ACER workshop on

Scoping the Framework Guidelines
on Interoperability Rules for European Gas Transmission

Ljubljana, 13 September 2011

1. **Introduction**

ACER gave an update on the process for the FG on Interoperability Rules. To support this process a scoping document was prepared during the summer. The workshop of 13 September is considered to be part of the process and aims to collect inputs and comments on the scoping document. The deadline for written comments was set for the 19th September. All this preparatory work shall assist ACER to be ready for the invitation of the European Commission for drafting of the FG. .

A presentation explaining the objective of the workshop, the structure of the scoping document and the questions annexed to the scoping document were used to generate discussions.

1. **Feedback on definition and application:**

The representative from RWE-gas, also representing **EUROGAS**, made the remark that he saw interoperability only as an issue between TSOs, setting rules only applicable on cross border points and excluding other E/E points[[1]](#footnote-1).

**ENTSOG** representatives appealed for an application area in line with the FG on Capacity Allocation Mechanisms (FG CAM). The scope should not be any wider, and no link should be made to power applications. The technical definition is a good basis to proceed, but could be more specific, with more focus on the physical aspects (to allow the flows) and the operational aspects (looking for compatible solutions across the EU).

In the view of the **EASEE-gas** representative, the application has to be as broad as possible, including important pieces of gas infrastructure, except for distribution connection points. The definition does not have to refer to electricity issues.

The **GEODE** representative asked ENTSOG what was meant by “compatible” solutions, and asked EASEE-gas to consider DSOs. ENTSOG gave the example of data exchange, where probably different protocols could be allowed without imposing one single standard, provided that they were compatible. EASEE-gas replied that DSOs did not use nomination procedures, and gas quality in DSO areas did not influence TSO networks, but more the local markets.

**Conclusion on the definition:** the technical definition provided in the Scoping document is a good starting point. (It is important to highlight that interoperability is seen as an issue not only between operators, but also between operators and network users). The definition built on users’ perspective is meaningful only together with the technical definition. Focus should be on technical and operational issues in a broader sense, with EUROGAS alone believing that the issue should be exclusively for operators.

**Conclusion on the application: T**wo visions were discussed:

* 1. a copy of the application in line of the FG CAM, in line with legal obligations; or
	2. a broader application, including entry points with LNG, storage and producers, but excluding connections to distribution systems.

As a supporter of the first vision (cross border points only), ENTSOG saw problems in how to treat interconnections with third countries (producers) at the borders of Europe, and also problems related to gas quality differently defined by the national systems. They also do not see the benefit of interconnection agreements with DSOs. On the other hand, and more closely to the second vision, EASEE-gas highlighted the importance of producers admitting that what could be dealt within the Framework Guidelines shall be related to transmission system operators[[2]](#footnote-2).

1. **Feedback on organizational interface:**

To guide the discussion, three major topics were identified such as issues related to organizational, technical and communication interface, as presented in the scoping document. Starting with the organizational interface (nomination process and interconnection agreement), there exists an overall support from stakeholders that interoperability has to deal with a synchronized nomination scheme.

On the detailed subjects mentioned under the nomination process, it is **widely** recognized that the gas day was an interoperability issue, but as already treated in the FG CAM, therefore no further action was identified. As a general rule, stakeholders requested to avoid repetition across FGs.

**ENSTOG** insisted to keep subjects as separate as possible, following the issues as defined by Article 8 of the EC Regulation (No.) 715/2009. As such, ENTSOG pled to treat data exchange under a separate Framework Guideline on Data Exchange and Settlement Rules (see further comments under chapter 5 of this document), and to deal with operational constraints within the Framework Guidelines on Emergency Procedures.

**EASEE-gas** requested that the interconnection agreement should contain a minimum set of topics to be stipulated in such an agreement. The Framework Guideline should neither tackle a limited amount of topics, nor should fully standardize the interconnection agreement. A certain level of freedom is necessary for the operators, while allowing for similar agreements. This was supported by ENTSOG. **ENTSOG** announced that they intend to publish a list of minimum topics to be included in an interconnection agreement, and possibly the list would form part of the upcoming network code.

**GEODE** recognized that distribution systems did not have a nomination process, although on the interconnection points between transmission and distribution systems, quantities must match. GEODE insisted that DSOs should not be forgotten, when communication rules would be set in case of operational constraints within the nomination process.

1. **Feedback on the technical interface:**

**ENTSOG** suggested that concerning the harmonization of units, a difference should be made between market related units and technical units. The focus should be on the market related units like energy, volume and gross calorific value. If further harmonization would be necessary, more emphasis should be on standardized conversion rules.

Related to the gas quality, **ENTSOG** insisted that the CEN mandate should be very carefully followed up. While harmonization of gas quality is needed, it is also clear that it will induce costs. Both aspects should be taken very carefully into account. Appropriate cost allocation and cost recovery methods should be thought of.

Related to the capacity calculation, **ENTSOG** does not see the benefit in treating this as an interoperability issue, and refers to the Framework Guideline on CAM, which tackles capacity calculation. In their opinion the work done will be sufficient.

**EASEE-gas** added that harmonization of units as stipulated is sufficient, that harmonization of gas quality (meaning H-gas only, not L-gas) would be difficult, but could be tackled and that other parameters or aspects would not have to be treated, except for biogas/ biomethane or others with an environmental impact.

An end-user representative (**Wartsila**) intervened by saying that end-users’ needs should be taken into account, and this related to costs and safety. End-users would be in favour of harmonization of gas quality, with bands as narrow as possible if benefits outweighed costs.

A representative of **EuRoPolGaz** questioned the focus given on the difference in temperature between 15°C and 25°C.Their view was that such difference may allow for operational flexibility, and anyhow a cost benefit analysis should support the move towards a uniform approach.

The representative of **ECON-gas** explained that the existence of different units was not to be seen as a barrier, but rather as an inconvenience. The main harmonization is already set in the Framework Guideline on CAM for the booking of capacity in kWh/d or kWh/h. In the debate on gas quality, he referred to the recent publication by the European Commission of a cost benefit study by two consultants, which made clear that the costs for standardization in this field would be out of line. In his view the benefits of harmonization should be in line with the costs. He was in favor of harmonization and gave the example of GATE terminal and the GTS network, and UK specification around the Zeebrugge region, where gas quality was an issue, and assumed that similar cases could happen elsewhere. . The real issue for shippers, in his view, was the lack of TSO investment leading to bottlenecks. The capacity calculation could be an issue when it comes to accurate measuring of interruptible capacity (at least from the point of view of their business).

The representative of **GasTerra** made the point that calculation of capacity is interesting especially as the amount of capacity at each site of the interconnection points should be equal.

ACER explained that the calculation of capacity should not be done point to point anymore, but system based. This exercise may be complex, where between certain margins capacity could be shifted from one side to another side in the system. Until now, these calculations took only into account parameters within the system, but by looking at the other side of the interconnector points, for example in a situation where there is less firm capacity available on the neighboring system, limits at that point in the system could be lowered, making extra firm capacity available on another point in the system. Guidance could be also given not to base calculation only on long term reservations but to take into account availability of short term capacity. This last thing may result in a higher level of maximum technical capacity.

**ECON-gas** recognized the interest to take capacity calculation on board, but highlighted that it should not lead to tell operators how to calculate their capacity because this may be dependent on the situation (as acknowledged by ENTSOG[[3]](#footnote-3)). He compared the situation with the enforcement of bundled products, where the aim to optimize as much as possible the use of capacity in certain circumstances may create a loss of flexibility elsewhere, like in the use of interruptible capacity, which would become more limited, if not restricted; this may disturb the systems and may create extra costs at the same level of use.

Along with the opinion of **EASEE-gas**, capacity calculation should stay out of the scope.

This was supported by **ENTSOG**, who argued that this was treated in the Framework Guideline on CAM, but without confirming that the above examples had been dealt with there.

1. **Feedback on communication interface:**

**EASEE-gas** stated that the development of data exchange protocols was an interoperability issue and a general approach would be necessary.

**ENTSOG** explained that, due to the rules set in the Framework Guidelines on CAM, the option was taken to develop a Data and solutions Handbook with a first chapter dealing with how to communicate (internet, …), what to use as data exchange protocol (AS II, …) and what to specify as data format (\*.xls, \*.csv, \*.xms, …). The second chapter would have sessions on what to communicate related to CAM, to Balancing, etc. A final chapter would specify how to proceed, for example if revision to this handbook was necessary, etc. The only question remained whether the handbook could be left as a voluntary document or should be mandatory and how. ENTSOG announced to share a first draft of this handbook before the end of the year.

The preference was to go for one solution, one protocol taking into account the costs and benefits for system operators.

**ECON-gas** reminded that users may prefer one protocol, instead of more. Messages could vary as that was less of an issue. The Edigas standard was appreciated as communication tool, but a standardized process including consultation with the market in case of changes seems appropriate.

**EASEE-gas** agreed that revisions would be necessary to the extent of technical evolution.

**ENTSOG** was concerned that the comitology, would be a lengthy process for revisions in such protocols. They were supported by EASEE-gas, suggesting that the FG on interoperability rules shall design general provisions/principles and leave detailed guidance for the Framework Guideline on Data Exchange and Settlement Rules.

1. E/E points means entry exit points [↑](#footnote-ref-1)
2. With the exception if DSOs feed back to TSOs, in which case DSOs become an entry point. [↑](#footnote-ref-2)
3. ENTSOG agreed that uniform optimisation approaches cannot be established. [↑](#footnote-ref-3)