

Balancing Network Code (BAL NC): CEEC Road Show
18 April 2012, 10:30-16:00
Gas Connect Austria conf. centre, Florido Towers, Vienna. Austria

Meeting notes

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Participants:

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4	ENTSOG	Oschchepkova	Irina
5	ENTSOG	Regan	Noel
6	ENTSOG	Thure	Frederik
7	ENTSOG	van der Meer	Ruud
8	ACER	Jaselskyte	Zivile
9	AGGM Austrian Gas Grid Management	Weilguny	Wolfgang
10	Alliander	De Wit	Paul
11	Anigas	Baratto	Luciano
12	Anigas	Russu	Claudia
13	BNetzA	Wenz	Dimitri
14	BOG GmbH	Terracol	Nicolas
15	CE Gas Marketing & Trading GmbH	Meyer	Michael
16	ČESKÁ PLYNÁRENSKÁ A.S.	Petr	Beneš
17	CEZ, a.s.	Klimeš	Jan
18	CEZ, a.s.	Zadak	Miroslav
19	E.ON Energy Trading SE	Steck	Gunnar
20	EconGas GmbH	Hübl	Gerald
21	E-Control	Farmer	Ronald
22	E-Control	MacDonald	Ross
23	EuRoPol GAZ S.A.	Lizak	Slawomir
24	eustream	Lalik	Michal

25	eustream	Sedlacek	Milan
26	eustream	Kosutzka	Katarina
28	FGSZ Ltd	Gellenyi	Zoltan
29	Gas Connect Austria	Matzenauer	Alexander
30	Gas Connect Austria	Siegl	Gerhard
31	Gas Connect Austria	Stindl	Harald
32	Gas Transport Services	Egberts	Sandrie
33	Gasum Oy	Suomilammi	Ari
34	GAZ-SYSTEM S.A.	Anisimowicz	Joanna
35	GAZ-SYSTEM S.A.	Bręczkowski	Stanisław
36	GEN energija	Pompe	Stanko
37	GEN-I, d.o.o.	Konjar	Manca
38	GEN-I, d.o.o.	Paravan	Dejan
39	JP Srbijagas	Vucur	Dragan
40	KRI Marketing and Trading SA	Hrywniak	Krzysztof
41	Mazowiecka Spolka Gazownictwa	Kostrubiec	Krzysztof
42	Ministry of Economy	Bielecki	Przemyslaw
43	Ministry of Economy	Pikus	Pawel
44	Ofgem/ ACER	Keyserlingk	Konrad
45	Overgas Inc. AD	Nikolov	Nikola
46	Overgas Inc. AD	Goranov	Liubomir
47	Plinarna Maribor d. o. o.	Jaušovec	Igor
48	PLINOVODI d.o.o.	Širovnik	Marko
49	PLINOVODI d.o.o.	Štrukelj	Jošt
50	PGNiG SA (Polish Oil and Gas Co.)	Stepniak	Beata
51	PGNiG SA (Polish Oil and Gas Co.)	Wisniewski	Mieczyslaw
52	RWE Polska S.A.	Mekal	Tomasz
53	RWE Polska S.A.	Sasak	Joanna
54	RWE Transgas a.s.	Šorm	Vít
55	Shell Austria GmbH	Handschuh	Herbert
56	Shell	Franczak	Marek
57	Shell Slovakia s.r.o	Voska	Tomas
58	Slovenský plynárenský priemysel	Magdosko	Marek
59	SPP	Zigo	Marian
60	TAURON Polska Energia	Krupa	Krystian
61	Termoelektrarna Brestanica	Jelenko	Marjan
62	TIGF	Martin	Alexandre
63	TRANSGAZ	Boicescu	Andra
64	TRANSGAZ	Cosma	Radu

65	TRANSGAZ	Moise	Catalin
66	TRANSGAZ	Untch	Wilhelm
67	Vattenfall Energy Trading GmbH	Schierholz	Lutz
68	WIEN ENERGIE Gasnetz GmbH	Jakwerth	Peter

1. Welcome and introduction

Harald Stindl, Managing Director of OMV Gas and an ENTSOG Board member, welcomed participants and expressed the pleasure of the Austrian TSOs, Gas Connect Austria, BOG and TAG, for hosting the Road Show in their premises.

ENTSOG presented a brief overview of the association, the current network code formulation process and the agenda for the day. Attendees were encouraged to participate actively in the event, raising questions and making comments as desired.

2. Draft Code on balancing in context of Third Package

On behalf of Kristof Kovacs, Directorate-General for Energy, ENTSOG gave a presentation entitled, "Draft BAL NC in the context of the Third Energy Package." The challenging target of 2014, set by the European Council, for the implementation of the 'Third Package' of energy legislation and the achievement of the EU internal energy market was highlighted.

3. Balancing Target Model

ENTSOG presented an overview of the key elements of the 'Balancing Target Model' (BTM), i.e., the EU-wide balancing regime which is the objective of the Third Package/EU internal energy market. ENTSOG emphasised that the "devil was in the detail" that would be defined in the Balancing Network Code and its guidance for national regimes.

At the end of the presentation, ENTSOG asked for a show of hands from attendees as to whether they believed the BTM would be achieved in Central and Eastern Europe by 2014 – or even 2018 or 2020. Approximately 25% of attendees raised their hands.

4. An example of a day in the life of the Draft Code

ENTSOG presented a worked example of the BTM, in the form of a role play, to demonstrate how the following elements of the proposed Draft Code on balancing would fit together in a specific scenario:

- information provision;
- nominations;
- operational balancing, including short-term standardised products and their merit order;
- incentives;
- daily imbalance charge;

- neutrality.

The exercise gave attendees a composite picture of how the proposed balancing regime might function in a specific scenario. A Q&A session followed, including inquiries that lead to the following confirmations: network users are to be incentivised rather than obliged to achieve a daily balance; the ‘helper’ concept is not reflected in the two part marginal price based arrangements; accuracy of portfolio-based forecasts for non-daily metered end users will be critical for relevant network users; and appropriate incentives on many actors will be essential to deliver a properly functioning regime.

5. CEEC case study: experience of a Balancing Platform

Zoltán Gellényi, FGSZ Head of Capacity Sales, gave a presentation entitled, “Market Based Balancing in Hungary in Light of the Draft Balancing Network Code.” He explained how, on foot of the Hungarian Gas Act of 2008, FGSZ has operated a market-based national balancing regime since July 2010. The core of this regime is FGSZ’s Balancing & Capacity Platform (NFKP), which they hope will serve as a model for others in the region or possibly as the basis for a regional platform.

The platform has been functioning since mid-2010, FGSZ noted that increasing trading activity was challenging and affected by other market rules. The issue of how to generate efficient activities in a nascent wholesale market was pondered.

FGSZ also presented a detailed comparison of the Hungarian balancing regime with that proposed in the ENTSOG Draft Code, suggesting where and how it might pursue eventual compliance.

6. CEEC case study: Poland’s new network code – market based balancing tools and interim measures

Stanisław Brzęczkowski, GAS-SYSTEM’s Balancing Department, gave a presentation entitled, “Poland’s new network code – market based balancing tools and transition.” He explained how GAS-SYSTEM, having proposed a 3rd network code on balancing for consultation this same week, were gradually transitioning to the regime envisaged in the ENTSOG Draft Code.

The proposed Polish network code would see the introduction of “semi-market based” balancing tools and the introduction of a balancing platform, standardised products and a merit order. Rules for market based balancing tools based on balancing platform. GAZ-SYSTEM explained, however, that many barriers to full market-based rules remain. These included: low liquidity of gas market; the main supply flow being from a non-EU area; a fully regulated gas trade market (fixed price of bids based on tariffs set by the NRA); and a public procurement law obligation on its business.

GAZ-SYSTEM encouraged interested parties to review and potentially respond to the current public consultation, the documents for which would soon be available in English.

7. Transition to BTM via the Draft Code

ENTSOG presented an overview of the interim measures which might be used under the Draft Code on balancing in its transition to a BTM regime. ENTSOG explained that where a TSO intended to implement any of the interim measures, it would be obliged to propose a “roadmap” to the relevant NRA, including a plan for moving away from the interim measures within five years.

ENTSOG highlighted the importance of developing a comprehensive transitional roadmap, using “clever” triggers to ensure forward progress, once the network code was in force (c. 2014) – or even in advance, as demonstrated by the Hungarian and Polish case studies presented.

ENTSOG once again asked for a show of hands from attendees as to whether they believed the BTM would be achieved in Central and Eastern Europe by 2014 – or even 2018 or 2020. This time approx. one-third of attendees raised their hands. ENTSOG then asked “what can be done” to increase the likelihood of transitioning to the BTM. Responses from the attendees included: more infrastructure and interconnection investment, as required in South-eastern Europe; the introduction of entry/exit systems across the region; the elimination of administrated/fixed prices by NRAs or governments; less dependence on gas imports from Russia.

8. Responding to ENTSOG’s public consultation

ENTSOG presented an overview of its public consultation on the Draft Code on balancing, which will run until 12 June 2012. Attendees were encouraged to participate in an upcoming consultation workshop (9 May 2012) in-person or via webcasting and to continue their involvement in the policy-making process through early-November 2012.