MINUTES

ENTSOG Interoperability and Data Exchange Rules Network Code SJWS 3

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at ENTSOE Conference Centre, Av. de Cortenbergh 100

Company	Name	Company	Name
ENTSOG (chair)	Panousos Panagiotis	Gasunie Transport Services B.V.	Beukema Klaas
ENTSOG	Van den Brande Michel	Gasunie Transport Services B.V. *	Walter Crommelin
ENTSOG	Pollex Hendrik	GAZ-SYSTEM S.A.	Woźniak Artur
ENTSOG	De Keyser Jef	GDF SUEZ	Coupaye Noël
ENTSOG	Kaldonek Monika	GIE	Palada Philipp
ACER	Querrioux Thomas	GrDF	Martin Fournier Catherine
bayernets GmbH	Thiele Bjoern	GRTgaz	Rodrigues Alice
BNetzA	Heidelberger Johannes	GRTgaz	Tancré Marc
Cedec/Alliander	Gottmer Joost	IFIEC Europe	Höhn Valentin
Cefic	Kronimus Alexander	IFIEC Europe	Meuzelaar Dirk Jan
CER *	Hussey Barry	MARCOGAZ	François Cagnon
CREG	Van Hauwermeiren Geert	MARCOGAZ	Hec Daniel
Edison SpA *	Folias Sotiris	NG	Hamilton Colin
Edison SpA *	Immovilli Monica	NG *	Hobbins Phil
EFET	Sleeuwagen Filip	Open Grid Europe *	Wolfgang Heinrichs
Enagás, S.A.	Meixús Tania	ONTRAS	Adler Ina
Energy Solution	Basso Giuliano	PGNIG SA	Kubala Ewa
eni	Rossi Simone	REN *	Bacharel Marta
EUROGAS	Cayford Tim	REN *	Batista Helena
EUROGAS	Martinaud Jean-Louis	REN *	Cachão Alexandre

EUROMOT	Zepf Paul	REN *	Costa Raquel
European Commission	Pozsgai Peter	REN *	Diniz Valter
ExxonMobil / OGP	Bouwens Kees	REN *	Vaz Mouro
Fluxys	Beelen Karl	RWE*	Rose Steve
Fluxys	Jehaes Sophie	SNAM	Nicolosi Lorenzo
Fluxys	Remy Laurent	Statoil (OGP)	Rubini Davide
GasTerra BV	Meeuwis Peter	Thüga AG	Deuschle Thomas
Gasum	Nuppunen Anni	TIGF	Aguila Guillermo

* Webcasting

1. Opening

Mr Panagiotis Panousos, Business Area Manager System Operation and Interoperability Project Team Manager, thanked all stakeholders for their participation and encouraged them to continue their constructive engagement throughout the whole Network Code(NC) development process. Mr Panousos informed about future activities for NC development (draft NC + supporting document, public consultation on draft NC, next Workshops). Mr Panousos informed how the public consultation will look like and that the proper way of answering will be to give response to relevant questions as well as propose text refinements together with reasoning.

2. Interconnection Agreements (IA)

> ENTSOG's view

At the beginning of his presentation, Mr Hendrik Pollex presented stakeholders' involvement in the process of the refinement of the draft Business Rules for IAs. Then he explained the 4 main refined key issues: transparency towards NUs, matching of bundled products, flow control and the allocation rule OBA. He showed also a list with default rules for the mandatory terms of an IA and explained that these default rules are of key importance for the whole process as they have to be applied in case TSOs haven't finished their negotiation by the end of the compliance period.

Q (V. Höhn): Will you open the 2h lead-time for the nomination process for future processes i.e. for bundled products?

A (H. Pollex): From an operational point of view a 2h lead-time is required to set up the system. The nomination process (including the 2h lead-time) is defined in the NC Balancing. The exact process for Bundled nominations (single nomination) will be defined in the Business Requirement Specifications NC Balancing.

Q (G. Basso): Concerning the flow control: Is the statement that flow control is done without involving any commercial interest for IPs where interruptible capacity is transported as well? Can it affect the amount of interruptible capacity on the market? Should the statement "altering the flow is possible if not altering the commercial interest" be considered valid also in case of "abnormal events"?

A (H. Pollex): These rules should be applicable for all capacity products and should not diminish interruptible capacity. As long as interruptible quantities can be transported, they will not be affected.

> Stakeholder's view: Eurogas

Mr Jean-Louis Martinaud presented Eurogas' general views on INT NC and also explained that:

- IAs have direct impact on network users and they should be consulted;
- Capacity Calculation should be in the code;
- NUs should receive information on modification of IAs in timely manner in order to intervene on IT systems;
- In case of new IPs where IAs are not in place, default rules should apply in case TSOs do not reach agreement in time to enable physical flow;
- OBA should be the only rule in place for allocation;
- For Gas Quality handling, when NRAs do not agree with proposed solution, ACER should take the lead;
- For short term gas quality monitoring, network users should be consulted;
- For data exchange, at least format standards for uploading and downloading documents should be defined. One standard format for data exchange is preferred.

> Stakeholders' view: OGP

Mr Kees Bouwens presented preliminary views of producers on IAs. Mr Bouwens explained that where the Code would allow different options (e.g. for matching and allocation rules), the selection process should be transparent. Preferably the Code specifies a clear default rule such as OBA for allocation. Flow control should be based on the results of (re)nomination and matching and TSOs should only be able to adjust the flow when this does not affect NUs. Mr Bouwens presented benefits of OBAs and how OBAs can be corrected. In particular Mr Bouwens presented two possible options to correct the OBA:

- TSOs settle imbalance in kind in a way to not reduce the linepack available to NUs;
- TSOs settle imbalance at VP in a way to not use the OBA for commercial reason.

- Discussion Panel

Q (M. Immovilli): Is pro-rata as fall back allocation rule in case of exceptional event an already taken decision or is it still under discussion? What will be the conditions to have it applied if OBA is the normal allocation rule on the IP?

A (H. Pollex): For the time being Pro-rata is the proposed fall-back solution in case of exceptional events. Of course this proposal will be submitted under public consultation of the draft network code.

Q (D. J. Meuzelaar): If OBA acts efficient as possible why shouldn't the TSOs trading on that keeping it as low cost as possible?

A (K. Bouwens): Commercial activities should be done by market players and TSOs should operate the network and not work on commercial incentives.

A (K. Beukema): In some countries there are no legal possibilities to trade gas by TSOs.

Q (K. Beukema): Eurogas proposes to use OBA as the only rule applicable, but there are some points in Netherlands where Shippers are in favour of other rules. Is this the formal position of Eurogas?

A (J.L. Martinaud): Yes, this position was approved by Eurogas members.

Q (S. Rose): Is it ENTSOG's intention to issue an appendix of definitions to accompany the draft Business Rules as there are a number of definitions used in the Interconnection Agreement Business Rules which are important for shippers (e.g. Emergency Situation, Exceptional Event) which are not explained.

A (M. Van den Brande): The list with definitions will be included in the draft Network Code. Most of the definitions are already defined in the regulation 715, BAL NC, CAM NC or FG INT.

3. Gas Quality and Odourisation

- ENTSOG's view

Ms Monika Kaldonek explained that for Odourisation and Long Term Monitoring ENTSOG received general support from the stakeholder's and the draft Business Rules were not changed. For handling of gas quality differences, a general support of Stakeholders for the process description was identified. The level of involvement of NRAs in the process was refined. In the new proposal NRAs will be involved early in the process, but only for information purposes. The pre-reading material implies also obligation on TSOs to analyse

IPs as well as list up potential solutions during the implementation period of 12 months after NC comes into force. In case of Short Term Monitoring there is a new paragraph reinforcing transparency for gas quality information by obliging TSOs to publish near real time gas quality values of GCV and WI at least once per hour for entering gas at IPs. It was explained that to be able to define the proper level of details of this service, applicable to every involved party, needs greater stakeholder's consultation.

- Fluxys example

Mr Karl Beelen explained how Fluxys is informing sensitive end-users on within spec gas quality variations in Belgium. Mr Beelen explained that Belgian's gas network is very meshed and is equipped with chromatographs at relevant commingling sites. Identified sensitive users (16 out of 250) are receiving information when gas quality changes for 0.28kWh/m^3/60min on WI and GCV. Mr Beelen noted that Fluxys had not made any additional investment in hardware or software to provide this information. A project to use simulation software to track gas quality in the network was started but had to be abandoned due to high costs.

Q (P. Meeuwis): What does the near real time value that will be published every hour mean?

A (M. Kaldonek): It means that the measured values will be published on the TSO website with the frequency of at least once per hour.

Q (P. Zepf): How did Fluxys come up with the list of 16 sensitive end-users and why gas engines are not on the list?

A (K. Beelen): It was decided based on bilateral contacts between TSOs and end-users. Up to now there hasn't been a request by any gas engine user.

- Stakeholder's view: IFIEC – CEFIC (D.J. Meuzelaar)

Mr Dirk-Jan Meuzelaar explained end-users' views on Short Term Monitoring. The sensitive end–users should not be chosen by the part of the industry they represent, but by the equipment they use (gas engines, turbines, …). Some sensitive applications, like Gas Turbines, are set up to work properly for ±5% range of WI. WI is important for burners in general and Gas Turbines in particular, especially when WI values are outside a range of ±5%. For process industry the composition of the gas is important and information about GCV is crucial.

End-users need information on WI & GCV variation and also the content of Sulphur, PE number or other impurities in order to be able to maintain their operation when gas quality changes significantly. The process should be tailor-made for each individual end-user and available as a free service.

Q (P. Panousos): The values on the gas quality diagram are not forecasted values, but they are measured values that are given from the best located chromatographs?

A (D.J. Meuzelaar): Yes. Those values are real time values that are measured in the network and it should be defined as tailor-made activity.

- Stakeholder's view: CEDEC & EUROGAS DSO (T. Deuschle)

Mr Thomas Deuschle presented views of DSOs regarding Short Term Monitoring and Odourisation. DSOs need to receive information on gas quality variation as a lot of sensitive end-users are also directly connected to their network, and it is their responsibility to inform every end-user about GQ changes. Information on GQ changes needs to be on time and correct. DSOs are asking to receive information on GCV & WI variation as well as, for example, CO_2 and sulphur content. DSOs stated that de-odourisation of currently odourised gas in cross border transmission lines that also feeds into DSO grids has consequences for DSOs meaning not only additional investment in infrastructure at TSO exit points, but also new (safety) protocols for operations by parties that before had not those responsibilities.

Q (V. Höhn): How the TSOs could be obliged to provide CO_2 content data to DSOs or end–users?

A (T. Deuschle): This is part of gas quality analysis done by chromatographs. In most of the cases at DSO site no chromatographs are installed.

Q (P. Zepf): Are the DSOs promoting the knowledge of using sulphur-free odourants as better for gas engines?

A (T. Deuschle): Odourisation is mainly a safety issue and different odourants have different smell, so that each individual customer has to be aware of the new smell and this is a hard process to inform all customers about changing odourisation practices. Moreover CEDEC–Eurogas DSOs are not promoting this practice to other countries.

- Stakeholder's view: GrDF (C. Martin Fournier)

Mrs. Catherine Martin Fournier explained French DSO view on Odourisation. Mrs. Martin Fournier explained that current draft Business Rules are insufficient to solve issues related to different odourisation practices and in order to do that NC shall ask all parties involved to identify and give assessment of the impacts related to eventual transit of odourised gas, evaluate local solutions, evaluate different solutions and define the level of odourants in the gas below which those impacts are acceptable. Mrs. Martin Fournier said that some problems linked to the transit of odourised gas have been identified, but none of them seems to dramatically hamper the cross border flows between some countries. It was said that there has to be performed cost – benefit analysis.

Q (P. Zepf): In this presentation it was expressed that sulphur is the biggest problem for chemical industries, but it is also harmful for gas engines, condensation boilers and car industries.

A (C. Martin Fournier): This is true, but usually it is more beneficial and possible to find local solutions for such industries.

Q (F. Cagnon): For clarification, condensation boilers are using already odourised gas as they are connected to the DSO.

- Discussion Panel

Q (M. Kaldonek): Why an 'alert system' is not enough for sensitive end-users?

A (D.J. Meuzelaar): Because a lot of end-users are not aware of the risk under which they are operating, as they don't receive this information from TSOs. The main message is that end-users should have information on gas quality variations to be aware of the potential risk. If TSOs are responsible for broader gas quality range, TSOs should be also responsible to provide information for free to end-users that can operate on lower range of gas quality. Are end-users able to receive wide variation of gas quality in region of Antwerp or are they specially designed to do so? Is Fluxys managing gas in such way that gas quality remains more stable to sensitive end users?

A (K. Beelen): Gas quality can vary all over the system in the same way from the minimum to the maximum value. Fluxys is trying to minimize the gas quality variations; to commingle it in efficient way but only if there is such possibility in the system. Is it an option to install the equipment at end-users site to measure gas quality very fast?

A (D.J. Meuzelaar): This equipment is very expensive and large industries are equipped with them, but you only have the information when the gas is already on your site – so it's already too late to react.

A (F. Cagnon): There is Pilot Project on gas quality harmonisation (WI) on-going and focuses on searching impact of gas quality changes to end-users. The interesting question is what end-users will do with information on gas quality variation? Will they set up their equipment? Switch it off? In France end-users invested in equipment that allows them to maintain proper operation with different gas qualities. Isn't it a good practice to be followed by other countries?

A (D.J. Meuzelaar): End-users invested in equipment to diminish impact of gas quality variations, for example they install analysers to manage the ratio of oxygen and fuel, but the measurements are limited and receiving information in the timely manner helps end-users in their operation.

A (M. Van den Brande): The key message is that end-users need real time measured values of gas quality from inside of the network. This process should be tailor– made. The baseline for the variation has to be defined case by case at a national level because it cannot be applicable to each and every situation.

A (D.J. Meuzelaar): That is true and maybe to do it with the lowest cost possible TSOs should also invest at entry points to the system to be able to manage different gas qualities and to keep the variations as low as possible.

A (K. Beelen): The proper service is not based only on chromatograph readings, but also on the knowledge of dispatchers who can analyse this data.

Q (P. Hobbins): Will sensitive end users gain any value from real time Wobbe and GCV data published at IPs?

A (D.J. Meuzelaar): Yes. Any information provided on IPs is needed and helpful. Information at IP's is crucial, not only for end-users but also for TSO's.

4. Units

- ENTSOG's view

Mr Colin Hamilton presented the refined Business Rules for Units. He explained that the proposed set of units is in line with the existing regulation (EC 715/2009) and they should be consistent in the communication process between TSOs and Counterparties.

Q (D. Hec): There are already existing ISO and CEN standards indicating what units should be used, especially reference conditions. It was stressed that there will be mistakes by using different units and different reference conditions. Marcogaz believes that for Wobbe-index, which is primarily a safety parameter, the proper unit should be MJ for reference conditions 15˚C/15˚C.

A (K. Beukema): There are many places in Europe where this unit for WI is not used. Both of the units are used widely, but there has to be decision made which unit is better to follow.

A (P. Panousos): It would be nice to have harmonisation across the whole gas chain for units, but the situation today does not hamper the trade and the proposed set of units by ENTSOG already exists in EU binding regulations.

5. Data Exchange

- ENTSOG's view

Mr Jef De Keyser presented received Stakeholder input on the draft Business rules, the data exchange objectives, proposed solutions and cost benefit approach. Mr De Keyser explained that Stakeholders are asking for flexibility in implementation timeline and for defining a standard protocol, network and format in the Network Code. Mr De Keyser presented the standardized data exchange format: Edig@s XML and the way to move to one common protocol, which means allowing co-existence of common and current protocols (transitional) and provide more time to migrate to one solution.

- Stakeholder's view: CEDEC + Eurogas DSO (J. Gottmer)

Mr Joost Gottmer presented DSOs' views on data exchange. Mr Gottmer presented that in Europe there are more than 2.200 DSOs that – in the end – will have to be compatible with the solution that will become applicable for TSOs through the NC. Due to efficiency measures (it is not efficient to have more than one system), operational issues (it is easy to mistake one protocol for another with so many network users, TSO and other parties involved making the (financial) risk very large and in some countries it is not allowed to

have more than one system). DSOs support development of common set of data formats, networks and exchange protocols, but NC should not be too prescriptive and should only describe the goals and not the means.

Q (K. Bouwens): Do you want to make DSO world a separate system for communication solutions? Will the solution presented by Jef be suitable for DSOs?

A (J. Gottmer): In my presentation I raised the question if we can decouple this solution for DSOs and TSOs. We can support the idea behind it but there has to be cost benefit underneath; does the advantage of one system outweigh the cost to change everybody involved?

- Stakeholder's view: GIE (P. Palada)

Mr Philipp Palada presented Infrastructure Operators' views on data exchange. Mr Palada said that mandatory solutions and investment obligations will just cause resistance. GIE supported ENTSOG's proposal to define a common data exchange solution in co-existence with transitional existing local communication solutions, provided that they are compatible with the business requirements of the network codes.

- Discussion panel

Q (J. De Keyser): Do you have any idea how to involve in the cost benefit analysis all the concerned parties?

A (J. Gottmer): I don't have an answer now as this is not an easy topic, but the discussion should be facilitated with all parties.

A (F. Sleeuwagen): EFET fully support full harmonisation and also agree with the approach to perform cost benefit assessment more in consultation mode. It is also important that the standard that will be set up should be able to live and evolve together with growing market requirements and changing technology.

A (P. Palada): GIE supports the proposal of cost benefit analysis by assessing risk and benefits.

A (F. Sleeuwagen): From EFET point of view the most important is the compatibility not the real costs. Costs should be not the key issue to decide if harmonisation is needed or not.

6. Closing remarks

Mr Panagiotis Panousos thanked once again for the participation. Mr Panousos informed when will be the public consultation period (Feb - Apr) and next workshop to present the draft network code (20 Mar 13). It was said that ENTSOG is open for additional bilateral meetings/comments with interested parties.

The main conclusions were:

- Interconnection Agreements:
  - Foresee NUs involvement in developing and revision of IAs;
  - Transparency important when NUs are affected;
  - Investigate how to promote OBAs as preferred solution.

- Gas Quality
  - End-users prefer tailor-made solution (at national level)/communication of GQ real time (WI, GCV) from selected network points, when values are outside a range of ±5%;
  - Odourisation practices are related to safety rules/investigation necessary before changing (Member States responsibility).

- Units
  - No coherence between proposed units (also included in existing Regulation and proposed NCs) and CEN standards. Further interactions to be investigated.

- Data exchange
  - Support of flexible implementation time/co-existence of local solutions with European common solution;
  - Stakeholders' involvement in evolution of standards.