

## (refined) Draft Network Code on Balancing – stakeholder support process

### SSP Response Sheet

Please complete the fields below and send via email using the subject title, “Response to the BAL NC SSP” to [info@entsog.eu](mailto:info@entsog.eu) by 28 September 2012.

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Countries in which your organisation operates:

How would you describe your organisation?

<input checked="" type="checkbox"/>	Association	Response of the System Users Committee in Eurogas
<input type="checkbox"/>	End user	
<input type="checkbox"/>	Network user	
<input type="checkbox"/>	Trader	
<input type="checkbox"/>	Other	(please specify)

Question 1: Do you consider that the network code development process carried out by ENTSOG was appropriate, given the boundaries of the framework guideline? In particular, was the level of stakeholder engagement appropriate? If there is room for improvement, please inform us about possible suggestions for improvement.

Yes <input checked="" type="checkbox"/>	No
<p>Comments:</p> <p>The network code development process managed by ENTSOG was conducted to a high standard. We commend the high level of transparency and stakeholder engagement. The webstreaming of stakeholder workshops was particularly helpful for members unable to travel to some events, as was the written summary posted shortly after each workshop. Eurogas was also pleased to see ENTSOG outreaching to engage with stakeholders in the South South East region of Europe.</p> <p>We were pleased to see greater attendance of NRA and ACER representatives at stakeholder workshops. We believe that the process could be further improved if ACER could have raised any specific concerns regarding the ENTSOG proposals during the workshops and published its informal opinion.</p>	

Question 2: Please complete the table below, indicating whether you support the relevant sections of the Draft Network Code on Balancing, having regard to the process carried out and ENTSOG's aim to reflect the views of the majority of users during the development process.

Chapter	I: General Provisions	II: Balancing System	III: Cross-border Cooperation	IV: Operational Balancing
Support	X	X	X - noting comments below	X - noting comments below

<b>Do not support</b>				
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<b>Chapter</b>	V: Nominations	VI: Daily Imbalance Charge	VII: Within-day Obligations	VIII: Neutrality Arrangements
<b>Support</b>	X	X- noting comments below	X - noting comments below	X - noting comments below
<b>Do not support</b>				

<b>Chapter</b>	IX: Linepack Flexibility Service	X: Information Provision	XI: Implementation, Interim Steps
<b>Support</b>	X- noting comments below	X- noting comments below	X
<b>Do not support</b>			

Please provide brief reasoning for your responses, if you wish.

**Chapter III: Cross border balancing** – Eurogas believes that there should not be more than one single balancing zone for a given market area and/or trading region.

**Chapter IV: Operational balancing –**

Eurogas welcomes the extent to which stakeholders views have been reflected in the more prescriptive merit order and prioritisation of Title Products.

We can accept 13.3 – allowing the TSO to procure gas in an adjacent Balancing Zone – under the conditions listed, but the preference should be for shippers to make the arbitrage between low and high prices. As mentioned in 13.3, this possible use of cross-border procurement by the TSO must not limit Network Users’ access to capacity. The use of cross-border procurement should not hinder the development of liquidity in the TSO’s own hub. The TSO should therefore only be allowed to procure gas in this manner on an exceptional basis, in situations where there is too little liquidity in the local market.

Article 17, on Incentives, should make it mandatory in 17.3 for the TSO to consult stakeholders on the development of any TSO incentive mechanism.

**Chapter VI: Daily Imbalance Charge** - In Article 29 (4), Eurogas believes that the Small Adjustment should not exceed 10% of the Weighted Average Price and that the scope for NRA’s to approve a Small Adjustment in excess of 10% should be removed. (The only reason the Small Adjustment could exceed 10% should be due to the Weighted Average Price being exceptional low.)

**Chapter VII: Within-day obligations (WDOs)** – Eurogas welcomes the information that has been

added describing the three types of WDOs that could be used. Outside of the Network Code, we propose that ACER and ENTSG work with stakeholders on more detailed guidance on the application of the WDOs described. This should include the information stakeholders will require to comply with WDOs.

Eurogas has concerns about the following points in the WDO Chapter:

- The possibility, envisaged by Art. 31 (3), for TSOs to combine different WDOs, if this leads to the proliferation of different WDOs, thus endangering the efforts towards EU harmonisation.
- The possibility, envisaged by Art. 31 (4), for TSOs to apply different WDOs to distinct categories of entry/exit points if this leads to these users facing different incentives and/or constraints which results in an unlevel playing field.

**Chapter VIII: Neutrality Arrangements** – We are concerned that general provisions on credit risk management arrangements (Art 37) could put an excessive burden on network users in case of a default attributable to a network user. The Code should establish an obligation for the TSO to monitor and aim to prevent situations leading to default costs. In our opinion, although further details on this could be defined in national regulation, as foreseen by Art. 36 (4), the Code should set minimum obligations for the TSO to step in if a network user has insufficient financial warranties and is approaching a default situation. This is necessary to limit undue socialization of default costs on other network users.

**Chapter IX: Linepack Flexibility Service** – Eurogas would like to reiterate that linepack should primarily be used for balancing the system and minimising the need for WDOs.

**Chapter X: Information provision** – Eurogas would like to reiterate its request for greater granularity of off-take information flows, enabling shippers to better balance their positions during the day. Another benefit of this information is that it helps shippers to forecast needs for the upcoming balancing periods and therefore helps minimise the role of the TSO.

Question 3: Do you believe that the eventual implementation of the refined draft Network Code will enhance the functioning of the internal gas market?

Yes X

No

Comments:

Whilst Eurogas believes that there should be some improvements to the ENTSG text, it generally supports the draft code and encourages ACER and the Commission to carry out their checks with a view to moving the code quickly towards Comitology. Eurogas would not like to see any undue delays in implementation of the Balancing Network Code, which will have a positive impact on the functioning of the internal gas market.