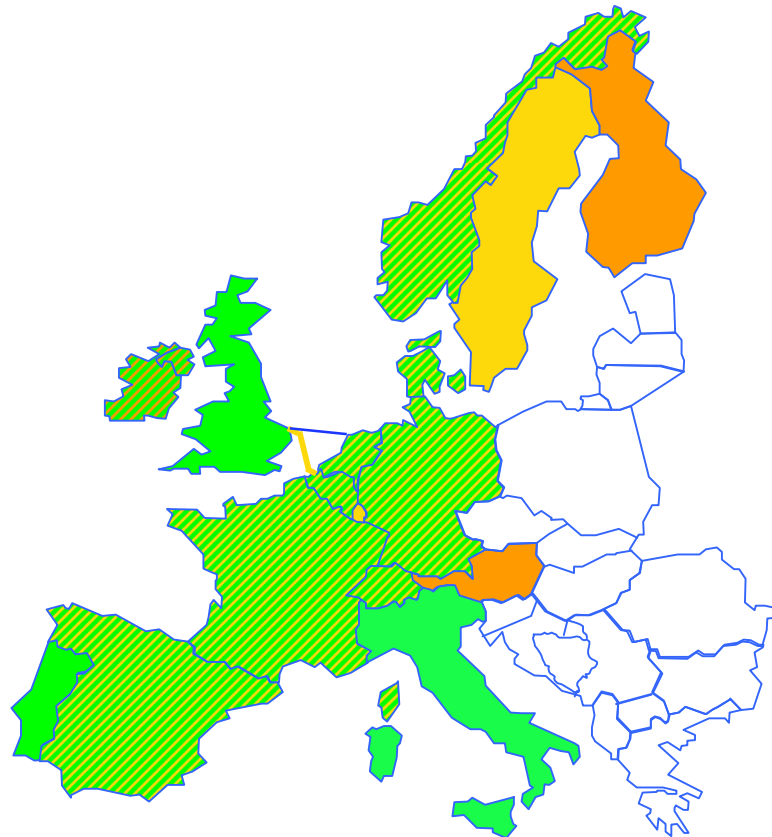
Yellow CBP element in process of being implemented





Orange CBP element not implemented

Red CBP element not implemented due to regulatory/legislative issues

- Most systems are either making progress towards the 01/10/2010 deadline or are waiting for the results of the CEN study before implementing changes
- GB also has a Government review to conclude
- IRL & NIR are linked directly to the GB spec.
- Changes required to interconnection agreements in POR
- SWE gave no indication of progress

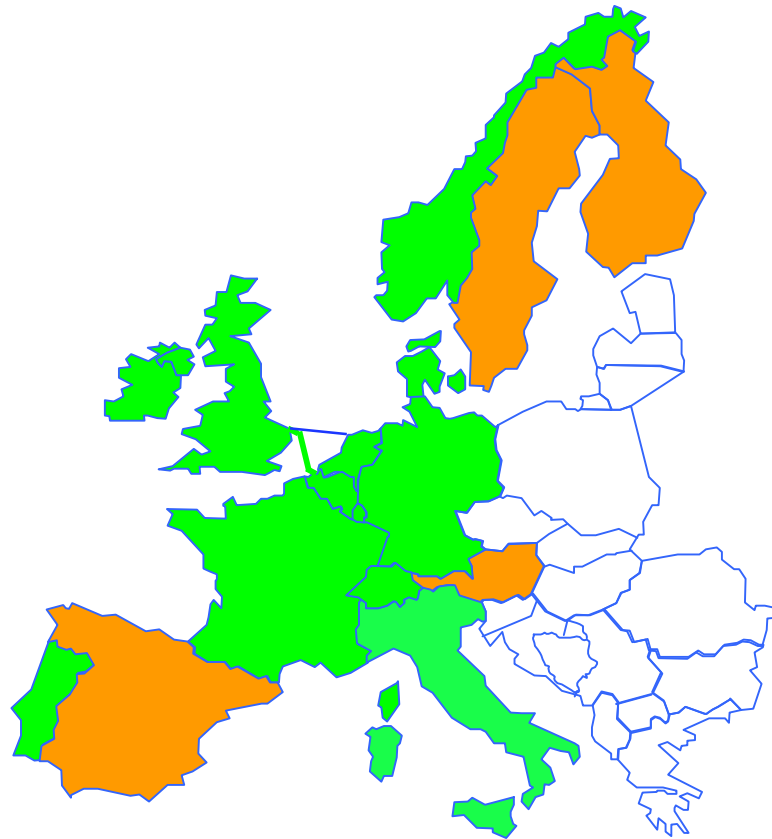
CBP5 Interconnection Agreements




-  CBP element implemented
-  CBP element in process of being implemented
-  CBP element implemented at some interconnection points
-  CBP element not implemented

- Most systems either had relevant IAs or were in the process of implementing them
- In many cases IAs are in place at some interconnection points but not all
- Internal resource is the biggest issue for implementation
- FIN has single source
- IRL & NIR have IAs that almost comply.
- AUT gave no indication of progress

CBP6 Constraints



-  CBP element implemented
-  CBP element not implemented

- Most systems comply with the constraint procedures
- FIN & SWE have no downstream interconnection
- AUT & ESP gave no indication of barriers to implementation
- IRL & NIR have process in place with GB, but not other entry points

Survey Conclusions

- Good progress; Particularly in markets with largest interconnection
- Non-implementation does not always mean an issue of interoperability (e.G. Finland, Sweden, Ireland)
- Legislative and regulatory barriers to implementation in some countries (units & quality)
- National regulation/legislation needs to provide the proper framework/support to allow implementation
- Can take time to modify national network codes and needs support from all market participants
- Limited response from countries further east

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What's next?

Market and technical codes

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EASEE-gas is pleased:

- Having made **significant contributions** to the development of the internal market...
- That the **consultation process** is realized as: “being **essential** and that existing structures should play an **important role**”



The EASEE-gas platform

Broad involvement of stakeholders

- Structured process
- Does not represent any single interest
- Enables a co-operational approach

Market and technical codes

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Commission's Scope - "11 generic areas" which are:

Gas market rules and
Network operation rules

- **Security and reliability**
- **Grid connection and access**
- **Data exchange**
- **Interoperability**
- **Operational procedures in cases of emergencies**
- **Capacity allocation / congestion management**
- **Rules for trading**
- **Transparency**
- **Balancing including**
 - rules on nominations procedures,
 - rules for imbalance charges
 - rules for operational balancing between TSO's systems
- **Rules for harmonised transport tariff structures**
- **Energy efficiency regarding gas networks**

Market and technical codes

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Commission's Scope - "11 generic areas" which are: Gas market rules and Network operation rules



Impacting:

- | | |
|---|------|
| • Security and reliability | All |
| • Grid connection and access | Most |
| • Data exchange | All |
| • Interoperability | All |
| • Operational procedures in cases of emergencies | Many |
| • Capacity allocation / congestion management | Some |
| • Rules for trading | Some |
| • Transparency | All |
| • Balancing including | |
| – rules on nominations procedures, | Many |
| – rules for imbalance charges | Some |
| – rules for operational balancing between TSO's systems | TSOs |
| • Rules for harmonised transport tariff structures | Most |
| • Energy efficiency regarding gas networks | Some |

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Impacting



Impacting	Producers	Traders Shippers	TSOs	Service Providers	DSOs	Suppliers	End Users
Network access							
Data exchange rules							
Interoperability rules							
Congestion management							
Capacity trading							
Commodity trading							
Transparency							
Balancing rules							
Cap. incr. planning, tariff meth.							
Master trading agreements							
Other bi-lateral agreements							

Gas Market Rules

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Providing EASEE-gas with an “institutional” role enabling it to co-decide on market rules:

- Eliminates current pitfalls of voluntary commitment by enabling CBPs to become legally binding
- Valorises the full potential EASEE-gas offers

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www.EASEE-gas.org

Bjorn Melaa
Executive Committee Chairman

Henri Cattoor
Chairman of the Board