



Balancing products

Progress on balancing products

- Initially 5 short term standardized products identified as potential balancing tool for TSOs
- SJWS1 considerations
 - Remove swap as a standardized short term product
 - It can be constructed as two end-of-day products
 - Swaps can still be needed by TSOs, but as balancing services
 - There is a need to consider the possibility to manage within-day positions using
 - Title market transactions
 - Locational market transactions

Next steps on balancing products

- Explore possibility to reduce number of short term standardised balancing products
 - Can within-day positions of the network be managed using title and locational market transactions only?
- Establish detailed business rules on short term standardised balancing products
 - Product definition
 - (re)nomination requirements
 - Checks on delivery
- Develop business rules on procurement of balancing services
 - Specification of a market based processes

Material to be delivered for discussion in SJWS3

Short term standardised products

The following short term standardized balancing products shall be defined:

- Title market transaction
- Locational market transaction
- Intra-day title market transaction
will only be used in systems with within-day obligations
- Intra-day locational market transaction
will only be used in systems with “profiled nominations”

“(Re)nomination requirements¹”

Locational market transaction and intra-day market transactions definitions may require:

- a, and which, network user to make (re)nomination
- exercise of option to determine at which point(s) (re)nom will be made
- process to check that (re)nom has actually been made, and gas has flowed
- (re)nom requirements consistent with section .. of the nc
- rules and incentives on (re)nominations
- Others?

Detailed proposals will be developed for SJWS3 review



¹Locational and temporal products may have additional specificities beyond the Title Product definition



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Platforms

Trading platform

- TSO shall trade the products mentioned under section .. on an electronic trading platform
- The platform shall
 - Provide functionalities for registered user to place and manage bids and offers
 - Provide functionalities for registered users to accept bids and offers
 - Provide for bids and offers to be anonymous
 - Anonymity can be lifted after the trade has been done (e.g. in relation to locational trades)
 - Offer these services on a 24/7 basis
- The platform may offer additional products
- Where additional products are offered the TSO shall only trade in the short term standardized balancing products

Establishment and competition

- If no platform is available TSO shall endeavour to establish a balancing platform
- If an existing platform only offers support for title products TSO will endeavour to establish a balancing platform for trade in locational and temporal products
- Where more than one platform is available TSO will decide which platform(s) to use
- TSO will only use those platforms that support the TSO in the establishment of settlement prices in close to real-time

Balancing platform

As an initial step in trading short term products TSO

- May trade locational and both intra-day products
 - On a platform that
 - Allows all registered users to place bids and offers
 - Only allows the TSO to accept bids and offers by other network users
- Must consult on the use of such a mechanism
- Indicate what criteria must be met to move away from this interim step

Procurement of balancing services

TSO will establish a bulletin board

- For procuring long term balancing services
- Via posting of bids by the TSO
- Specifying the relevant information, including
 - Contract period (start, end)
 - Location
 - Injection capacity
 - Withdrawal capacity
 - Working volume
- Register offers made by network users



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Merit order Initial strawman

Description of merit order – initial strawman

When taking balancing actions TSO will use short term standardized balancing products

- Title market transactions

- Locational market transactions

- Intra-day market transactions

- Intra-day locational transactions

Where two or more of these instruments are expected to provide flows that keep the system within the accepted operational envelope the TSO will choose based on efficiency of the instrument

TSO can use long term balancing services where short term standardised products will not or are not likely to provide flows that will keep the system within the accepted operational envelope

Use of merit order – initial strawman

- Any action aimed at managing end-of-day position will be through the use of title market transactions
- Locational transactions will only be used if there is an internal bottle-neck and the gas cannot be moved through the system timely enough (locational: assumed flat delivery over the rest of the gasday)
- Temporal only when other products are not likely to provide a profile to keep the system within operational envelope