

Public Consultation Report

on the Business Requirement Specification for the Nomination and Matching Procedures at Interconnection Points

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I. Objective of this document

This document serves as a 'Public Consultation Report' for the public consultation of the Draft Business Requirement Specification on the Nomination and Matching Processes (BRS) that was conducted by ENTSOG from 03 February to 14 March 2014.

Its objective is to give a summary of the responses that were received from stakeholders participating in the consultation and to assess and argue whether or not changes to the BRS based on stakeholder feedback are legitimate. ENTSOG is therefore giving a response to all remarks and suggestions that were made by stakeholders in the context of the consultation.

II. Background of BRS

The BRS is reflecting the business needs for structuring the nomination and matching process at interconnection points (IP) based on the frameworks defined in the Network Codes. It is part of a Common Network Operation Tool (CNOT) and will be supplemented by a technical Message Implementation Guideline (MIG), providing the data to be used in this process.

The respective framework of the BRS is defined in the following Network Codes:

- Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks (NC BAL) is providing general provisions on the nomination process. It defines minimum requirements of nomination messages and applicable deadlines for the submission of these;
- Commission Regulation (EU) 984/2013 of 14 October 2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems (NC CAM) is providing an obligation for transmission system operators to allow one single nomination procedure for bundled capacity products;
- The Draft Network Code on Interoperability and Data Exchange, currently undergoing comitology procedure, is defining the general requirements of the matching process between transmission system operators at interconnection points.

The Draft BRS was developed by ENTSOG based on the framework provided by these Network Codes and includes further specifications that are regarded as necessary from an operational perspective of the transmission system operators.

III. Summary of responses to consultation questions

Question 1: Do you agree with the proposed BRS for nomination and matching processes?	
<input checked="" type="checkbox"/>	4 Yes
<input type="checkbox"/>	1 No

Additional comments:

1. Application of single-sided and double-sided nomination processes

Three consultation respondents stressed in their response that the principle of double-sided nominations should be preserved and that network users should have the possibility to choose whether to use a single-sided or double-sided nomination scheme. This flexibility should be retained at least last as long as unbundled capacity is contracted in Europe. In one response, it was highlighted that double-sided nominations allow network users to immediately be notified in case of errors or nomination mismatches, making this principle beneficial in case of unbundled capacity.

2. TSO role allocation for the matching process

Two consultation respondents highlighted that the allocation of roles to TSOs in the matching process should be clear and transparent for network users and should not be subject to short-term changes, especially in cases where more than one TSO is active at one side of an IP. Thus, e.g. a change in roles based on hourly changing flow directions is regarded as complex and unclear and should therefore be avoided. One respondent suggested that the specification of nomination and matching roles is stated on the respective capacity booking platform, so that network users are informed about these principles when booking the capacity.

3. Timeframe for nomination and matching process

Another issue that was raised by two of the consultation respondents is the timeframe required for the nomination and matching process. It was highlighted that the lead-time for nominations is defined in Art 15 (17 in the response) of the NC BAL and that this timeframe needs to be respected, regardless of whether single-sided or double-sided nominations are submitted. In case the additional data flow for forwarding a single-sided nomination would require more time to process nominations, this should not be a disadvantage for network users. It was suggested to define this more precisely in the BRS document.

4. Possibility for the submission of nomination for future periods

A respondent highlighted that currently some TSOs offer the possibility to submit nominations already weeks and months in advance and that this is beneficial for especially smaller network users that do not have extensive human resources available for such processes. The respondent recommended that such functions would still be offered once the NC BAL is fully implemented, even though it is not mentioned in the NC BAL.

5. Harmonised implementation date and matching principle

A respondent stressed that a harmonised date for the implementation of single-sided nominations throughout Europe would be of advantage for network users in order to combine costly IT solutions. Furthermore, the respondent suggested that one single matching rule should be applied in all systems with the preference being the 'lesser-of rule' helping streamlining operations for network users.

6. Involvement of associations in the discussions on nomination process

A respondent stated that further clarification is needed for the process of single-sided nominations in cases where there are different network users at both sides of the IP. The respondent suggested that it might be useful to involve the relevant associations (e.g. EASEE-gas) in the discussions on how the parties have to co-ordinate among each other.

Question 2: Do you agree with the proposed Information model requirements for nominations and matching process?

4 Yes

1 No

Additional comments:

7. Nomination data of counterparty in confirmation flow

Two consultation respondents stressed the importance of being informed about the quantities nominated by the counterparty at an IP in order to detect the reasons for possible mismatches. One respondent suggested that including the nominated quantities received by the matching TSO in the confirmation information flow should not be optional – as currently foreseen in the BRS document – but should be mandatory. It is also suggested to expand this function to nominations at other points than IPs.

8. Additional chapter for reference documents

A consultation respondent suggested including an additional chapter in which reference documents are listed, including the respective status of approval of the documents.

IV. Questions for clarification

9. Clarification was requested by a consultation respondent on lines 401-405 of the BRS document on the optional interruption information flow and the link to the final processed values submitted to a Matching TSO. Furthermore, the respondent requested clarification on lines 239-322 of the BRS document with regards to whether the confirmation information flow in case of single-sided nominations would be to both network users or only to the network user that submitted the single-sided nomination.

10. It was requested to clarify the meaning of the term ‘external’ in line 90 of the BRS document (“This document outlines the external business requirements that are

necessary in order to 90 ensure a harmonised transmission of information between parties participating in the 91 nomination and matching environment.”)

11. It was suggested to clarify the application of nomination and matching processes for bundled capacity products. The understanding of the consultation respondent is that single-sided nominations will be applied in case of bundled capacity and the suggestion is to make this clearer in the BRS document.
12. It was requested to clarify lines 216-218 on validation rules for nominations. The respondent asked for an explanation on the impact of firm capacity and short term capacity on the edig@s protocols.
13. It was highlighted that the reference to articles in the NC BAL might not be correct at some points of the document and that ENTSOG should examine and clarify the references.

V. ENTSOG response and consideration of responses

ENTSOG appreciates the support of stakeholders to the BRS document and is thankful for the responses that were made in the consultation. The responses were assessed carefully and a response to all comments follows in this section.

With regards to the suggestions for additional or alternative approaches to be included in the BRS document, ENTSOG would like to stress a general remark. The BRS document is a part of a Common Network Operation Tool (CNOT) that is being developed by ENTSOG based on the existing Network Codes (namely Balancing and Interoperability and Data Exchange Rules) applicable to the nomination and matching process. The BRS is therefore further specifying the processes for data exchange required through those Network Codes. As the BRS is not a legally binding, it cannot provide additional or alternative legal obligations but has to respect the obligations and processes set out in the respective Network Codes.

ENTSOG is therefore asking for understanding that proposals for processes that are not in line with the Network Codes cannot be included in the BRS.

1.	Application of single-sided and double-sided nomination processes
<p>The objective of the BRS document is not to prioritise one of the two nomination submission processes. As further explained in section 3.3.2. of the BRS document, the BRS clearly foresees that both processes can be applied in nomination processes at Interconnection Points and furthermore highlights that no differentiation is made between different capacity products. Thus it is not of relevance whether capacity is contracted as bundled or unbundled and firm or interruptible with regards to the nomination process to be used.</p> <p>Art 19 (7) of the Network Code of Capacity Allocation Methodologies / COMMISSION REGULATION (EU) No 984/2013 (hereinafter CAM NC) defines that network users need to be offered the possibility to nominate the use of bundled capacity with one single nomination. TSOs will therefore be obliged to offer a single-sided and/or double-sided nomination process to all network users contracting bundled capacity products or deciding to bundle existing unbundled capacity products.</p>	
2.	TSO role allocation for the matching process
<p>The framework for matching processes at interconnection points is defined in the INT NC. Art 3.1 (d) defined that a common matching process at an interconnection point shall be agreed and defined by the two adjacent TSO in an interconnection agreement. Furthermore, Art 8.2 (c) is providing an obligation for adjacent TSOs to specify their respective roles in the matching process by indicating whether they are the initiating or the matching TSO.</p> <p>ENTSOG wants to highlight that it is in the interest of TSOs to clearly define a role allocation in the nomination and matching process in order to allow stable IT communication and to avoid delays and mistakes due to misunderstandings in the matching process. Besides this, interconnection agreements are usually not subject to frequent changes.</p>	
3.	Timeframe for nomination and matching process
<p>ENTSOG wants to stress that TSOs are of course bound to the provisions defined in the BAL NC, including the lead-times defined in the BAL NC for the submission of nominations.</p>	

ENTSOG therefore considers these concerns to already be reflected in the BRS document.	
4.	Possibility for the submission of nomination for future periods
<p>Art 14.1 of BAL NC is defining the deadline until when network users are entitled to submit nominations in order to be taken account of in the matching process. Furthermore, Art 14.3 of BAL NC defines the point in time until which TSOs are obliged to inform network users about the confirmed quantities at latest. The BAL NC is however not defining the point of time at which nominations have to be taken account of at the earliest. While many TSOs are currently allowing the submission of nominations for periods further in the future, the BAL NC does not include an obligation for TSOs to do so after the implementation of the BAL NC.</p> <p>The BRS document does not prevent TSOs from having the possibility to allow the submission of weekly or monthly forecasts in advance. However, the BRS cannot include such an obligation either.</p>	
5.	Harmonised implementation date and matching principle
<p>While the BRS has no specified implementation deadline, it is linked to the application of the relevant Network Codes. The BAL NC – which is defining the nomination process in general – will be applicable from 1 October 2015, with the possibility for NRAs to allow TSOs an extension until 1 October 2016. The CAM NC – which is providing the obligation to allow for single nominations for bundled capacity – is applicable from 1 November 2015. The INT NC is currently expected to be applicable from around December 2015 to January 2016.</p> <p>Besides the possibility for TSOs to early-implement parts of the Network Codes, the implementation of the principles set out in the BRS is defined by the application dates mentioned above.</p> <p>With regards to harmonised matching rules for all IPs, ENTSOG wants to stress that the INT NC does foresee a standardisation of matching rule.</p>	
6.	Involvement of associations in the discussions on nomination process
<p>ENTSOG is involving all stakeholders including the relevant associations in the process of developing a common nomination and matching process at IPs to be fined in the respective</p>	

CNOT. For this reason, ENTSOG has organised a workshop that was open to the public in order to discuss the CNOT process in general and the BRS document.

Furthermore, ENTSOG is working closely with EASEE-gas in the process of developing CNOTs and EASEE-gas was involved in the drafting process of the BRS document.

7.	Nomination data of counterparty in confirmation flow
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ENTSOG is of the opinion that it is generally the task of network users to engage and interact with their counterparties in the process of transport nominations and that therefore the provision of information about nominated quantities of a network users' counterparty should not be obligatory. Nonetheless, ENTSOG realises that there might be cases in which such information is of higher relevance and therefore provides this functionality as an optional feature in the message flow.

Furthermore, experiences of TSOs actually making use of this functionality in the current nomination process show that the number of network users actually requesting this information is comparably low.

Network users are of course invited to approach respective TSOs and to agree on the provision of this optional data on an individual basis.

8.	Additional chapter for reference documents
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ENTSOG will add the relevant annex to the BRS document.

9.	Request for clarification on interruption flow
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The deadlines and timeframes in the interruption message flow are linked to steps conducted in the matching process. Network users will be informed about interruptions according to the process outlined in article 22 in the CAM NC.

With regards to the confirmation information flow, it is important to emphasise that network users will receive such information individually.

10.	Request for clarification on 'external' business requirements
<p>In contrast to 'internal' business requirements - which ENTSOG regards as internal procedures within a company - the meaning of 'external' business requirements is to cover communication procedures with parties outside of the company. With regards to the objective of the BRS documents, ENTSOG is of the opinion that this clearly is the case. The nomination process is a communication process between network users and TSOs while the matching process is a communication process between two TSOs. The internal processes of an individual TSO (e.g. how certain values are calculated) is not subject of the BRS document.</p>	
11.	Request for clarification on interaction of bundled capacity and single-sided nominations
<p>As defined in section 3.3.2. of the BRS document, no distinction is being made between bundled and unbundled capacity products with regards to the nomination and matching process. The BRS does not preclude the use of single-sided nomination procedures for unbundled capacity.</p> <p>ENTSOG is of the opinion that this is clearly defined in the BRS and that therefore no further clarification is needed.</p>	
12.	Request for clarification on validation rules
<p>ENTSOG would like to clarify that the objective of the BRS document is not to specify rules and circumstances for the interruption of capacity but only to provide the framework for the technical possibility to inform network users about interruptions. The optional interruption flow defined in the BRS document shall be generally applicable regardless of the capacity products used.</p> <p>Whether or not the legal circumstances allowing the interruption of capacity are met is to be examined in each specific case.</p>	
13.	Request for clarification on NC BAL references in the BRS document
<p>ENTSOG appreciates the indication regarding the references to the NC BAL and excuses for potential misunderstandings due to non-updated references.</p> <p>The process for developing the BRS document was mainly conducted in the year 2013 in which</p>	

the NC BAL was still undergoing the comitology process. For this reason, the references in the BRS are based on the NC BAL version known at that point of time. Given that the NC BAL has changed in the comitology process, the references in the BRS may not be valid anymore.

ENTSOG will update the references in the BRS document with the final articles in the NC BAL as adopted by the EC.

VI. List of respondents to the consultation

The following parties participated in the public consultation of the BRS:

Nr.	Company	Respondent
1	VNG - Verbundnetz Gas AG	Oliver Schirok
2	Edison spa	Monica Immovilli
3	Eni S.p.A.	Antonella Ancona
4	EDF Trading	Andrea Bonzanni
5	Energy solutions	Giuliano Basso

Annex I

Responses of consultation participants

1	VNG - Verbundnetz Gas AG	
Question 1: Do you agree with the proposed BRS for nomination and matching processes?		
Answer of respondent:		No
<p><i>We propose the following two improvements for the BRS: 1. The registered network user is allowed to choose for any nomination / connection point, if he wants to do a single or double sided nomination. A preliminary coordination between the affected network users is expected. TSOs or regulators should not be allowed to determine the nomination type. The latest example is the German market. The TSOs implemented the single / double sided nomination procedure, but shippers can choose the nomination type. 2. For each connection point between two TSOs it has to be determined which role applies - initiating or matching TSO. This should be done in advance by the TSOs and not in the process of matching, e.g. by a distinction of receiving TSO and outgoing TSO for each hour. If there is a fix agreement by the TSOs per connection point or at least the agreement that every nomination for the connection point has to be forwarded a possible complexity in the nomination and matching process can be avoided. A changing TSO role because of the hourly changing flow direction should not be possible.</i></p>		
Question 2: Do you agree with the proposed Information model requirements for nominations and matching process?		
Answer of respondent:		Yes

2	Edison spa	
Question 1: Do you agree with the proposed BRS for nomination and matching processes?		

Answer of respondent:	Yes
<p><i>Generally speaking, Edison agrees with the BRS. Nonetheless, there are some specific considerations on ENTSOG's proposals: a) The entire BRS are based on the "single sided nomination" example. We understand that "single sided nomination" has to be the final prevailing model according to the NC CAM, in particular once the entire transmission capacity on European Interconnection Points will be sold and allocated as bundled. We also agree on the fact that this approach can contribute to simplify network users' activities. Nevertheless, we believe that as far as unbundled capacity is offered on European gas transmission networks and the creation of Virtual Interconnection Points is not completed, there will be merit in leaving to network users the possibility to choose if adopting a "single sided" or a "double sided" nomination approach. It is indeed a matter of concern that at some IPs (for instance, the IPs where on one side there is a TSO and on the other side a balance group) it would not be clear to network users who will be the TSO to whom sending the nominations. Therefore, we recommend that on platforms where network users buy capacity (PRISMA, for example) it is always specified who is the TSO to whom users shall send nominations regarding this capacity. If that was not the case, it might happen that a user buys day-ahead capacity, but if he has not a previously open Edig@s channel with the TSO receiving nominations (and considering the time that this operation would need), he cannot nominate the purchased capacity. b) The timetable to process, match and confirm "single sided nominations" is more extensive than the time currently taken by most of European TSOs to perform the same activity. We would like to underline the importance for the timing defined in the NC BAL to process and confirm nominations to be considered as a "maximum time window", whereas a faster processing would be much welcome by users and should thus be aimed to. c) The NC BAL only focuses on the timetable for nominations starting on D-1. Nevertheless, we acknowledge that on some Transmission Systems is currently possible sending monthly and weekly nomination schedules. This is very useful for small-size network users trying to set up a cross-border trade activity on foreign markets, who do not have IT and human resources to nominate at the same time on a large number of IPs. Therefore, we would recommend the new framework not to exclude the possibility, for network users who wish so, to send the schedule of nominations well in advance 13:00 UTC of D-1.</i></p>	
<p>Question 2: Do you agree with the proposed Information model requirements for nominations and matching process?</p>	

Answer of respondent:	Yes
<p><i>However, we have a remark on the “matching results information flow”, as we think that the nominated quantity that has been received by the matching Transmission System Operator should always be provided (and not only optionally, as specified at page 27). Indeed, the provision of the nominated quantity would allow systems to immediately detect the presence of a mismatch and thus facilitate users’ operations.</i></p>	

3	Eni S.p.A.
Question 1: Do you agree with the proposed BRS for nomination and matching processes?	
Answer of respondent:	Yes
<p><i>Yes, in general terms we agree with the proposed BRS for nomination and matching process. However, we welcome the opportunity to respond to this consultation to highlight the following points. First of all, we see the value of having a single sided nomination where the counterparties at the two sides of the interconnection points are the same network user. However, where the two counterparties are two different network users further clarifications are needed, especially on how the two parties have to coordinate. It might be useful to also involve the relevant associations (e.g. EASEE-gas) in these discussions. Secondly, it is not clear how the rules on single sided nomination provided in the document would apply to those cases where at one side of the interconnection point there are more than one TSO (or balancing zone) connected. It would be useful to have some more details on how the single sided nomination process would work under these circumstances. Some further clarification is needed also with regards to lines from 401 to 405 of the document. In particular, it seems that there could be the case where the communicated interruption is different from the “final processed value that is submitted to a Matching TSO”. If this is correct, this point needs to be further explained. Furthermore, concerning the confirmation communication, it has to be better clarified whether, in case of single sided nomination, this would be done only to the network user responsible for sending the nomination or if the confirmation would also be communicated to its counterparty (through the Matching TSO). This aspect is not clear when reading lines 239 and 322. Finally, we assume that the “nomination deadline” mentioned in many parts of the document is the</i></p>	

same as the one provided at art. 17 of the Network Code on Balancing. If this is correct we suggest to specify it in the definitions.

Question 2: Do you agree with the proposed Information model requirements for nominations and matching process?

Answer of respondent:

Yes

Yes, we agree with the proposed Information model. In particular, we consider important for a network user to be aware of the nomination/processed quantity of its counterparty in order to be able to check the differences with his own nomination. Only in this way it's possible to detect potential mistake on his side due to a wrong lower nomination that caused the application of the lesser rule. We believe that this aspect should be expanded to all type of nominations and not only to those at interconnection points.

4 EDF Trading

Question 1: Do you agree with the proposed BRS for nomination and matching processes?

Answer of respondent:

Yes

EDF Trading agrees with the proposal, with some caveats related to implementation. The proposed introduction of single-sided nominations is a significant step forward towards the establishment of a single nomination procedure, which is required for bundled capacity under art. 19.7 of CAM. However, implementation must be carefully handled to avoid creating complexities. First, it should be very clear from the outset who the initiating TSO is and/or whether single-sided nominations can be submitted to both TSOs. Second, transitional regimes – especially if accompanied by costly IT solutions – should be avoided. EDF Trading is in favour of a harmonised go-live date for single-sided nominations across Europe. EDF Trading is of the view that double-sided nominations should be maintained, at least as long as some users hold unbundled capacity. The submission of double-sided nominations allows network users to be immediately notified errors (most importantly, discrepancies between nomination and available capacity) by each TSOs, whilst if a nomination is single-sided the matching TSO will be notified only after the nomination deadline, making it impossible to rectify. EDF Trading would like to

<i>see harmonisation with regard to matching rule applied. The "lesser value" is in our view the best option and its adoption on an EU-wide scale would simplify and streamline operations.</i>	
Question 2: Do you agree with the proposed Information model requirements for nominations and matching process?	
Answer of respondent:	Yes
<i>EDF agrees with proposal and has no specific remarks.</i>	

5	Energy solutions
Question 1: Do you agree with the proposed BRS for nomination and matching processes?	
Answer of respondent:	Yes
Question 2: Do you agree with the proposed Information model requirements for nominations and matching process?	
Answer of respondent:	No
<p><i>better is a chapter where the referenced documents are listed with their status of approval. line 90, the attribute ' external' should be clarified [document outlines the external business requirements that are] The attribute of 'bundled' capacity is not discussed; I understand that this has been solved with "initiator" TSO, the BUNDLED is equivalent to the "SINGLE SIDE", but might be better to make it clear. The lines 216-218 speak about the "validation rules"; it is not clear what happens when we speak about 'additional', 'interruptible' capacities and prices decided during the auctioning process; it is not clear how are considered and processed in Matching mechanism the long term contracts for FIRM capacities and the additional contracts for short term capacity products; in my opinion this will also impact in the frames of EDIG@S protocols. As already said, it should be analyzed if the above impacts also on 'matching process' [lines 225 - 232]. ARE the references to the BAL correct ? I found several references to Art 16 of BAL NC [see as example line 380 ==> (Article 16.3 of BAL NC). I checked the doc BAL_NC_27 11</i></p>	

2013 available on ENTSOG - BAL site as approved NC but the Art 16 speaks about "Specific provisions at interconnection points" and it has only two parag.