



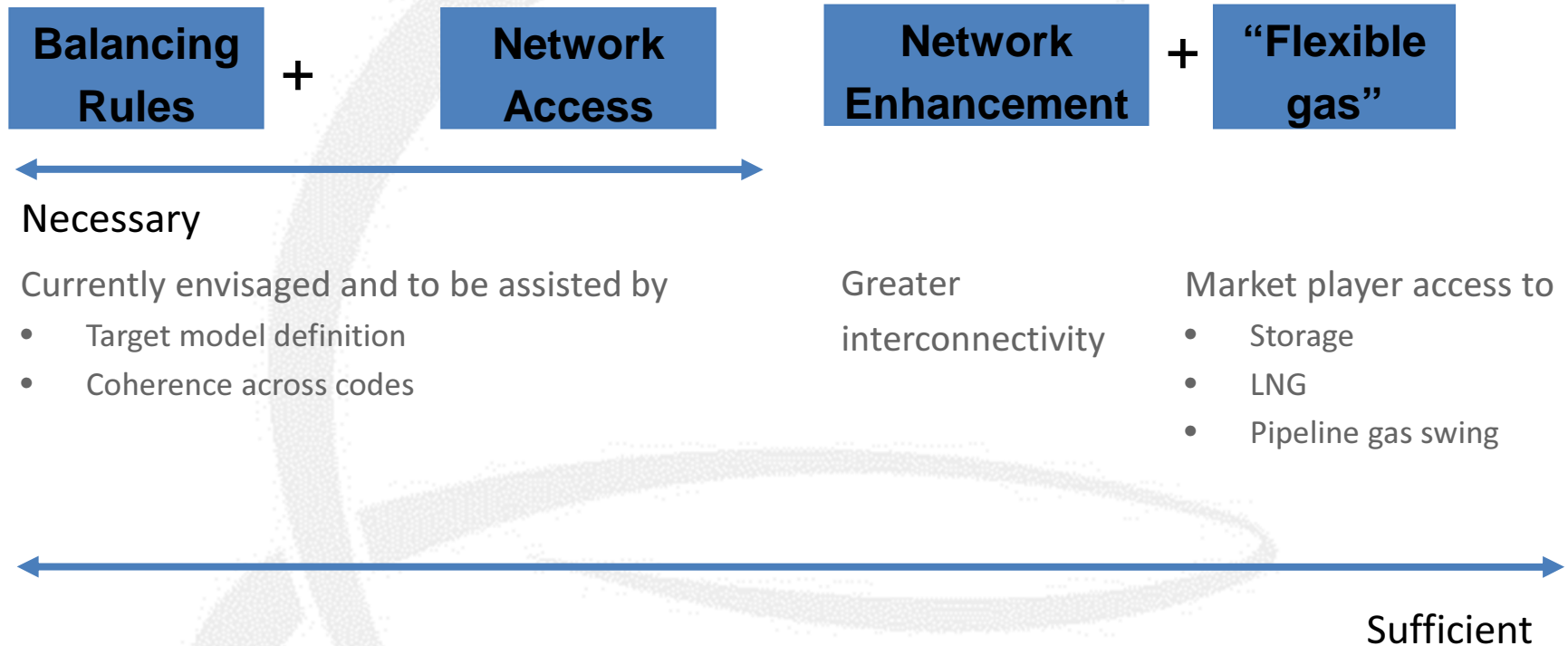
Draft Framework Guidelines for Gas Balancing

Initial feedback

Nigel Sisman

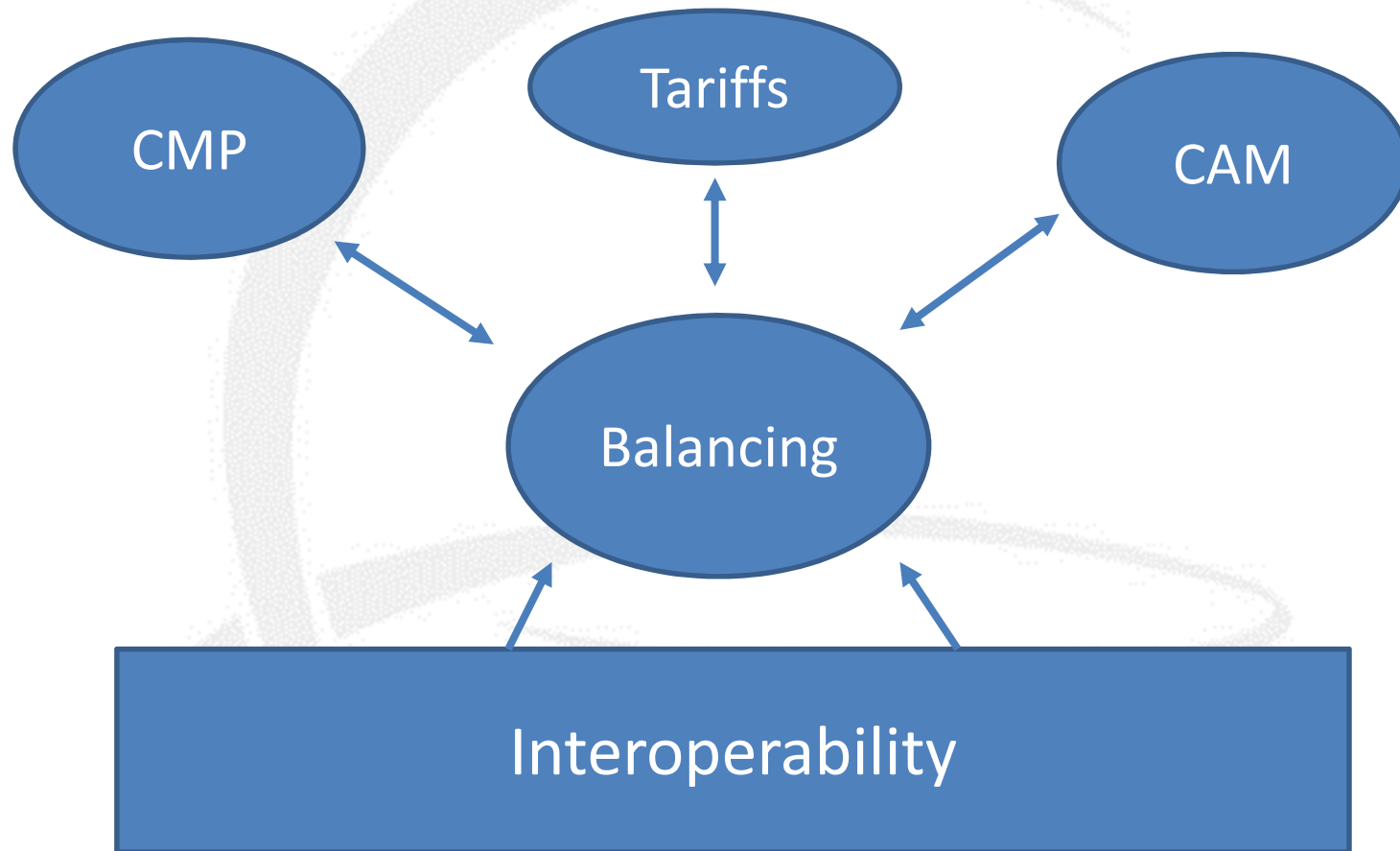
ACER Workshop, Ljubljana, 18 May

Essential conditions for gas market functioning



TSO rules can enable short term balancing market but may need other political and regulatory support to enhance network and “flexible gas” competition to ensure market functioning

Interactions



Consistency and coherence needed across all areas

Balancing Target Model

System user incentives to get close to balanced position in settlement period

- (within settlement disciplines on system users where physically necessary)

Alignment so shipper induced flows are within operational envelope

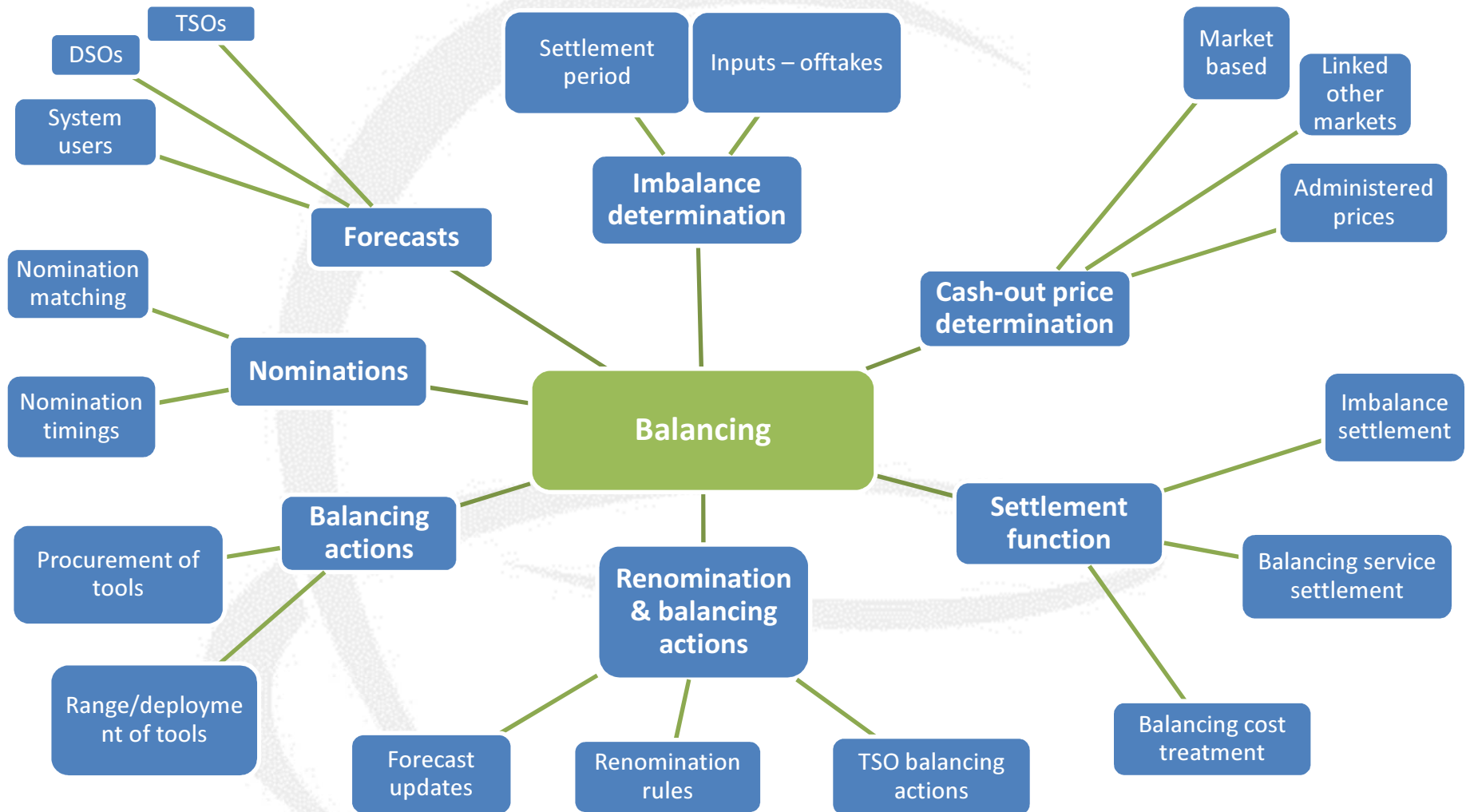
- TSOs have a small and/or economically efficient role

TSOs to have incentives

- Cost neutral in relation to balancing activities
- “incentives to do the right thing”

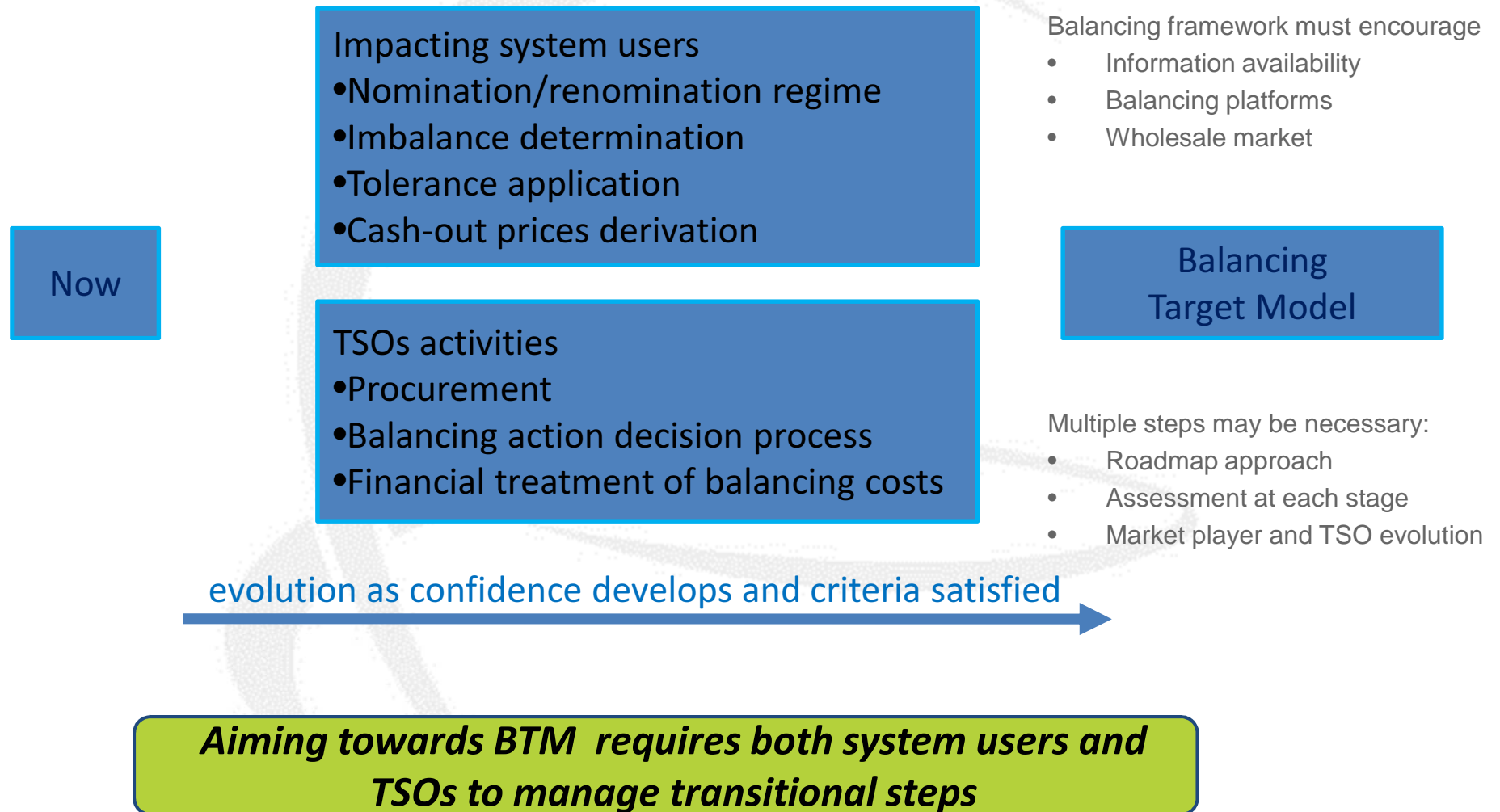
ENTSOG supports the Balancing Target Model (BTM)

Balancing processes



BTM requires an articulation of each of these elements
BTM involves fundamental changes in many regimes

Transition – the path to market based balancing



Objective to support short term market functioning

Rules to encourage system user participation

- information about imbalance exposures to enable risk mitigation
- manage progressive reduction of tolerances
- evolution of imbalance calculation and imbalance price to better attribute costs
- encourage developments to enhance access to storage/LNG/pipeline gas flexibility

Rules to encourage TSOs participation

- enable identification and offer of any TSO surplus storage based gas flexibility
- encourage participation in short term service market
- provide positive incentives to accelerate progress

Shared understanding

Are we all using the same language with a common understanding?

- Balancing period
- Balancing within-day
- Balancing charges

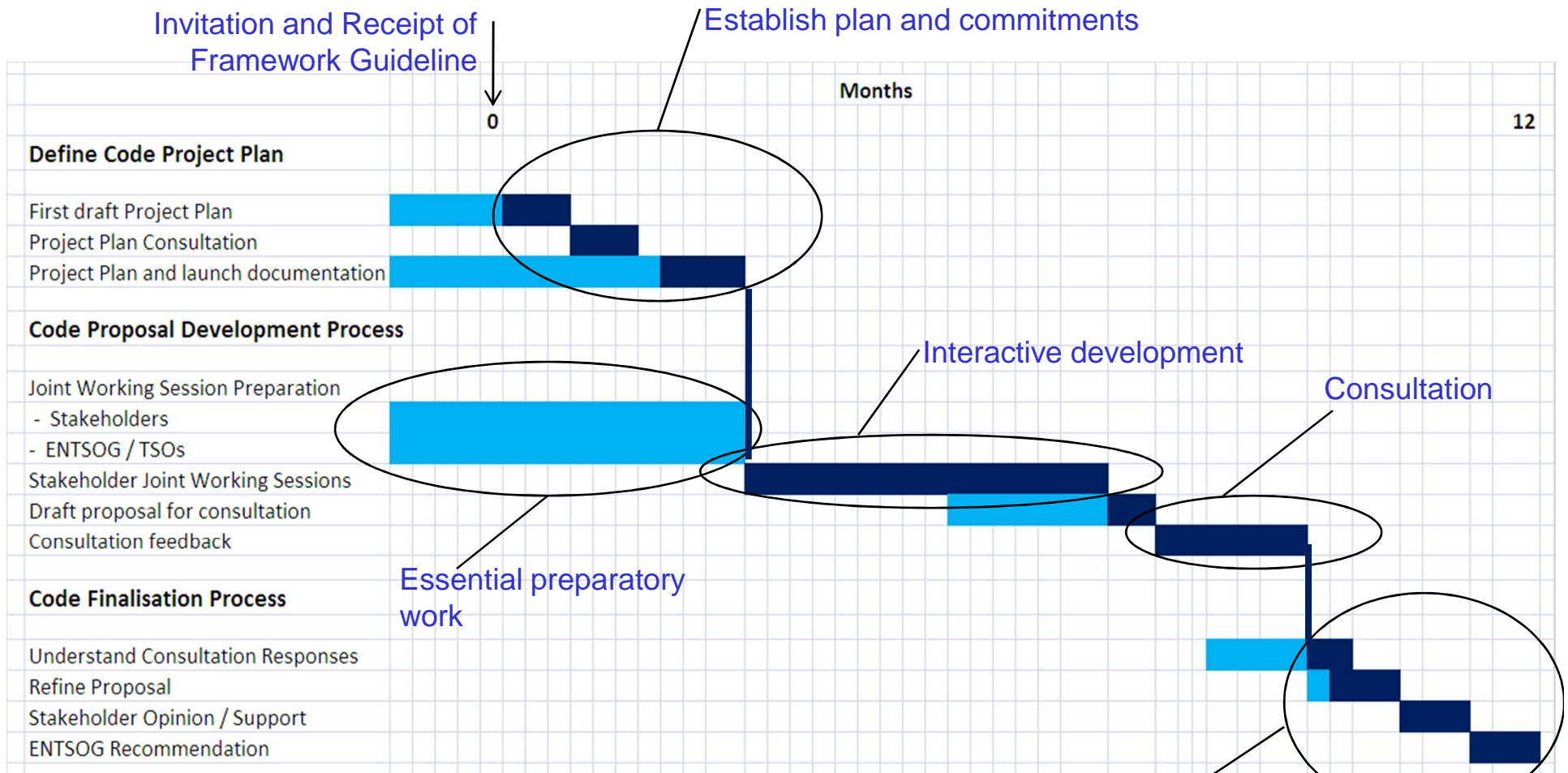
Inherent ambiguities?

- Linepack – within-day or end-of-day
- Cross-border netting – does this undermine shipper balancing responsibility?

***Engagement critical to ensure best possible
framework guideline prior to finalisation***



Network Code Development Timeline



Stakeholder and TSO preparatory work and parallel working essential to deliver codes in 12 months

Interaction, refinement & finalisation

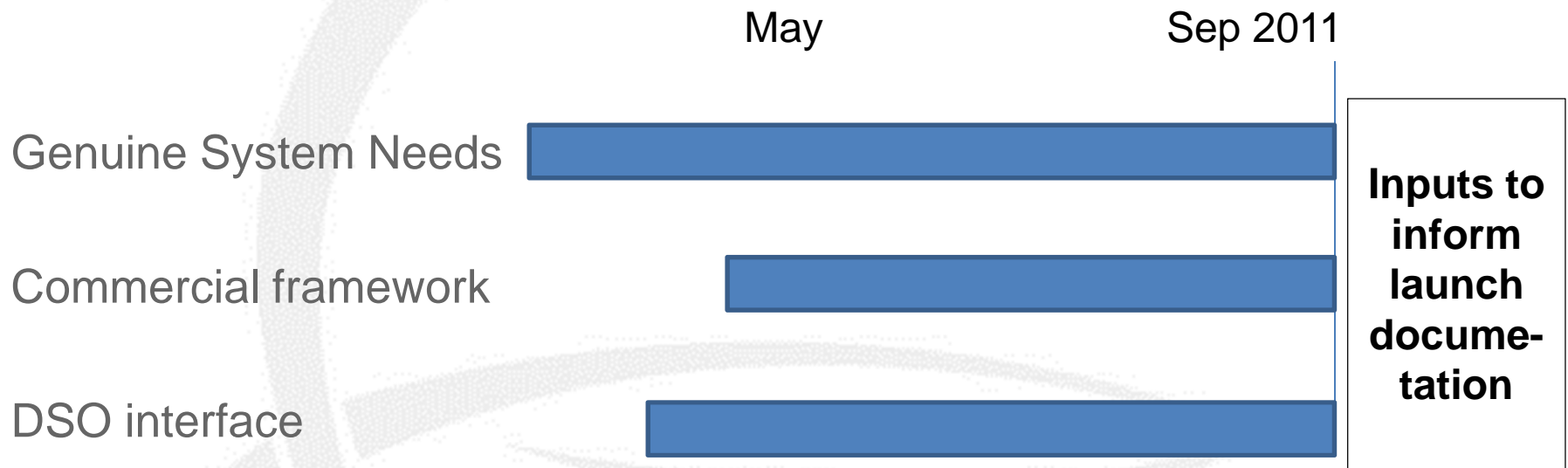
ENTSOG Activities to September 2011

Engagement	May	June	July	Aug	Sep
ACER					
Commission	Diary planning to be agreed				
DSOs					
Wider stakeholders					

Bi-lateral and multi-lateral meetings sought to establish common understandings

ENTSOG Activities to September 2011

ENTSOG Preparatory Projects



***Network code development must be informed by preparatory work
Interactive development at a sufficiently detailed level essential***

Conclusions

Balancing is a critical element of the IEM design

Framework guideline represents a good start point but needs refinement
(rather than substantial rewrite)

ENTSOG requests engagement with ACER, Commission during the refinement

ENTSOG will engage with DSOs (information project) and wider stakeholders

ENTSOG will be ready to start network code development in September 2011

Timely delivery of framework guideline and network code is essential to ensure implementation progress by 2014 towards the single European market

Thank-you

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