ACER Draft Framework Guidelines on Interoperability and Data Exchange Rules for European Gas Transmission Networks

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A EURELECTRIC Response paper

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EURELECTRIC Response to ACER Draft Framework Guidelines on Interoperability and Data Exchange Rules for European Gas Transmission Networks

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1. Scope and application, implementation (Chapter 1 of the Framework Guidelines (the 'FG')

1.1 Do you consider that the FG on interoperability and data exchange rules should harmonise these rules at EU level, as follows:

a) At interconnection points only?

~~b) Including interconnection points and where appropriate points connecting TSOs' systems to the ones of DSOs, SSOs and LSOs (to the extent cross-border trade is involved or market integration is at stake)?~~

~~c) Other option? Please explain in detail and reason.~~

~~d) I don't know.~~

It may not always be appropriate, or legally possible, to impose EU Network Codes on parties other than TSOs or, in this case, on entry/exit points other than interconnection points between, and within, market areas. That said, there are clearly areas within these Framework Guidelines where harmonisation and cooperation with other operators is desirable. For example, TSOs and SSOs/LSOs should be expected to enter into agreements, similar in structure and content to Interconnection Agreements, detailing, amongst other things, how gas will be measured, matched and allocated, which units will be used and how data is exchanged. In most cases, TSOs and other operators will act reasonably and ensure such arrangements are in place in order to ensure operational efficiency and so as not to inconvenience their customers. However, there may be instances where either party does not act reasonably, the consequences of which would be to impose unnecessary costs, risk and bureaucracy on network users.

With this in mind, we would suggest the following approach:

- The Framework Guideline should include a reasonable endeavours obligation on TSOs to seek to enter into agreements with other operators, which provide for measurement, matching and allocation arrangements, units and data exchange procedures and protocols to be consistent with those applicable at interconnection points.
- CEER should consider the extent to which interoperability is adequately provided for in the Guidelines of Good Practice of Storage Operators (GGPSO) and LNG (GGPLNG).
- Where ACER or NRAs become aware of interoperability problems caused by SSOs/LSOs acting unreasonably and this is having a detrimental impact on network users, they should consider taking action against these SSOs/LSOs for non compliance with Article 15.1.b of Gas Regulation 715/2009.

1.2. Do you consider that for any of the above options the level of harmonisation shall be (Section 1.b of the FG):

a. Full harmonisation: the same measure applies across the EU borders, defined in the network code?

~~b. Harmonisation with built-in contingency: same principles/criteria are set with a possibility to deviate under justified circumstances?~~

~~c. No additional harmonisation, meaning rules are set at national level, if they deemed necessary by the national authorities, which may include either NRAs or the government?~~

The maximum level of harmonisation should be the final goal of all EU Network Codes. However, we understand that on some specific issues the FGs and Network Code can only harmonise general contents and principles, whereas technical details should be left during the implementation phase to involved operators, taking into consideration the technical specifications of the infrastructure they operate.

1.3. Shall any of the issues raised in the FG (Interconnection Agreement, Harmonisation of units, Gas Quality, Odorisation, Data exchange, Capacity calculation) get a different scope from the general scope as proposed in section 1.b. of the FG (and as addressed in the previous question)? Please answer by filling in the following table, ticking the box corresponding to the relevant foreseen scope.

	IAs	Units	Gas Quality	Odorisation	Data Exchange	Capacity Calculation
Full harmonization	✓	✓	✓	✓	✓	✓
Partial harmonization						
Business as usual						

1.4. What additional measures could you envisage to improve the implementation of the network code? Please reason your answer.

We believe the FG should be more specific in certain areas so as to provide greater clarity to ENTSOG in how to draft the Network Code. We have included instances of where we think more specificity is required in our answers below.

2. Interconnection Agreements

2.1. Do you think that a common template and a standard Interconnection Agreement will efficiently solve the interoperability problems regarding Interconnection Agreements and/or improve their development and implementation?

a. Yes.
~~b. No.~~
~~c. I don't know.~~
d. Would you propose additional measures as to those proposed? Please reason your answer.
~~e. Would you propose different measures as to those proposed? Please reason your answer.~~

The definition of a "model template" with minimum requirements and a standard IA, in case TSOs fail to reach mutual agreement, would ensure a certain degree of consistency and would guarantee a set of minimum common contents.

Nevertheless, we think that the list of issues to be addressed by the model template should include coordination of maintenance (clause 3.1 of the Capacity Allocation Network code specifically requires the Interconnection Agreement to provide for this) and possibly the provision and accounting of "fuel gas".

Also the description of issues in the standard IA could be made clearer as follows:

- "Rules for the allocation of gas quantities" – these rules should be transparent and known in advance by network users, so as to allow them to better manage possible imbalances;
- "Measurement principles of gas quantities and quality" – these rules should include responsibilities for the management of metering and meter reading activities at shared interconnection points. The rules should be aimed at:
    - maximizing the alignment between measured and forecast flow rates between interconnected operators;
    - minimizing metering errors due to the adoption of different equipment and standards;
    - providing a single final metering, relevant for fiscal purposes, to be managed and verified according to methodologies described by the IA.

Finally, ACER should also consider whether the FG should state that the model template and standard Interconnection Agreement should address the provision and accounting of "fuel gas".

2.2. Do you think that a dispute settlement procedure as laid down in the text will efficiently contribute to solving the interoperability problems of network users regarding Interconnection Agreements and their content?

a. Yes.
~~b. No.~~
~~c. I don't know.~~
~~d. Would you propose additional measures as to those proposed? Please reason your answer.~~
~~e. Would you propose different measures as to those proposed? Please reason your answer.~~

2.3. Do you think that a stronger NRA involvement in the approval of the Interconnection Agreements could be beneficial? Please explain in detail and reason.

a. Yes.
~~b. No.~~
~~c. I don't know.~~

Whilst the Network Code is expected to contain details of the standard Interconnection Agreement rules to be used should TSOs fail to reach mutual agreement on specific issues, additional non-standard rules may also apply and the actual rules may differ to those in the model template.

It is important for NRAs to have full oversight of the actual Interconnection Agreements and to approve them, along with any changes. Network users could be adversely impacted by a specific provision but are unlikely to have full oversight themselves.

Relevant TSOs should initially be required to notify the relevant NRAs of all Interconnection Agreements they have in place at interconnection points, along with any subsequent amendments. In the event neither NRA rejects these within a defined period (e.g. 30 days) they shall be considered approved. If one of the NRAs rejects these but not the other, then the matter shall be referred to the Agency.

3. Harmonisation of Units

3.1. Do you think that there is a need for harmonisation of units?

a. Yes.
~~b. No, conversion is sufficient in all cases.~~
~~c. I don't know.~~
~~d. Would you propose additional measures as to those proposed? Please reason your answer.~~
~~e. Would you propose different measures as to those proposed? Please reason your answer.~~

EURELECTRIC supports the proposal to harmonise units, as the existence and application of different units at each side of an interconnection point often causes administrative complexity and operational inefficiency when operating across different markets. Moreover, the use of different conversion factors could lead to mismatches or invoicing discrepancies and may be a source of unintentional mistakes.

3.2. What is the value added of harmonising units for energy, pressure, volume and gross calorific value?

~~a. Easier technical communication among TSOs.~~
~~b. Easier commercial communication between TSOs and network users.~~
c. Both.
~~d. No value added.~~
~~e. I don't know.~~
~~f. Other views. Please reason your answer.~~

3.3. Shall harmonisation be extended to other units? Please reason your answer.

It is not clear from the FG which, if any, areas of TSO operation harmonised units should apply to. The Capacity Allocation and Balancing Network Codes specify that capacity/flow nominations and allocations should be in kWh, implying that the harmonised energy unit defined in the Interoperability Network Code will also need to be kWh. However, it is not clear if energy units are to be applied consistently to other areas of TSO operation (e.g. in the publication of linepack or system imbalances) or the extent to which volume units should be used consistently by TSOs in other areas of their operation (e.g. in publishing near-real time flow information or in formulating demand and supply projections in the 10 Year Network Development Plan). To this extent, ACER should also consider specifying the areas of TSO operation where harmonised units must be applied within the FG.

Harmonisation should also apply to the standard temperature used to calculate capacity and the standard temperature and pressure used to calculate volume. These are already included in 3.1.1(1) (f) of Chapter 3 of Annex I of Gas Regulation 715/2009.

4. Gas Quality

4.1. Please provide your assessment on the present proposal; in particular assess the provisions on ENTSOG gas quality monitoring, dispute settlement and TSO cooperation. Would these measures address sufficiently the issues that are at stake? Please reason your answer.

Whilst network users should, either physically or contractually, be able to exercise control of the quality of gas entering an entry/exit system at a production facility, for example, they are not able to do so in relation to EU interconnection points, where gas forms part of a co-mingled stream. It therefore falls upon the TSOs either side of the interconnection point to adopt physical and contractual measures to ensure they are able to comply with network users nominations to flow gas through that interconnection point in either direction, provided these are within the users' capacity rights.

We believe the measures proposed in the FG should be broadly sufficient to achieve this aim. However, we would suggest the following changes to this section to clarify its intention and the obligations:

a) The term "financially efficient" should be used instead of "financially reasonable".
b) The sentence "TSOs shall be properly funded for any efficient investment in infrastructure (e.g. blending or treatment plants) necessary to handle gas quality differences" should be added.
c) The words "prevent any barriers to cross-border trade" should be used instead of "support the removal of barriers to cross-border trading". Measures may be necessary to prevent barriers arising in future as well as removing barriers which currently exist.
d) Whilst the definition of interconnection point includes cross-border points and adjacent entry-exit systems within the same Member State, the wording in this section refers only to barriers to cross-border trade, whereas it applies equally to trade between entry-exit systems within Member States[1].
e) Any "financially efficient" solution should not unduly affect or discriminate against network user's existing capacity rights.

As regards gas quality monitoring, we think the FG should be more specific in requiring the Network Code to "oblige TSOs to provide relevant network users with pertinent and timely information on the quality of gas flows into their entry/exit systems through interconnection points, highlighting any diversion from the agreed specification." However, we agree that it should be left to the Network Code to decide how to interpret this requirement.

[1] The same applies to sections, 3 (Harmonisation of Units) and 5 (Odorisation)

4.2. Do you consider that a technically viable solution to gas quality issues that is financially reasonable will most likely result from:

~~a. Bilateral solution between concerned stakeholders.~~
b. Solutions to be developed cross-border by TSOs, to be approved by NRAs and cost-sharing mechanism to be established.
~~c. The establishment of a general measure in the Framework Guidelines, setting a comprehensive list of technical solutions to select from.~~
~~d. I don't know.~~
~~e. Other option. Please reason your answer.~~

See our comments in 4.1 above regarding "financially efficient" solutions.

5. Odorisation

5.1. Please provide your assessment on the present proposal. Would the measure proposed address sufficiently the issues that are at stake? Please reason your answer.

We understand this issue is largely limited to exports of gas from France to Belgium and to Germany as most Member States transport gas un-odorised.

To this extent, this section could be simplified by saying "In the absence of bilateral agreements between TSOs which prevent any barriers to cross-border trade occurring as a result of differences in their respective odorisation policies, gas shall flow un-odorised flows at all EU interconnection points (regardless of flow direction) within 36 months of the Network Code taking effect."

6. Data exchange

6.1. Please provide your assessment on the present proposal. Would the measures proposed address sufficiently the issues that are at stake? Please reason your answer.

The proposal is pragmatic. However, we think the FG should be more specific regarding the timescales for implementation and the obligations on TSOs to comply with it.

The FG currently requires the Network Code to "foresee a common, standardised massaging protocol and the respective technical standards for the reliable, secure and smooth exchange of information among TSOs, as well as from TSOs to relevant counterparties". We think it should also state that TSOs shall be required to comply with these protocols and standards once it has been determined what they are.

It is not clear whether ENTSOG will have to select which protocols and standards to apply as part of the Network Code development process, or subsequent to this (and if so within what timescale). Nor is there any mention of the Network Code requiring TSOs to adopt these protocols and standards within a specified period following the Network Code coming into effect.

The FG refers to the fact that the Capacity Allocation Framework Guideline (and Network Code) already requires standard communication procedures as far as capacity bookings and transfers are concerned, and that the FG on Interoperability will extend the harmonisation process to all other areas where TSOs exchange data between each other, or communicate data to counterparties. We believe it would be helpful if the FG were to list these "other areas". The decision on how to standardise communication procedures under the Capacity Allocation Network Code will also need to be considered in the context of the cost-benefit analysis and consultation ENTSOG will be required to undertake under the Interoperability Network Code, otherwise there is a danger of implementing non-optimal solutions.

Finally, the FG should require the common, standard messaging protocol and respective technical standards to be subject to a structured change control process, with a defined timetable for version release and with appropriate stakeholder involvement.

6.2. Regarding the content of this chapter,

~~a. Data exchange shall be limited to the communication format.~~
b. Data exchange shall define both format and content, at least regarding the following points: _____. Please reason your answer.
~~c. I don't know.~~
~~d. Other option. Please reason your answer.~~

Market participants would benefit from a wider scope of harmonisation regarding data exchange, including also a minimum set of contents to be compulsorily communicated by TSOs to users where necessary. Some of this information is already specified in other Network Codes (CAM, Balancing, etc).

6.3. ENTSOG may support the exchange of data with a handbook of voluntary rules. Please share your views about such a solution.

Clearly any harmonised processes, systems and protocols for data exchange which are specified in the Network Code will need to be applied on a mandatory basis by all TSOs if they are going to achieve their desired effect. We do not understand therefore why a handbook of voluntary rules may be an option, or what benefits this would achieve. If its purpose is to act as a "user guide" for the mandatory processes, systems and protocols implemented by TSOs, or to provide guidance on other aspects of data exchange which are not mandatory, we could support it. However, if it implies that those systems and protocols for data exchange specified in the Network Code could be voluntarily applied we would not support it, as inevitably not all TSOs would adopt it and network users would continue to have to manage multiple systems and disjointed data exchange.

7. Capacity calculation – The Agency view is that discrepancy between the maximum capacities on either side of an interconnection point, as well as any unused potential to maximise capacity offered may cause barriers to trade.

7.1. Please provide your assessment on the present proposal. Would the measures proposed address the issues that are at stake?

ACER has raised concerns that discrepancies between maximum offered capacities either side of an interconnection point may represent a barrier to trade and may generate undue restrictions of gas flows. We think that those constraints could be easily avoided by harmonizing, to the extent possible, the assumptions used by TSOs to calculate available capacity. This will be of paramount importance if we consider that in the medium term the allocation of capacity will only take place in form of bundled products. Nevertheless, the FG makes no reference to the concept of capacity being allocated as a bundled product under the Capacity Allocation Network code and risks introducing conflicting obligations and double jeopardy. ACER should consider carefully which aspects of this proposal are already adequately provided for in other regulations and whether any remaining aspects warrant mention in the Interoperability FG.

7.2. Would you propose additional measures as to those proposed? Please reason your answer.

In our opinion, general cooperation between TSOs to reduce discrepancies – as requested by the current draft of FG - could prove insufficient. Therefore, we recommend the FG should require the Network Code to provide more detail on harmonised assumptions and parameters used to calculate available capacity. Depending on how TSOs apply some of the technical parameters, there could be an impact (either positive or negative) on the outcome of the calculation of available capacity. A list of common minimum parameters and assumptions could prove helpful therefore.

7.3. Would you propose different measures as to those proposed? Please reason your answer.

See our response to 7.1. above.

8. Cross-border cooperation

8.1. Please provide your assessment on the present proposal.

We are not convinced this section is necessary in its own right as the requirement to cooperate is already, and if not perhaps should be, referenced in each of the six interoperability issues.

8.2. Do you have any other suggestions concerning cross-border cooperation? Please reason your answer.

Wherever the FG requires TSOs to publish information or communicate and consult with stakeholders, it should be stated that this should be carried out in English and in the national language of the TSO where appropriate.

9. Please share below any further comments concerning the Framework Guideline on Interoperability and Data Exchange Rules.

We have no further comments at this stage.

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