

(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.

Name

First and Last Name: Maria Elena Fumagalli

Organisation

Company/Organisation Name: Edison S.p.A.

Job Title: Head of Regulatory Affairs

Contact details

Email: elena.fumagalli@edison.it

Tel: +39 – 02 – 6222 - 7117

Mobile:

Address

Street: Foro Buonaparte, 31

Postal Code: 20121

City: Milano

Country: Italy

Countries in which your organisation operates: Italy, Germany, the Netherlands, Austria

How would you describe your organisation?

<input type="checkbox"/>	Association	(please specify type)
<input checked="" type="checkbox"/>	End user	
<input checked="" 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>We appreciated the high level of transparency and engagement with which ENTSOG carried out the process for drafting the Balancing NC. The project plan allowed stakeholders to plan well in advance their work and interactive SJWSs proved helpful to share and discuss concerns among stakeholders, ENTSOG, ACER and the Commission.</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	X
Do not support				

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

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

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

We would like to express below the reasoning behind our partial (and not complete) support to some of the chapters of the NC. In facts, while we general appreciate the structure and contents of the NC, there are some issues on which we think that the Code could be further elaborated to improve its effectiveness and avoid undesirable outcomes.

OPERATIONAL BALANCING

Edison supports the chapter on Operational Balancing, but we would suggest further improvements on the level of engagement of stakeholders on some important decisions. We indeed believe that stakeholders should be consulted before the approval of the possibility for a TSO to trade on adjacent markets and on the procurement of balancing services by TSOs.

NOMINATIONS

Although expressing general support for the evolution towards a more flexible nomination (and re-nomination) regime, we would like to highlight once again possible effects of discrimination deriving from the exclusion of non-IPs from the obligation to apply a nomination (re-nomination) procedure as the one prescribed for IPs. We understand ENTSG's point that legal issues may prevent the Network Code to impose harmonised rules on non-IPs, but we think that allowing different nomination (re-nomination) schedules for each entry/exit point could eventually lead to discrimination among users' ability to balance their position depending on the composition of their portfolios and to the creation of competitive advantages/disadvantages between network users operating on different points and with different supply sources. If network users become the main responsible of the balance of the system, it should be clear that they shall access on equal foot the maximum level of sources of flexibility. A possible improvement of the Code on this point could derive from the introduction at Art. 24 of a sentence requiring commitment to NRAs (who may have

more legal power on this than TSOs) to harmonise to the extent possible nomination and renomination procedures at non-IPs. Also, it should be clear that TSOs should commit to find agreements with interconnected operators (other TSOs, LSOs, SSOs, etc) to harmonise to the extent possible nomination (re-nomination) procedures.

WITHIN-DAY OBLIGATIONS

The chapter on within-day obligations (WDOs) seems to provide adequate protection towards a discretionary application of within-day obligations, requiring for consultation with stakeholders and introducing a series of criteria to be met to allow for WDOs introduction. A clearer definition of the limit triggering a balancing action by the TSO, which should only be related to the existence of a real criticality for the physical integrity of the network, would certainly contribute to better understand where conditions to introduce WDOs really apply.

We are also concerned about:

- the possibility, envisaged by Art. 31 (3), for TSOs to combine different WDOs, which could eventually lead to the proliferation of different WDOs, thus endangering the efforts towards a major European harmonisation;
- the possibility, envisaged by Art. 31 (4), for TSOs to apply different WDOs to distinct categories of entry/exit points, which would lead different users to face different incentives/constraints and thus to act on a non-level playing field.

Above all, we would like to reiterate our preference for System-wide WDOs, that have the advantage of avoiding specific requirements on individual portfolios and thus minimize the risk of discrimination between users. Furthermore, the possibility for users to be rewarded if helping the system to be balanced could prove a good incentive to behave virtuously.

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 default attributable to a network user. We therefore ask for the Code to establish a role for the TSO to monitor and prevent possible situations leading to the financial exposure for the system. In our opinion, although further details on this could be then defined via national regulation, as foreseen by Art. 36 (4), the Code shall set guidelines for the TSO and attribute leverages to timely intervene to stop the activity of network users that are not able to provide adequate financial warranties, in order to limit the undue socialization of these costs on other network users.

INFORMATION PROVISION

Although we appreciate the improvement of information provision's practices introduced by the NC, we would like to express once again our preference for having a stricter requirement to progressively improve the detail and granularity of information. As we highlighted in our previous responses, in case of IDM customers, information on an aggregate basis may not be sufficient to understand which reasons lay behind the change of consumption patterns, while the more accurate the information is, the more precise can be the balancing policy of the shipper serving these customers. Therefore, we strongly ask for the Code to require IDM offtake information to be provided to network users on a disaggregated basis where available without introducing relevant costs for the system (the assessment of the possibility to provide such information could for

example be part of a CBA). There may be exceptions where TSOs are unable to provide these data due to the complexities of relationships with distribution operators, as explained during the July workshop on Code Refinement.

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
Harmonised balancing regimes will contribute to further market integration and the implementation of market-based mechanisms designed by the refined draft Network Code could play an important role in the development of liquidity on markets.		