

## Position

# Draft Framework Guidelines „Interoperability and Data Exchange Rules for European Gas Transmission Networks”

ACERs Public Consultation Paper, March 2012

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## **Executive Summary**

On 16<sup>th</sup> of March 2012, ACER launched the official consultation on the Draft Framework Guidelines „Interoperability and Data Exchange Rules for European Gas Transmission Networks“. The BDEW is glad to take the opportunity to state hereinafter the point of its members.

BDEW agrees with the general principles as described in Regulation 715/2009 that Interoperability and Data Exchange Rules should comply with. Interoperability and Data Exchange Rules shall taking into account system integrity and its improvement, transparency and visibility in the long term, avoiding of cross-subsidies and undue discrimination, efficient gas trade and competition as well as safeguarding security of supply.

To be consistent with regulation EC 715/2009, harmonization should only occur where the market clearly identifies barriers to cross-border flows and market integration. To go beyond this remit could generate unnecessary costs on the industry and would not be aligned to the requirement of infrastructure operators to be economic and efficient.

BDEW supports the focus of the Framework Guidelines on cross border issues and therefore the topic interoperability should only be handled at TSO/TSO interconnection points as well as on interconnection points linked to storage or LNG facilities.

For the establishing of Interconnection Agreements BDEW thinks the best solution is to set a minimum of topics that are appointed in such an agreement to allow a certain level of freedom for the operators. This level of freedom will enable the operators to take the specificities of connections between adjacent operators into account. The consideration of these specificities will help to ensure that an Interconnection agreement will not mean a barrier to cross border trade by creating new barriers at interconnection points.

Regarding the Gas quality BDEW believes that the approach of harmonization is necessary. But we point out that any change will probably have an impact on safety and integrity of the gas system and consumers' gas appliances. Therefore a one-size-fits-all harmonization seems not to be appropriate. Characteristics of the national safety standards and also the ongoing work of the European Committee for Standardization (CEN) and EASEE-gas have to be taken into account.

## **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.*

BDEW does not see the necessity to fully harmonise the rules on data exchange and interoperability on a too detailed level. The Framework Guideline should be focused on interoperability at TSO/TSO interconnection points as stated in option a) in order to facilitate cross-border flows. Only when cross-border transports are impacted in a way that affects the general objectives of Regulation 715/2009, harmonised policy decisions should be defined within the framework guideline.

*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?*

For BDEW Option c) offers the right solution. A one-size-fits-all harmonization seems not to be the right way for achieving the general objectives of Regulation 715/2009. Instead TSO-NRA cooperation is an appropriate way.

1.3. Shall any of the issues raised in the FG (Interconnection Agreement, Harmonisation of units, Gas Quality, Odourisation, 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	Odourisation	Data Exchange	Capacity Calculation
Full harmonization		x				
Partial harmonization	x		x		x	
Business as usual				x		x

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

N.N.

## 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.

BDEW supports option e). Interconnection agreements should only contain a minimum set of topics to be stipulated in such an agreement for each interconnection point. The definition of a minimum set of general items and content for an Interconnection Agreement is sufficient at Framework Guideline / Network Code level. This definition should allow a certain level of freedom for the operators because connections between adjacent operators always have certain specificities that can only be detailed considered on a bilateral basis. Further regulation within the interconnection agreement will be counterproductive and the less flexibility could hamper the solving of interoperability problems. BDEW therefore prefers the determination of a „Model Template Interconnection Agreement“ that sets a minimum set of topics in the Network Code.

The envisaged regulation that the “Standard Interconnection Agreement” will come into force automatically after 12 months seems for BDEW not feasible. Instead the „Standard Interconnection Agreement” should come into force if the specific points that will strengthen the interoperability have been stipulated.

BDEW welcomes the involvement of the national regulators at the creation of the Standard Interconnection Agreements but the proposed authorization of each Interconnection Agreement by the NRAs is to costly in terms of time.

Moreover it should be ensured that an interconnection agreement will never be a barrier to cross-border trade as by its very intent it is concerned with facilitating gas exchange at interconnection points avoiding operational barriers.

*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*

N.N.

*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.*

As mentioned at question 2.1 Option a) is preferred by the BDEW. The knowledge of the NRAs regarding the specific characteristics of their market areas and the special needs of the participative stakeholders should be integrated into the development process if the involved parties cannot find an agreement.

### **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.*

There is a need of full harmonization of units. The most common units for gas business transactions (pressure, energy, volume and GCV) are already agreed by EASEE-gas CBP 2003-001-01 from 27th August, 2012. Therefore for BDEW option a) will be the most useful choice. If further harmonization would be necessary, more emphasis should be set on standardized conversion rules.

**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.*

BDEW thinks that there is a value in having a common set of reference units for commercial processes at interconnectors but TSOs can use conversion factors for internal use. Common units may have a role in any common platforms and bundled products but the use of conversion tools for a system operator's internal processes is the most economically efficient solution to an issue that currently presents no real barrier to cross-border flows. Conversion tools should be allowed as a low-cost possibility. Therefore BDEW supports option b).

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

No, the proposed units are sufficient for market harmonisation.

## **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.**

For BDEW the harmonization of gas quality is necessary but it is also clear that the harmonization will induce costs. Both aspects should be taken very carefully into account. Appropriate cost allocation and cost recovery methods should be thought of.

BDEW would like to note that several processes have been launched already to address gas quality issues and hence any Framework Guideline / Network Code has to take into account this ongoing work:

- Harmonisation of gas quality (taking into account the processes involved: CEN's Mandate M400, Cost-Benefit Analysis, EASEE-gas CBP etc.)
- Biomethane standards (taking into account the processes involved: CEN Mandate M475, ENTSOG paper on Biogas, Marcogaz paper on biogas etc.)

The key issue for any Framework Guideline/Network Code is one of responsibilities for delivering gas within agreed specifications and of appropriate cost allocation and cost recovery.

The parameter gas quality should be harmonized on a TSO-level referring to the to the EASEE-gas parameter as an objective for the harmonization and maybe in addition of a parameter for hydrogen as currently discussed by the CEN. Additional to that it should be kept in mind that also the producers could contribute a part for harmonisation of gas quality in Europe. A solution could be to treat the gas directly at the source in a way that the gas quality standards in Europe will be met. Treatment at the source could be much cheaper and more effective and also cost-effective as decentralized downstream. Since pressure stages below TSO-level are also concerned by these rules, national deviations should be possible at least for biogas.

BDEW would like to highlight that parameters such as the propane equivalent, ignitability and laminar combustion are very specific for a small part of the gas sector and not representative of the entire EU market. Therefore, these parameters should not be included in the future gas specifications since they will only bring more restrictions which are not required. Moreover, it should be noted that the methodology for the calculation of methane number varies between Member States.

*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.*

BDEW supports the general objective of the work in the area of gas quality standardization and recognises that harmonizing gas specifications across the whole of Europe is challenging. However, harmonized specifications across the EU are the key to creating the effective interoperability of networks facilitating a free trade of gas by lifting local gas quality barriers. In addition, such specifications need to be wide enough to not induce excessive treatment costs, but trying to avoid excessive appliance replacement, as these costs would ultimately be borne by end consumers. Therefore BDEW prefers op-

tion a) or b). However, it should also be stressed that this work should ensure that safety and integrity of the gas system and end consumers' gas appliances are maintained. Any change may impact safety standards and must be thoroughly assessed before being implemented. In particular, with regard to renewable energy sources, it is important to underline that their integration will rely on the existing gas infrastructure and considers existing technical norms and standards.

## 5. Odourisation

*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.*

Odourisation is by and large a national issue which depends on specific national security standards and requirements. It should be stressed that for security reasons odourised gas should not qualify for cross border transport.

## 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.*

Data exchange, like the "units" issue, does not present a clear impediment to cross-border trade but there is logic in having processes in place that will allow a gradual streamlining of data exchange solutions. Data exchange means exchanging data between market partners in a structured way (format & communication). For BDEW it is important that on TSO level at cross-border interconnection points already well-established rules on communication and data exchange must be kept as it is (e.g. AS2 and EDIGAS transmission protocol). National rules on downstream level have to be taken into account.

*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.*

As mentioned in question 6.1, for BDEW there has to be a clear purpose of the data collection and data exchange therefore we support option a).

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

BDEW supports the use of a handbook with voluntary rules. The proposed ENTSOG Data and Solutions handbook can be used to facilitate the Data Exchange process.



**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?*

For BDEW there is no additional need to further specify the capacity calculation methodology in this Framework Guideline. TSOs already publish their capacity calculation methodology in compliance with existing 3rd Package transparency requirements.

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

N.N.

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

N.N.

**8. Cross-border cooperation**

*8.1. Please provide your assessment on the present proposal.*

N.N.

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

N.N.

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

If European rules require the adaption of already established national data exchange rules or national rules for odourisation, resulting costs have to be integrated into network tariffs of every TSO or DSO that is affected.

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