

REFINED DRAFT NETWORK CODE ON BALANCING

IFIEC Europe welcomes the refined draft Network Code on Balancing, issued September 14th, 2012. We are convinced that this Network Code will enhance the development of a proper functioning of the European Gas Market. A harmonised market based balancing regime is one of the key aspects for that development.

Process

IFIEC has been active in the process with stakeholder workshops that led to the refined draft Network Code. IFIEC would like to compliment ENTSOE with the followed constructive process, including the workshops that led to a positive interaction between stakeholders and new insights, and the pursued transparency with the legal draft Network Code document accompanied by both a supporting document presenting a comprehensive overview of brought-up arguments, and an analysis document presenting ENTSOE's arguments leading to their decisions. This brings stakeholders in a clear position where they can either agree with the document or agree to disagree.

Contribution

End users that use the transported natural gas for underfiring and feedstock purposes, are willing to contribute keeping the gas transport system in balance and reduce the role of the TSO under the condition that the balancing system is market based. As all markets are based on trust and confidence, it is essential that that end users and other network users can rely on reliable intraday information and can influence their balancing costs, e.g. in having allocated the costs to those who caused them, instead of socialisation of balancing costs. Furthermore, the regulation is clear in that cross subsidisation is not allowed. IFIEC Europe is convinced that the refined draft Network Code on Balancing is an appropriate basis for contributing to the development of a harmonised market based balancing regime throughout the European Union.

Content

IFIEC Europe welcomes that the refined draft Network Code on Balancing provides incentives to end users to manage their within day position in order to reduce the need for a TSO to take balancing actions.

An important incentive to stimulate within day balancing and the required within day balancing market is the provision of appropriate Within Day Obligations (WDO) for network users that have access to adequate information in a timely manner.

We support the rules for a separate Balancing Neutrality Charges pot in respect of non-daily-metered (NDM) off-takes; variant 2 where the Balancing Neutrality Charges may be based on forecasted costs and revenues.

We trust to have informed you in an appropriate manner. If you should have questions or remarks, please do not hesitate to contact us.

Sincerely yours,

Steinar Solheim
Chairman WP Oil and Gas.

(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 by 28 September 2012.

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Countries in which your organisation operates: European Union

How would you describe your organisation?

<input checked="" type="checkbox"/>	Association	European association representing industrial energy consumers
<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

Comments: ENTSOG provided a well organised development process and an appropriate level of stakeholder involvement by stakeholder joint working sessions, consultation and refinement workshops. By the main written consultation, stakeholders were enabled to forward detailed comments on all items treated by the network code. IFIEC welcomed the readiness of ENTSOG for extraordinary meetings to discuss IFIEC's position.

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	Support	Support	Support	Support
Do not support				

Chapter	V: Nominations	VI: Daily Imbalance Charge	VII: Within-day Obligations	VIII: Neutrality Arrangements
Support	Support		Support	Support
Do not support		Not supported		

Chapter	IX: Linepack Flexibility Service	X: Information Provision	XI: Implementation, Interim Steps
Support	Support		Support
Do not support		Minor support	

Please provide brief reasoning for your responses, if you wish

Daily Imbalance Charge:

IFIEC repeatedly highlighted that asymmetric prices are a risk for industrial consumers. Including the new rule that the price of locational products can be used for determining marginal buy/sell/weighted average price, if approved by NRA gives the floor for even higher spreads.

Information Provision:

IFIEC is convinced that a pronounced development to near real-time information provision is inevitably required for establishing a system comprising network users taking major responsibility for balancing while reducing the role of the TSO to a residual balancer. Hence, two information updates per day for IDM customers are considered insufficient. It has been noted though that the code allows for increased information granularity on a national level.

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	
<p>Comments: Due to a certain degree of harmonisation and the support of short-term balancing products, the NC will potentially trigger gas market liquidity. The code provides a base for the national regulators to build upon. In case of a foresighted adaptation of the code by the national regulators under stakeholder involvement, it is likely that functionality of the internal gas market will be significantly fostered.</p>	