

EASEE-gas



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Madrid Forum

16 October 2007

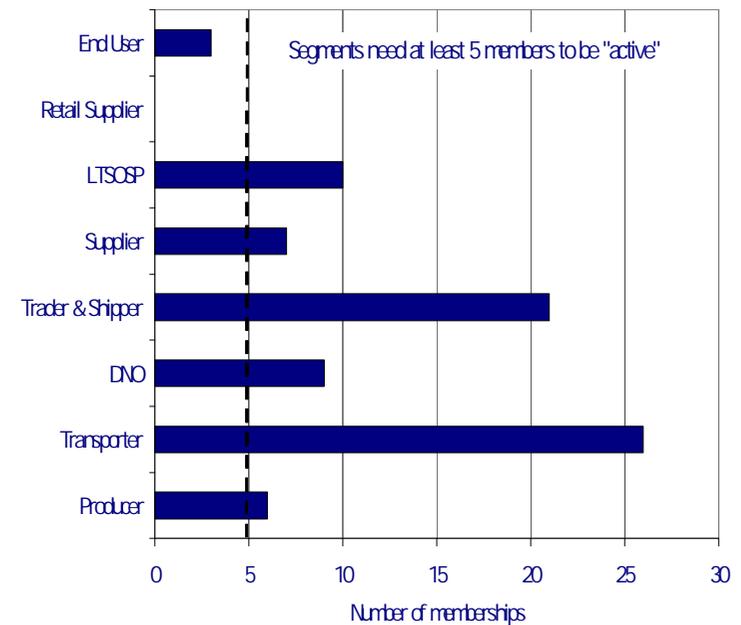
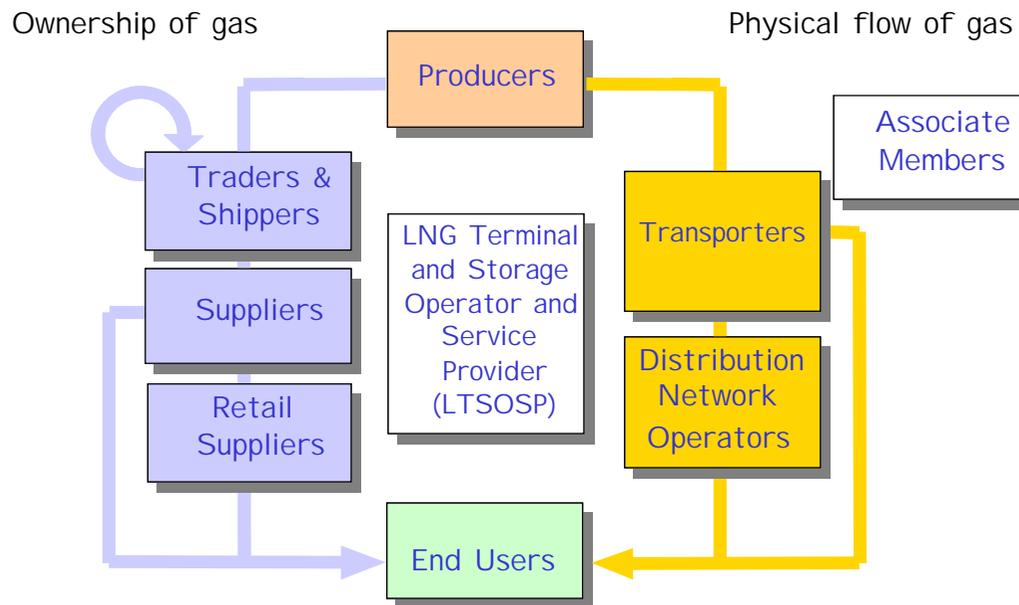
Bjorn Melaa

Henri Cattoor

Background

EASEE-gas

- 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>	2004	2005	2007
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
	<u>40</u>	<u>52</u>	<u>48</u>

Participation to Survey Responses

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EASEE-gas will approach market participants in eastern countries

Green:
respondent already

Yellow:
GRI SSE, non respondent

Light blue:
ENC members

CBP1 Harmonisation of Units

Pressure: bar

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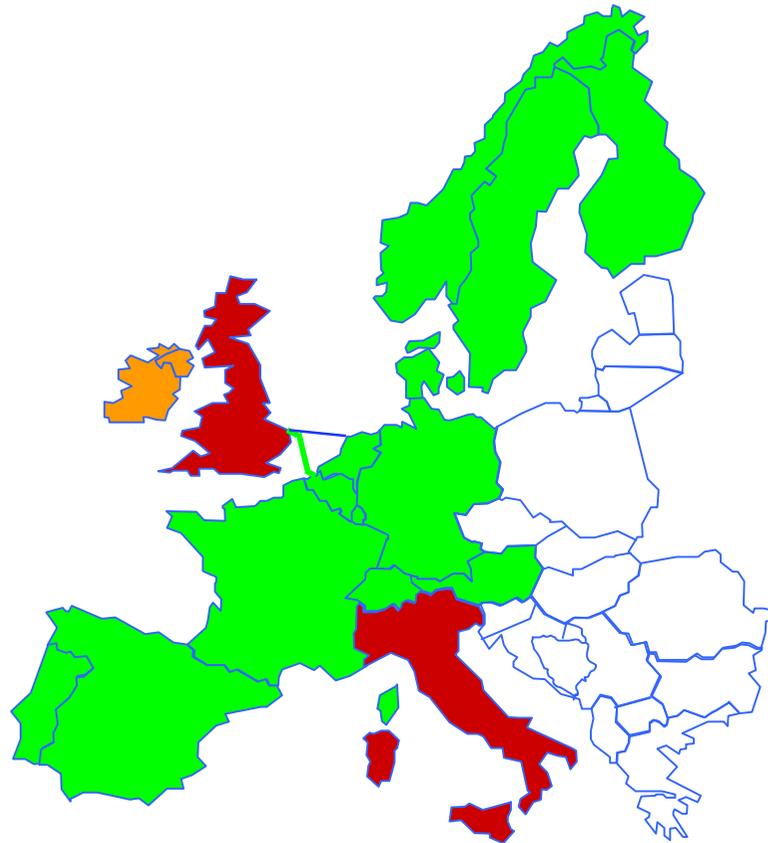


- All respondents indicated that all markets/systems in the survey are using bar to measure pressure

CBP1 Harmonisation of Units

Volume: normal m³

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■ CBP element implemented
■ CBP element not implemented

■ CBP element not implemented due to regulatory/legislative issues

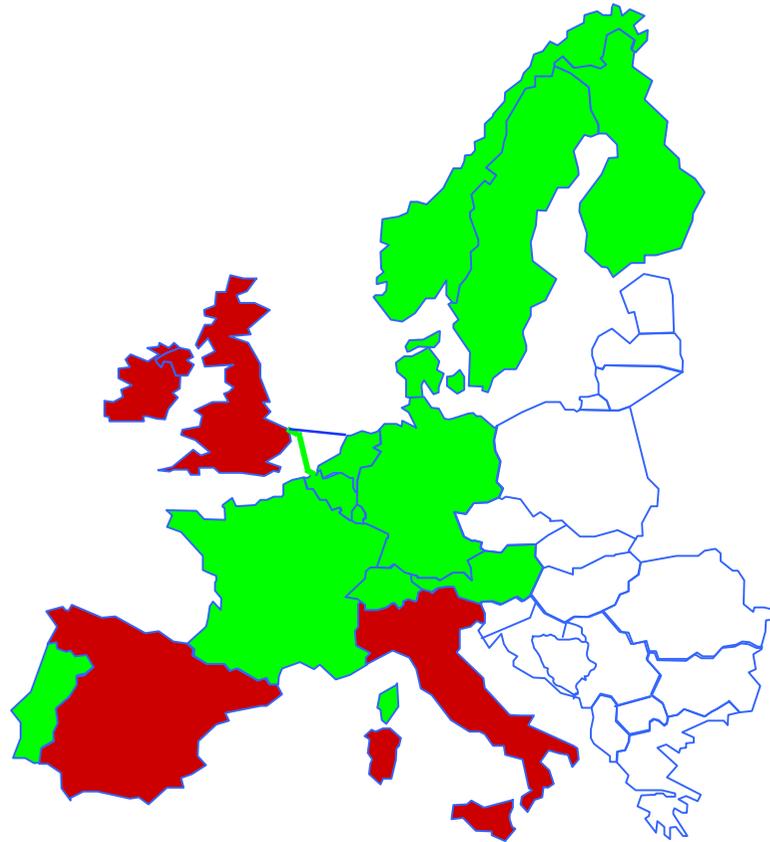
- Most markets using normal m³
- ITA, UK & IRL using standard m³
- GBR & ITA indicates legislative change required initially then contractual changes and systems changes to follow
- IRL & NIR indicate that Network Code changes are required

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



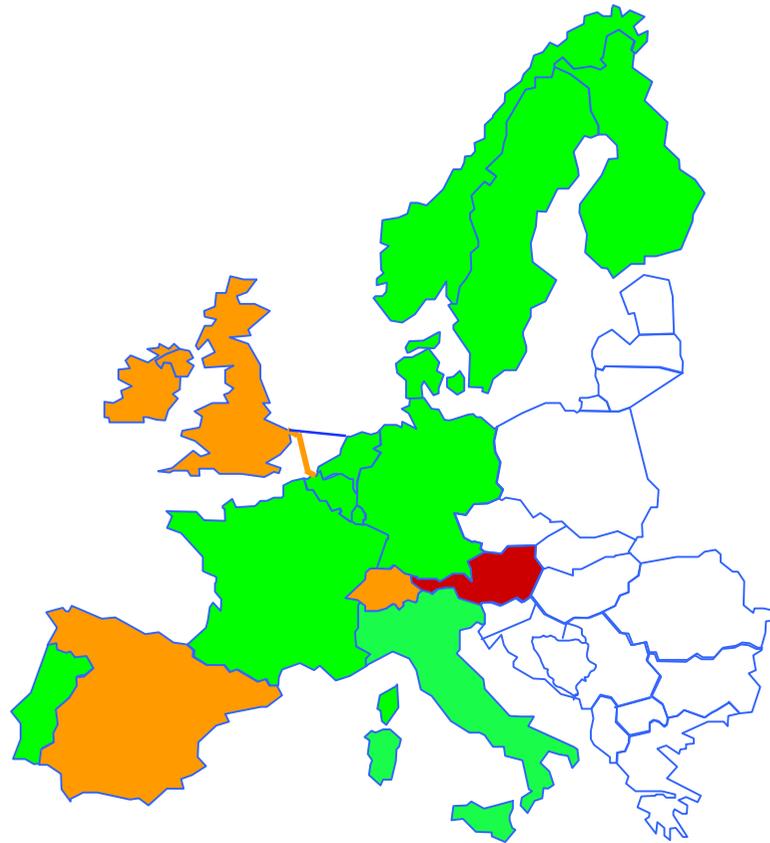
CBP element not implemented



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

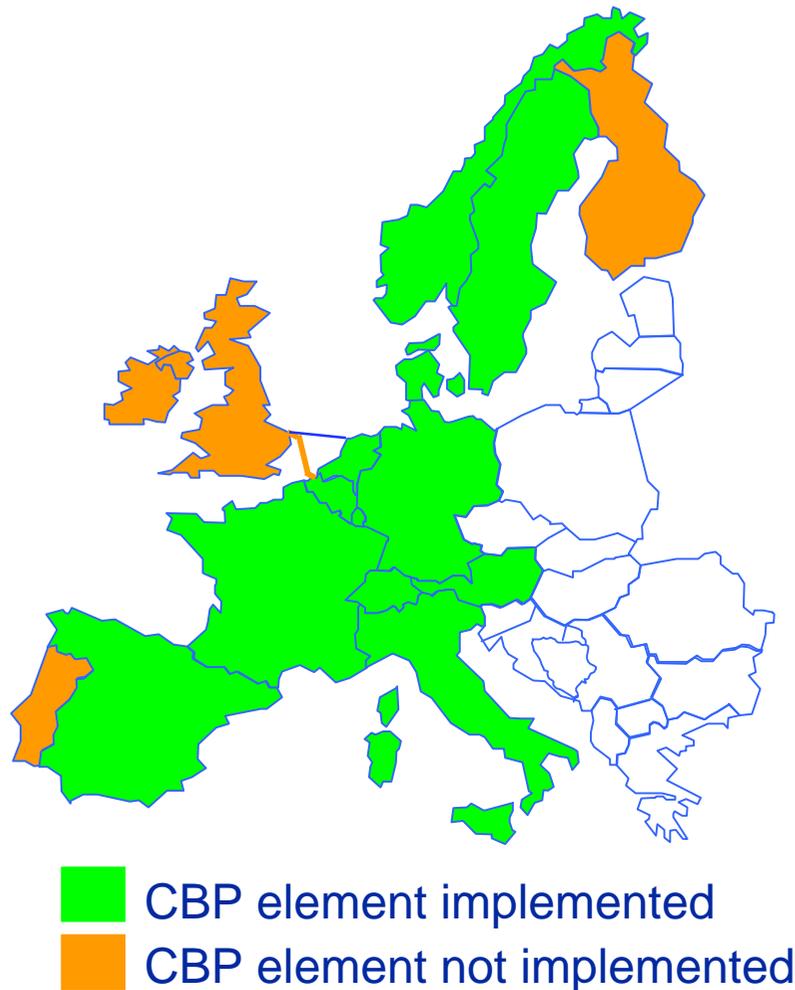
- Most markets appear to use Coordinated Universal Time
- UK & IRL require Network Code changes
- SWI indicates systems and financial issues
- AUT indicates legislative and regulatory changes required
- ESP has not stated barriers

CBP2 Nomination & Matching Process

Lesser Rule applies to matching

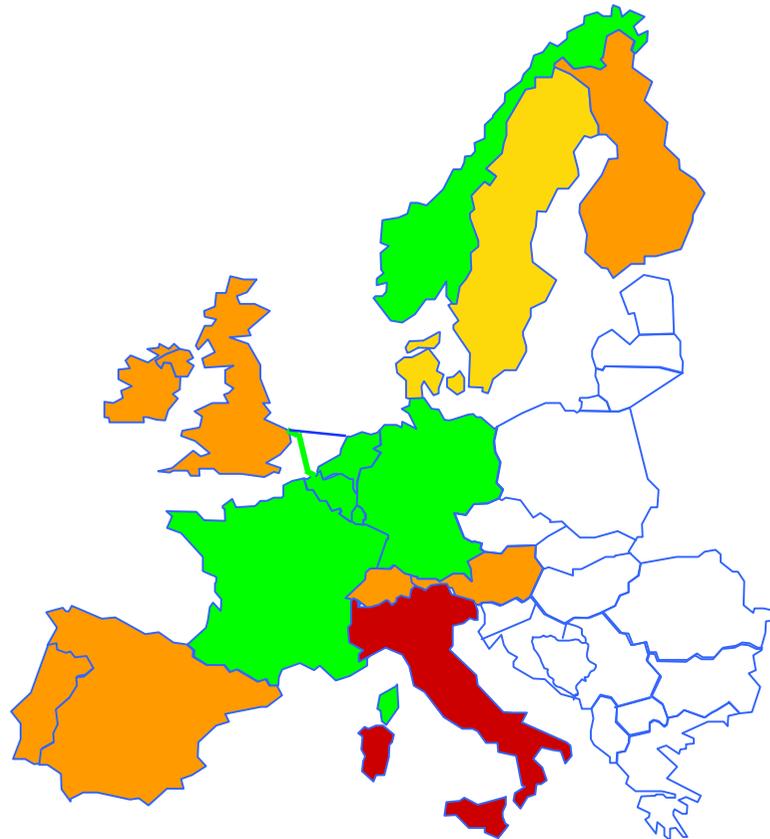
Messages to contain matching shipper

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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

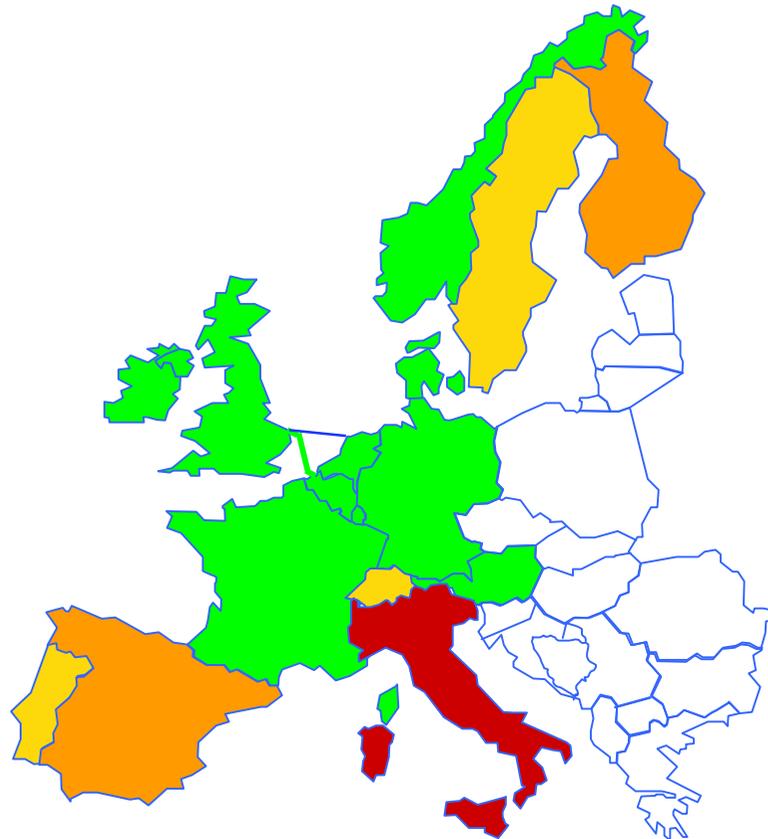
CBP2 Nomination & Matching Process Deadlines for initial nominations



-  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



■ CBP element implemented

■ CBP element in process of being implemented

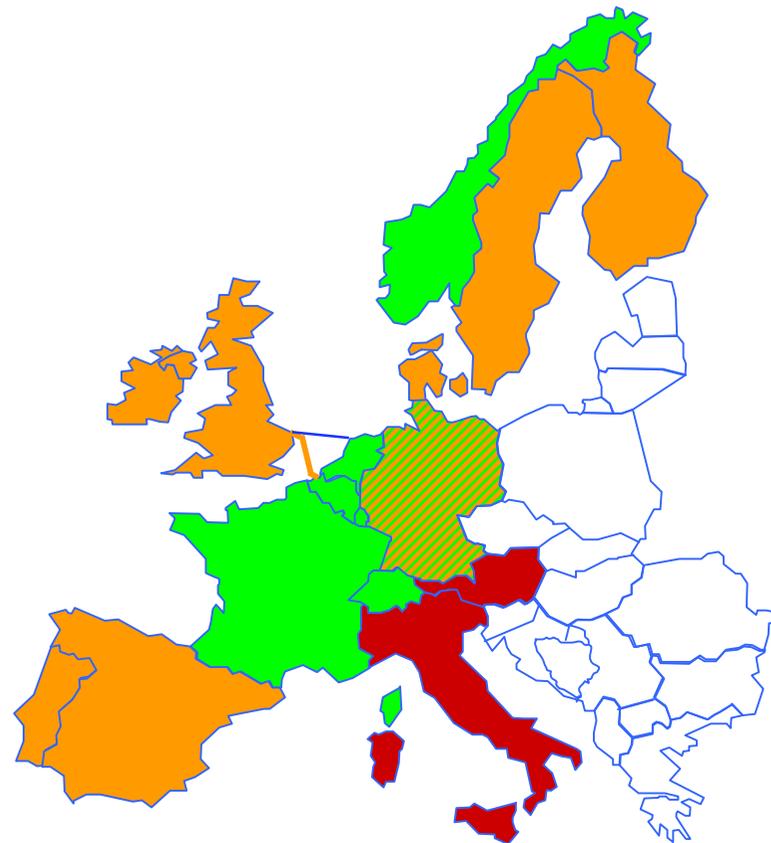
■ CBP element not implemented

■ CBP element not implemented due to regulatory issues

- 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 3 Use of Edig@s

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 CBP element implemented

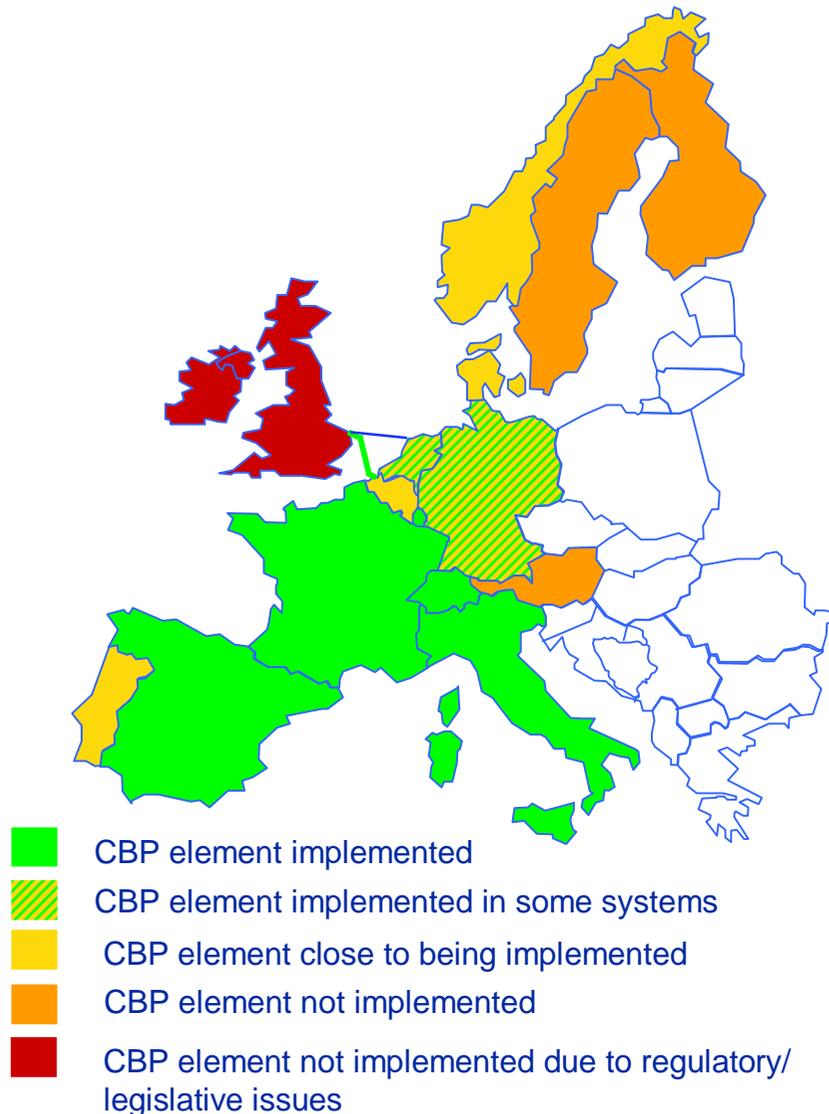
 CBP element implemented in some systems

 CBP element not implemented

 CBP element not implemented due to regulatory/legislative issues

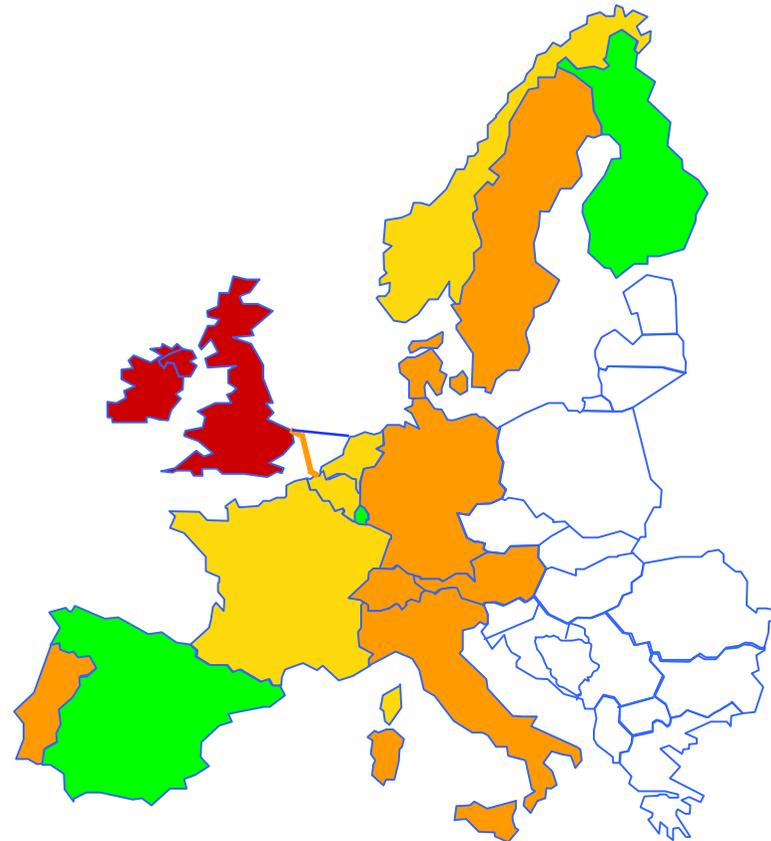
- Generally well adopted through central Europe
- FIN only has single source so communications agreed
- Some systems in GER use it and others do not
- All others indicate IT issues, internal resource and/or financial issues as barriers
- ITA, GBR & SWE also indicate network code changes are required, 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

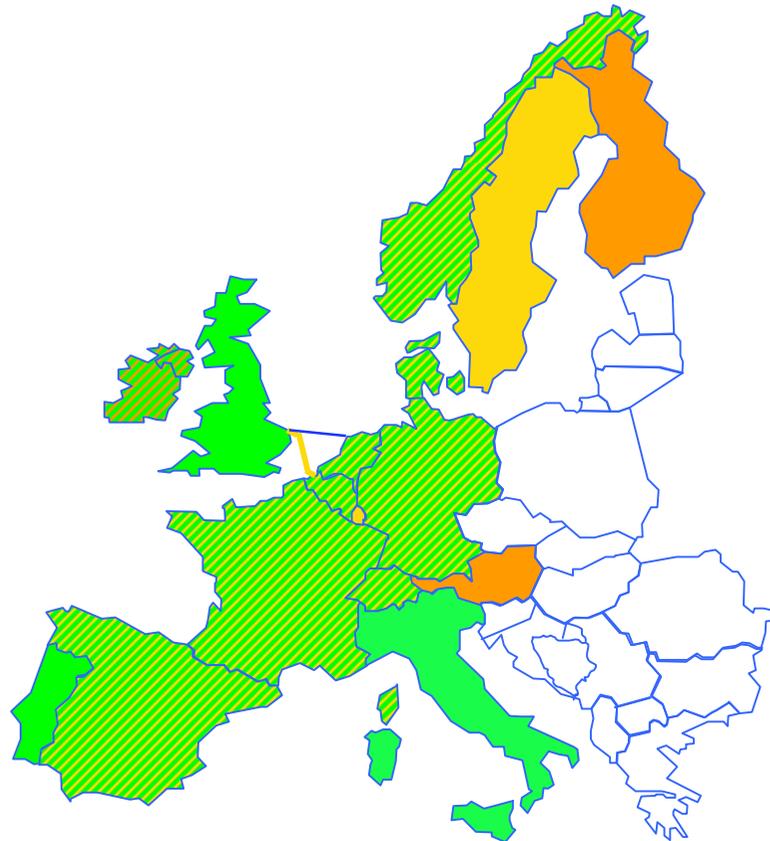


-  CBP element implemented
-  CBP element in process of being implemented
-  CBP element not implemented
-  CBP element not implemented due to regulatory/legislative issues

- 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

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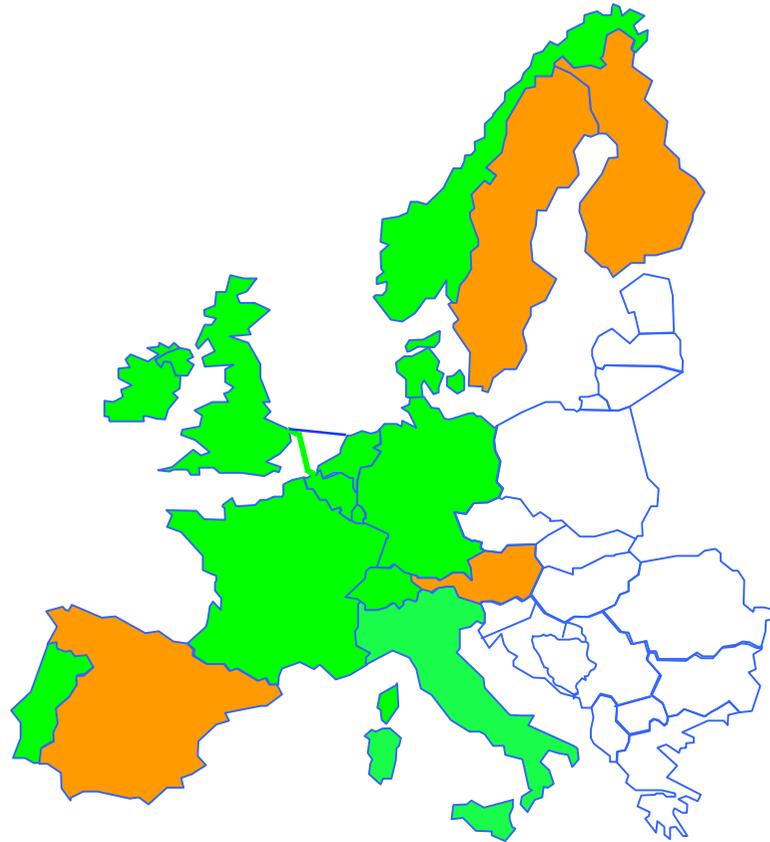


-  CBP element implemented
-  CBP element in process of being implemented
-  CBP element implemented at some interconnection points
-  CBP element not implemented

- 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

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-  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?



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

Gas Market Rules

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Market rules

Impacting



- 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

	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