

(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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How would you describe your organisation?

<input checked="" type="checkbox"/>	Association	(please specify type) European Trade Association
<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
Comments: ENTSOG have done an excellent job in facilitating stakeholder engagement and ensuring relevant issues were raised and debated.	

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	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Do not support				

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

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

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

Whilst we recognise and very much appreciate the efforts of ENTSG to refine the Network Code in response to stakeholder feedback there are a number of points we raised in our response to the consultation which do not appear to have been considered, or have not been addressed to our satisfaction. We recognise drafting the text of what will eventually become regulatory obligations often requires compromises and generality to be adopted. However, we have highlighted these points below in the hope that ENTSG will at least consider them again before submitting the Code to ACER. We genuinely believe they will make the obligations even more clear and effective than they currently are, for the benefit of all stakeholders.

Nominations

- We suggest Article 24 should contain a reasonable endeavours obligation on TSOs to harmonise the nomination timescales applying at Interconnection Points with those applying at non-Interconnection Points, where relevant. This would help to provide a level playing field for all shippers regardless of the supply source.
- We fully accept that the TSO should be allowed to reject or amend nominations which endanger system integrity. However, Article 23.4 remains very subjective and now removes the reference to such actions only being permitted when the TSO is not able to prevent this by taking a Balancing Action. Amendment and rejection of nominations is currently used by a number of TSOs in Europe as a means to balance their systems, in preference to establishing proper market based balancing regimes and taking balancing actions. We remain concerned therefore that drafting of this clause could be seen to legitimise such behaviour and impede the development of the balancing target model.

Within-day obligations

- Whilst we welcome ENTSG's decision to describe three types of within day obligations within the Network Code we are concerned that the inclusion of Article 31.3 allows TSOs to

mix-and-match aspects of them to create further hybrid within day obligations. Following a recent survey of our members, we have yet to find any instances of within day obligations which fall outside of the three types ENTSG have described. So, in order to minimise the likelihood of a proliferation of within day obligations across Europe and the potential impediment to efficient cross border flows that may result, we suggest deleting this clause. We would also encourage ENTSG and/or ACER to publish guidance on the pre-requisites that should apply to within day obligations and how they could be assessed against the criteria, although we now accept that this should not be included in the Code itself.

Neutrality Arrangements

- Chapter VIII does not appear to require TSOs to consult on the methodology for calculating and apportioning Balancing Neutrality Charges. Whilst it may be reasonable to expect that TSOs are likely to do this anyhow, we see this methodology as being crucial to the efficient workings of the balancing regime and so would prefer consultation to specifically mandated. We assume that the absence of an obligation on TSOs to consult on this methodology is simply due to an oversight on behalf of ENTSG bearing in mind the frequency with which stakeholder consultation is specifically referenced elsewhere.

We also think that the Network Code should mandate TSOs to include credit risk management arrangements on Network Users to mitigate their default in paying imbalance and neutrality charges. Article 37.1 still appears to suggest that whilst TSOs shall be entitled to do this they are not be obliged to.

Information Provision

- Article 40(ii)1 continues to refer to TSOs providing Network Users with updates of their Intraday Metered Inputs and Offtakes “at least in aggregate”. For those Network Users who supply gas to power stations, provision of intraday offtake information is of little use in helping them to balance their positions if it fails to identify which specific input or offtake is causing any imbalance.

We accept that by referring to “at least in aggregate” the Code provides for TSOs issuing this information in disaggregated form and we hope that where such information is already being received on a disaggregated basis TSOs will use common sense and provide it to Network Users likewise. However, our preference would be for the Code to require intraday offtake data to be routinely provided to Network Users on a disaggregated basis except where TSOs are unable to do so because the complexities of downstream system information mean it is only available to them in aggregated form. Discussions at the Refinement Workshop in July 2012 suggested that there are very few countries where providing intraday offtake information on a disaggregated basis would be particularly challenging. In our view this reinforces the argument for applying disaggregation as the default in all but exceptional circumstances.

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 ☒

No

Comments: Implementing harmonised arrangements for market based balancing in all EU gas markets is one of the most crucial elements for promoting competition, flexibility and liquidity throughout Europe. This in turn will facilitate greater price convergence and correlation and may encourage the development of pan European market areas.