

*Meeting Record*

## Gas Balancing: Kick-off Workshop, 26<sup>th</sup> Oct 2011

**Silken Berlaymont, Brussels.**

**10.30-17.00**

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Amar Singh	European Gas Origination - BG Energy Holdings Ltd	Monika Kaldonek	ENTSOG
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Barbara Eisenhuth	Gasunie Deutschland Services	Nina Scholz	Open Grid Europe
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Celine Hayes	Gaslink	Paul de Wit	Alliander
Christian Sidak	EconGas GmbH	Peter Meeuwis	EASEE-Gas
Christian Thole	GEODE	Philipp Palada	GIE
Christiane Sykes	NG SRS GRA	Piotr Podworski	EuRoPol Gaz company
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Claudia Russu	Anigas	Ralf Presse	RWE Supply & Trading GmbH
Colin J Hamilton	National Grid	Ronald Farmer	Energie-Control Austria
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Daniel Bonnici	GRTgaz	Sandrie Egberts	Gasunie
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Dimitri Wenz	BNetzA	Sébastien Dolige	EURELECTRIC
Dirk Jan Meazelaar	USG	Siobhan Hall	PRESS - Platts
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Fiona Strachan	Gazprom	Sophie Dourlens-Quaranta	CRE
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Francisco Gonçalves	Southstream	Steve Gordon	ACER
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Gerard Martinus	GasTerra B.V.	Vagn Gaarde Pedersen	DONG Energy
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Luis Ignacio Parada	Enagás	Marco Gazzola	Snam Rete Gas
Manuela Gusmerotti	Gestore Mercati Energetici	Mark Freeman	National Grid

## 1. Introductions

Vittorio Musazzi, the General Manager of ENTSOG opened the meeting and welcomed participants to the kick-off meeting on gas balancing. He explained that the meeting was intended to give stakeholders an early opportunity to understand ENTSOGS project process, to hear from ACER and the EC, to share some initial views on the final framework guidelines and also to introduce some high level balancing concepts.

Tanja Held from DG ENER of the European Commission gave a brief overview of the context to the framework guidelines as well as the key principles supporting the gas balancing rules. Tanja said that the framework guidelines leave room to ENTSOG to exercise discretion, then ENTSOG should

endeavour to harmonise balancing regimes. Tanja confirmed that the invitation to ENTSOG to prepare a network code would be issued in early November.

Steve Gordon of ACER gave a brief introduction on the establishment of ACER and the structure of its team. He emphasised that gas balancing rules are key to delivering the internal market.

Nigel Sisman of ENTSOG detailed the agenda for the day and introduced ENTSOG.

## **2. ENTSOG Network Code Development Process**

Noel Regan of ENTSOG gave a brief overview of ENTSOG's suggestion for the project plan. He informed the meeting that a formal consultation of stakeholders on this plan will be started as soon as ENTSOG have received the invitation from the Commission and described the content and purpose of this document. The project is broken into three phases each with several different opportunities for stakeholder feedback. Noel stressed the need to "front load" the development activity to ensure that a high quality code acceptable to the majority of actors can be developed.

The first phase, Project planning, consists of a kick-off meeting, project plan consultation and release of launch documentation. The second phase, Code preparation, consists of a launch workshop followed by five stakeholder joint working sessions and a 2 month comprehensive stakeholder consultation on a draft network code proposal, including a workshop during the consultation phase. Noel emphasised the importance of parties taking and expressing views to the SJWS in order to allow ENTSOG to consider these views in the network code development process. ENTSOG is committed to provide launch documentation followed by pre-reading materials for each SJWS. The third and final phase, Code decision making, will include a consultation conclusions workshop, a stakeholder support process and internal governance.

Noel introduced some proposed amendments to the network code development process in light of responses from stakeholders in the Capacity Allocation Mechanisms process. Stakeholder feedback from the upcoming project plan consultation was sought particularly on the approach to ensure appropriate ENTSOG / Stakeholder interaction to support the development process.

The consultation will also seek views on the overall project plan and timelines, as well the level of participation at which stakeholders wish to be involved at in the process.

Nigel summarised the presentation and emphasised the following points:

- Early stakeholder feedback on the plan is essential in order to deliver a robust process;
- Pre-reading of launch documentation and SJWS materials is crucial;

- The SJWS are clearly intended for seeking views from stakeholders to guide the development of an initial code proposal, the sessions must be working sessions and each must deliver tangible progress towards defining the network code content.
- ENTSOG welcome a diverse numbers of prime movers, particularly in terms of size, role and geographical location.

An open discussion was then held on the project plan where the following issues were discussed:

**Press Involvement**      The project plan consultation would seek stakeholders view on press participation in SJWS. While the press provide a key method of keeping stakeholders abreast of issues, there may be a concern some stakeholders may be reluctant to speak freely if their opinions may be quoted.

**Regulator Participation** ENTSOG expressed a view that ACER participation at SJWSs is very important.

### **3. Changes to Framework Guidelines**

Konrad van Keyserlingk (Ofgem) gave a brief overview of the final framework guidelines for gas balancing.

Konrad was asked about the role of DSOs in preparing the network code and responded that the current draft reflected the legal background (where ENTSOG is tasked with preparing the network code) and also recognised the role DSOs need to play within the scope of the balancing framework guidelines.

Gunner Steck of EON gave an initial response on behalf of EFET, and gave broad support for the overall approach of the framework guidelines, although pointing out that there are many issues that need to be considered in the network code development process. He raised a concern on what information being 'available' to the TSO might mean. Gunner also raised the definition of liquidity and whether it was specific enough, given its importance within the framework guidelines.

Ruud van der Meer of ENTSOG gave a brief overview of ENTSOGs initial reaction to the final framework guidelines. ENTSOG's view is that the final version provided helpful clarity in several places. Ruud also highlighted an ENTSOG concern that the framework guidelines allow for interpretation in some areas, as an example the new provision where within day obligations shall

only be a small proportion of any imbalance charges was discussed. The concern was that this might conflict with the other principle to ensure within day obligations are cost reflective and the charge is not smeared across all users. An example was provided to demonstrate such an issue. This issue will require careful consideration by all parties during the network code development process.

Another issue raised by ENTSOG was the addition in section 3.2 of the framework guidelines which accommodates LNG terminals to be part of the balancing zone in specific circumstances. ACER indicated that Portugal was a particular example where this clause was intended to have a role but only as an interim measure and is at the discretion of the NRA and consequently the network code did not need to be prescriptive in some areas.

Gas Terra noted that the framework guidelines do not appear to accommodate the existing balancing model in the Netherlands and that they had a concern they would have both a daily regime coupled with within day obligations, a concern shared by IFIEC. They also commented that if future gas flows become more volatile due to increased penetration of renewables then a daily balancing regime may not be appropriate. Pamela Talyor of Ofgem believed that while the framework guidelines may mean systems need to be adapted they did not necessarily mean a complete overhaul.

Nigel Sisman confirmed that all interested parties (e.g. CCGT owners, connecting infrastructure parties) were welcome at ENTSOGs public forums.

#### **4. Introduction to Key Concepts**

Ruud van der Meer of ENTSOG gave a briefing on some introductory key concepts, in order to aid understanding. It was queried whether bundled capacity might create problems where TSOs needed some locational gas for balancing purposes. The initial ENTSOG view was that this would be possible if the TSO could see a corresponding rise in input nominations.

#### **5. Conclusions**

Nigel Sisman outlined some conclusions for the day, including:

- thanked the participants for their attendance and participation;
- Highlighted that interaction with ACER/Commission and a wide range of stakeholders over the coming months was key;
- Emphasised the need for stakeholders to read the launch documentation and pre-reading materials ahead of the SJWSs to ensure these events could make the necessary fast progress;

- Outlined the dates of key meetings coming up;
- That a robust code had to be delivered by April of next year and that frontloading of work was crucial to deliver this.;
- That ENTSOG look forward to working with stakeholders over the coming months and that the ENTSOG team would welcome direct interaction and feedback from individual stakeholders.

ALL DOCUMENTS RELATING TO THIS MEETING CAN BE FOUND ON THE ENTSOG WEBSITE AT

[HTTP://WWW.ENTSOG.EU/PUBLICATIONS/INDEX\\_G\\_BALANCING.HTML](http://www.entsog.eu/publications/index_g_balancing.html)