

MINUTES

ENTSOG Interoperability and Data Exchange Rules Network Code SJWS 1

14 Nov 2012, 10:00 – 16:00

at Hotel Silken Berlaymont, 11-19 Boulevard Charlemagne Brussels

Company	Name	Company	Name
ENTSOG (chair)	Panousos Panagiotis	GCA *	Zwetkow Marin
ENTSOG	Van den Brande Michel	GDF SUEZ	Martinaud Jean-Louis
ENTSOG	Pollex Hendrik	GIE	Palada Philipp
ENTSOG	Kaldonek Monika	GrDF *	Martin Fournier Catherine
ENTSOG	Van der Meer Ruud	GRTgaz	Tancre Marc
ENTSOG	Oshchepkova Irina	GTS	Crommelin Walter
ENTSOG	Colbert Anne - Marie	GTS	Beukema Klaas
ENTSOG	Lebois Olivier	IFIEC	Meuzelaar Dirk Jan
ACER *	Querrioux Thomas	IFIEC Europe	Höhn Valentin
bayernets GmbH	Thiele Bjoern	Interconnector *	Dhesi Pavanjit
BP *	Pearce Andrew	Marcogaz	Salati Eugenio
Cefic	Kronimus Alexander	Marcogaz	Kuyper Henk
CMS Hasche Sigle	Von Burchard Friedrich	Mutual-energy *	Brennan Ciara
CREG	Van Hauwermeiren Geert	National Grid	Hamilton Colin
DEPA *	Saratsioti Panagiota	National Grid *	Connor Martin
EconGas	Sidak Christian	National Grid *	Hobbins Phil
E-Control	Szeles Zsuzsanna	OGE	Heinrichs Wolfgang

EDF Luminus	De Wispelaere Bram	ONTRAS	Adler Ina
Edison SpA	Immovilli Monica	Permanent Representation of Ireland to the EU	Mac Evilly Jerry
EFET	Sleeuwagen Filip	Plinacro Ltd.	Markovic Ivana
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European Commission	Kovacs Kristof	REN *	Bacharel Marta
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ExxonMobil / OGP	Bouwens Kees	REN *	Cachao Alexandre
FGSZ	Pinter Tamas	RWE *	Rose Stephen
FGSZ	Kovacs Zsolt	SNAM *	Nicolosi Lorenzo
FGSZ	Fehér Robert	Statoil	Rubini Davide
Fluxys	Remy Laurent	Storengy *	Melchior Charles- Louis
Fluxys	Beelen Karl	Storengy *	Thomas Inga
GA-MA AD Skopje	Celeska Maja	Thüga AG	Deuschle Thomas
Gas Transport Services B.V.	Beukema Klaas	TIGF	Aguila Guillermo
Gaslink / BGN	Jones Yvette	Trans Adriatic Pipeline	Francesse Cristiano
GasTerra BV	Meeuwis Peter		

* Webcasting

1. Opening (P.Panousos) (10:00 – 10:15)

Mr Panagiotis Panousos, Business Area Manager System Operation and Interoperability Project Team Manager, thanked all stakeholders for their participation and encouraged them to continue their constructive engagement throughout the whole Network Code(NC) development process. Mr Panousos informed about finished activities (Kick-off Workshop, Project Plan with Consultation Responses Report, Launch Documentation as

well as pre-reading Business Rules) and future activities for NC development (next SJWS and Prime Mover meetings; draft NC).

2. Interconnection Agreements (IA) part I (10:15 – 11:30)

- > Mr Paul Relaxed has a dream

Mr Hendrik Pollex encouraged the audience to take part in the development process of the NC through showing the evolution about the own created comic “Mr Paul Relaxed” from a person with a lot of question marks to one who can lean back in his hammock and enjoying the sun.

- > What is an Interconnection Point (IP) and an Interconnection Agreement (IA)? (H. Pollex)

Mr Hendrik Pollex explained how an IP is defined, of which main parts it consists and how it can look like in reality and from a schematic point of view. Special attention was given to the illustration of a virtual IP.

Q (G. Basso): Do all IPs have a compressor station?

A (Hendrik Pollex): No, only if there is a need for controlling and increasing the pressure to meet contractual obligations.

- > How is a new IA been developed and how an existing one been amended? (W. Crommelin)

Mr Walter Crommelin explained the process for the development of a new IA and how an existing IA has to be amended from a timescale of view and which parties are involved.

Q (P. Meeuwis): What will happen in case there is a new IP in place, capacity is auctioned, but there is still no IA?

A: The aim of this NC is to force TSOs to put the IA in place in due time. If there are problems then the NC will have default rules that will have to be applied.

- > How is the Matching process carried out at an IP? (W. Crommelin)

Mr Walter Crommelin started with the explanation of how the matching of only bundled products could look like and then changed over to a process where there is a mixture of bundled and unbundled products. After that he explained the matching process (timescale, data content, lesser-of rule etc.) in more detail.

> Stakeholders' view (K. Bouwens)

Mr Kees Bouwens expressed stakeholders' view about IA. He started with the scope of an IA and expressed the wish that Network Users (NUs) could be involved in the design process of an IA and that this process has to be more transparent. By means of the chapter "Flow Control" of the Business Rules document he showed where NUs see possible negative impact on their business. Mr Bouwens also stated that NUs have the expectation to have to send only one nomination for a bundled product (bypassing the matching process) and to have the OBA allocation rule as the only one in the target model. In addition to what is in the scope so far the NC should also deal with the calculation of capacity at an IP. At the end of his presentation Mr Bouwens raised the idea of a single registration process that would be accepted by all TSOs.

S (J.L. Martinaud): Expressed also the wish to have a chapter describing how the capacity at an IP is calculated and he also supports the OBA allocation rule as the preferred one.

S (M. Immovilli): Supported also the view that capacity calculation (common methodology) should be developed under IAs. The transparency should be also further developed for stakeholders to give opportunity to be consulted when something changes in IAs.

Q (H. Pollex): Can you give a real example where rules stated in IAs are contradicting those one used for the IP with a SSO or other IPs?

A: (K. Bouwens): Gas quality could be an area where provisions in IAs might be constraining TSOs in making connection agreements with producers, SSOs and end consumers. The process has to be transparent and stakeholders should have opportunity to be consulted on issues contained in IAs before TSOs conclude the IAs.

S (H. Pollex): Mr Pollex stated that the character of an Operational Balancing Account (OBA) is to always allocate the nominated quantities as the confirmed ones so that there is not at any time an impact for NUs while applying the allocation principle OBA. OBA corrections are not leading to any impact on NUs.

S (K. Bouwens): Due to the rules in BAL NC shippers have to be balanced on a daily basis. When TSOs would use OBAs to move imbalances to the next day, this could have an impact on NUs.

S (H. Pollex): As long as an OBA is used, no money is involved. The OBA helps TSOs to properly operate the flow without impacting the NUs. Only in case the linepack is no longer sufficient for a TSO to overcome a shortage in his system and at the same time the

counterpart TSO being long on the other side commercial balancing actions have to be taken.

A (K. Bouwens): In this case TSOs should first buy/sell gas on the short term commodity market and not use OBAs.

Q (V. Höhn): Nominations cycle nowadays last for 2h, but there is a possibility to decrease it up to 30min in case of bundled products. Can I ask ENTSOG if they foresee this as a possible option?

A (H. Pollex): The 2 hour lead time is the time for TSOs not only to process a lot of messages but also to calculate flows and set up the system to flow the gas. It has to be examined more in detail, whether it will be possible in the future to decrease this time and concurrently not to fail acting as a reasonable and prudent operator.

Q (P. Panousos): Can EC give an overview of the process to be followed in case of capacity calculation?

A: (K. Kovacs): Indeed there were a lot of discussions on this topic, but the final decision was to put it together with CAM NC. There was a Workshop organized to discuss this issue and it was available for stakeholders' consultation. Further comments can be given during the comitology process through relevant Member States.

A (G. Van Hauwermeiren): During the FG development process it was already discussed to limit the scope on IPs. For implementing rules on connections with other operators, i.e. LSOs and SSOs, provisions are set in the Regulation to facilitate interoperability between transmission systems. If TSOs do think that regarding capacity calculation something more can be done, ENTSOG should then consider taking it on board during the process.

A (P. Panousos): Since capacity calculation is not in the EC invitation letter, ENTSOG will not take this on board. Mr Panagiotis Panousos asked stakeholders if they have any ideas to develop the common passport for shippers and asked what is of importance for shippers to have a view on the content of the IAs except from Matching and Allocation rules.

Q (S. Rose): Will holders of bundled capacity be required to nominate to one TSO and does this count for the nomination of unbundled capacity as well?

A (W. Crommelin): Concerning the bundled product there is not yet a final solution but it is planned to have only one nomination. For unbundled products there always have to be a nomination for both TSOs as there is no knowledge about the contractual relationship of NU-A/TSO-A and NU-B/TSO-B.

Q (P. Dhesi): Question towards EC: Will there be an opportunity for stakeholders to be consulted on the text on capacity calculation before it goes into the comitology process?

A (K. Kovacs): The text was discussed during Madrid Forum and it was circulated for comments. Nowadays input should be given through Member States.

3. Interconnection Agreements part II (11:45-12:25)

- > How do TSO control the flow at an IP? (W. Crommelin)

Mr Walter Crommelin presented the process for flow control at an IP. He explained in more detail what the goals, requirements, the inputs and outputs are, how the timing is going and what the responsible parties are.

- > What are the Measurement Principles at an IP? (W. Crommelin)

Mr Walter Crommelin presented the items related to measurement principles of gas at an IP. He mentioned the goals and requirements for the measurement of gas at an IP, which standards are used to come to the desired output and in more detail which items and processes have to be described in an IA.

Q (D.J. Meuzelaar): Which gas quality parameters will be used in the IA? Which standard do you have in mind as there are a lot of different standards used? An example is the published Wobbe Index in different Member States, based on m³(n) which are measured by different temperatures.

A (W. Crommelin): At the moment there is not defined a list of parameters in the NC. Normally it is defined by TSOs in the IA. This paragraph concentrates only to say how something will be measured. Methodology should be also agreed on as there are many standards, so the common way has to be defined.

A (P. Panousos): Normally what is measured at IPs is what is in the national standards, but this has to be defined further as any additional parameters need to be defined.

Q (J. Klimstra): Do you take into the consideration what will be the effect on end-users if you set up some standards?

A (W. Crommelin): In IAs we state only how to measure something i.e. Wobbe-Index but are not setting up standards.

Q (J. Pardiñas): It might be useful to have a list of standards that TSOs can agree on as an appendix.

A (W. Crommelin): We will take this issue on board.

> What are the rules for the allocation of gas quantities at an IP? (W. Heinrichs)

Mr Wolfgang Heinrichs presented issues related to allocation rules. He explained the 4 different types of allocation rules and explained on the basis of 3 examples how the allocation works in reality.

Q (P. Meeuwis): In practice there is sometimes more than one Balancing Shipper. How can this issue be solved?

A: If there are really more than one Balancing Shipper then there has to be a rule how to deal with it, but normally this is not the case.

Q (K. Bouwens): According to the draft business rules it is possible to have at one IP on one side a balancing shipper and on the other side a pro-rata allocation rule. How can this be resolved? Would it be possible that the NC requires that the same allocation rule applies on both sides of an IP?

A (W. Heinrichs): Theoretically it is possible to have different types of allocation rules at one IP. The result of both sides of the IP should be the same. On the one side the difference of the wanted and the actual flow will be allocated to the balancing shipper and the same difference will be allocated on a pro-rata basis to all shippers on the other side of the flange on the bases of their nominated quantities. The aim of the NC is to have only one allocation rule for an IP.

Q (G. Basso): If the allocation rule is the same for both sides of an IP, then this implies that either: 1) at a certain point in time, as a consequence of the propagation effect, the 'Allocation Rule' be the same for all the IAs in Europe; or 2) each TSO is required to manage different 'allocation rules' for the different IPs under his responsibility. In case this second solution would be the choice, then it looks relevant to assess the impact of the presence of different 'allocation rules' at the different IPs on the Balancing's mechanisms and, moreover, on the methods to allocate the costs of unbalancing to each NU. What will be the choice suggested by the Interoperability NC? A (W. Heinrichs): The rule applies only for each single IP. Inside the national and the international system it may differ.

Q (C. Francese): What is the allocation rule for an IP established between an EU member state and a third country TSO?

A (P. Panousos): The NC can't be applied for that case as the NC is only valid for EU Member States.

S (M. Van den Brande): In the FGs is stated that we have to cooperate with third countries TSOs. We have invited those TSOs to participate in the NC development process and we will encourage them to use the same rules.

Q (H. Pollex): Do you know any IP where there is an inconsistent allocation rule?

A (K. Bouwens): The point was raised because the draft Business Rules does not exclude different allocation rules on both sides of an IP.

Q (C. Francese): Which allocation rule can be applied in case of an interconnector pipeline? There it might be impossible to apply the OBA rule?

A (P. Panousos): This is the reason why the options are left open. If stakeholders say the OBA is the preferred option then ENSTOG will put it as default rule. It's always hard to define default rules especially in case one party is in favour of the default rules and another not.

Q (R. Van den Meer): Can you agree for different allocation rules in case both parties agree on that? Do you need then a default rule?

A (W. Heinrichs): Normally the allocation rule is the same on both sides of an IP. It has to be consistent on both sides of an IP.

4. Interconnection Agreements part III (12:25-12:45)

- > What happens if an exceptional event occurs at one side of an IP? (H. Pollex)

Mr Pollex first presented the definition of an exceptional event and lined out that a terrorist attack is out of scope. The general provisions to inform all involved stakeholders in the right sequence and as soon as possible was explicitly explained.

- > What are the resolutions for a dispute at an IP? (H. Pollex)

Mr Hendrik Pollex presented what the options for the resolution of an IA dispute can be. First TSOs should try to solve their dispute on a best endeavour basis. If this is not leading to a solution then the dispute should be solved by arbitration. The process on how to do this was explained in more detail.

Q (S. Rose): How and where will Exceptional Events which may potentially be inside information under REMIT be notified?

A (P. Panagiotis): REMIT is out of scope of this Interoperability Network Code and TSOs will have to address how they discharge their obligations to disclose outage events that may potentially constitute inside information separately.

5. TSOs cooperation (13:45 – 14:25)

> Handling gas quality differences (L. Remy)

Mr Laurent Remy explained how TSOs will proceed if there are differences in gas qualities. It was expressed that the real cross border issues will be taken on board during this process and potential solutions will be defined. The roles of NRAs in this process have to be clearly defined.

> CEN's view (L. Remy)

Mr Laurent Remy, due to the absence of Mrs Hiltrud Schülken, presented the views of CEN. Nowadays 2 standards are under development: CEN TC 234 for H-gas and CEN PC 408 for biomethane including injection to the gas grids. The list of parameters and their ranges should be defined during the process of drafting these standards.

> Odourisation (M. Kaldonek)

Ms Monika Kaldonek explained how TSOs are going to reach the obligation put in the FGs to shift towards the flow of non-odourised gas. It was clearly explained that non odourised gas is different from deodourised gas. Nowadays there is not proven technology to remove fully the odourant from the gas.

> Marcogaz view on odourisation (E. Salati)

Mr Eugenio Salati presented the latest outcome of work done at the odourisation working group of Marcogaz. It was indicated that some types of industry such as glass, ceramics, chemical, power plants and other technological customers are used sometimes to receive non-odourised gas. It shall be noted that some countries strongly adverse the possibility to receive odourised gas from abroad, even if the added amount of Sulphur is comparable to the concentration admitted for natural Sulphur. On the other hand, some countries receive amounts of odourised gas, with, until now, no evidence of problem even if different odourant may be used in the neighbouring countries. The report on odourisation interoperability produced by Marcogaz is free available on the Marcogaz website.

> CEDEC & EUROGAS DSO (T. Deuschle)

Mr Thomas Deuschle presented views of DSOs regarding odourisation. In their view there is no need to harmonise practices, but the results. The shift of odourisation practices from entry points of TSOs means shifting this responsibility towards DSOs.

> Discussion Panel

Q (J. Pardiñas): How the results of Pilot Project will be taken on board of the working group CEN TC 234?

A (L. Remy): The results of pilot project study will be taken into consideration, while defining the values for Wobbe Index.

Q (J. Klimstra): Does ENTSG have an opinion regarding the sulphur problem?

A (L. Remy): Sulphur problem is out of the scope of this work (part of standardization). If there is a difference in national sulphur specifications hindering cross border trade at IPs then it will be taken on board in the process of handling of gas quality differences.

6. Transparency related to gas quality (14:25 – 14:5)

> Short Term Monitoring (L. Remy)

Mr Laurent Remy presented TSOs approach towards short term monitoring. In ENTSG's view it is important to consult end-users in order to define details of this service (parameter, frequency of update and way of communication, etc.).

> IFIEC view (D. Meuzelaar)

Mr Dirk Jan Meuzelaar stated there is no wide spread evidence that gas quality is a trade barrier. Moreover he emphasized that the member states and NRA's are the principle responsible parties because they define and fix the quality specifications. According to IFIEC the Network Code should pay more attention to liability and equal terms of conditions related to gas quality, preventing policy deviations in different Member States. Dirk Jan Meuzelaar presented that end-users need information provision service in order to maintain good operation. End-users are willing to receive near real time information on WI and GCV variations. He explained that information does not always solve the problem in case of sudden large quality changes of WI and heating value or in case the gas quality exceeds the specifications of the OEM's (no guarantee). Some applications, like Gas Turbines, are limited for changes in gas quality and its fluctuations. Gas Quality should be user led process, not supplier led and never politician led.

> CEDEC & EUROGAS DSO (T. Deuschle)

Mr Thomas Deuschle explained that DSOs have to be involved in this process, as some end-users do not have contractual relationship with TSOs but with DSOs.

> GIE (P. Palada)

Mr Philipp Palada expressed views of GIE. The efficient solutions for handling gas quality differences trying to minimize the investments are required. Regarding the gas quality variations in GIE's view TSOs are the best placed to give such information further

downstream. It was stated that GIE does not see the added value of the long term monitoring report.

> Long Term Monitoring (O. Lebois)

Mr Olivier Lebois explained ENTSG approach towards long term monitoring report development. The first approach is to draft the report based on flow patterns. In case stakeholders need more case based report, there is a need of producers to give data to ENTSG about future gas sources and their qualities.

> Discussion Panel

Q (J. Klimstra): There is a need to take into consideration end-users' needs, while defining the Interoperability Rules.

Q (V. Höhn): Will there be clearly defined the obligation for TSOs to provide information towards end-users, and not only as it is written now obligation for TSOs to perform the consultations at national level?

A (L. Remy): We want to take end-users input as a feed for refining Business Rules.

Q (EDF): There is a lack of liabilities issues defined in the Business Rules. Who is responsible for gas quality differences?

A (H. Pollex): There is always a contract between shippers and TSOs about the gas quality and it should be also taken into consideration while TSOs define their IAs.

A (D. Meuzelaar): There is a need to take liabilities issues during this NC development process.

Q (L. Remy): Gas quality can be the barrier to trade of gas. The fluctuations can be monitored nowadays and can change even more, but also it is important to notice that regulations for end-users have changed (emission). In this case it is important to provide gas quality information to end-users, so that they can handle those changes.

7. Closing remarks (ENTSG: P. Panousos) (15:45-16:00)

Mr Panagiotis Panousos thanked once again for the participation. Mr Panousos asked stakeholder's to give concrete answers to the questions stated in the Launch Documentation and comments to draft Business Rules. The refined documents will be presented during SJWS 3. It was said that ENTSG is open for additional bilateral meeting with interested parties.

Main input from SJWS1 for further refinement pre-reading draft Business Rules:

- need for more transparency regarding the development/amendment of IAs for the parts where NUs are concerned
- need to investigate how bundled products shall be defined under IAs (e.g. impact on Matching process);

- OBA as preferred allocation rule
- tailor-made information exchange about Gas Quality variations towards end-users is important.

To do list (before 26 Nov 12)

- Respond to the questions stated in the Launch Documentation
- Comment on the pre-reading draft Business Rules Interconnection Agreements/Gas Quality/Odourization