



NATURAL GAS TRANSMISSION
MEMBER OF THE MOL GROUP

Starting the Regional Booking Platform

GRI South / South-East Stakeholder Meeting

Bucharest, 12 December 2014

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Before we talk about that...

TSOs



Network Users

Producers

Traders

Shippers

Large consumers



The Regional Booking Platform

A Summary of the Regional Booking Platform

- A capacity booking platform developed by FGSZ for the full compliance with CAM NC
- **Thin client solution** for both TSOs and network users (quick and easy access), which also radically limits TSO connection costs
- **IP-by-IP based** applicability (does not require exclusivity from TSOs)
- **User-friendly** interfaces
- **Robust** IT solution
 - Ability to service a high number of IPs (peak service load designed for 300 simultaneous capacity auctions)
 - 24/7 availability guaranteed by the RBP Operator (cf. within-day auctions)
- **Customisable** / on-demand functionality for TSOs and network users
- Flexible business model
- NRAs of the associated TSOs supervise platform operation

What FGSZ, Transgaz, MEKH and ANRE Achieved So Far

Big issues solved jointly until the first auctions (it took us 1.5 years)

- **New and sound legal framework for:**
 - **Accessing RBP:**
 - Operational Rules
 - Network User Membership Agreement
 - **Accessing the transmission network of FGSZ:**
 - New framework contract
 - New capacity contract
 - New tariffs for standard capacities
 - **Accessing the transmission network of Transgaz:**
 - New framework contract
 - New capacity contract
- **Regional Booking Platform IT solution in place:**
 - RBP Portal
 - RBP Application
- **Information days and tuitions for**
 - TSO staffs
 - NRA staffs
 - Network users

What FGSZ, Transgaz, MEKH and ANRE Achieved





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First Experiences



First Bundled Cross-Border Capacity Auctions

Announcement #M_JAN_2015_RO->HU Result #M_JAN_2015_RO->HU ACTIVE

Interconnector: ROU > HUN Product type: Monthly Quality: Firm Type: Bundled Interval: January 2015

LPS: 10 SPS: 1

Capacity offered	105 389	<i>kWh / hour</i>
Tariff ROU	45.997800	<i>RON</i>
Tariff HUN	119.25	<i>HUF</i>
Opening time	10 Dec 2014, 08:00	<i>UTC time</i>

Post date: Thursday, 4 December 2014 - 12:36pm Last update: Wednesday, 10 December 2014 - 10:00am

Announcement #M_JAN_2015_HU->RO Result #M_JAN_2015_HU->RO ACTIVE

Interconnector: HUN > ROU Product type: Monthly Quality: Firm Type: Bundled Interval: January 2015

LPS: 10 SPS: 1

Capacity offered	449 584	<i>kWh / hour</i>
Tariff HUN	119.25	<i>HUF</i>
Tariff ROU	5.667792	<i>RON</i>
Opening time	10 Dec 2014, 08:00	<i>UTC time</i>

Post date: Thursday, 4 December 2014 - 1:02pm Last update: Wednesday, 10 December 2014 - 10:00am



First Bundled Cross-Border Capacity Auctions

RBP ▾ News and Events ▾ Secure Area Capacity Auctions Members and IPs

Announcement #M_JAN_2015_RO->HU
Result #M_JAN_2015_RO->HU
CLOSED

Interconnector: ROU > HUN Product type: Monthly Quality: Firm Type: Bundled Interval: January 2015

LPS: 10 SPS: 1

Capacity offered	105 389	<i>kWh / hour</i>	Capacity allocated	0	<i>kWh / hour</i>
Tariff ROU	45.997800	<i>RON</i>	Clearing fee ROU	45.997800	<i>RON</i>
Tariff HUN	119.25	<i>HUF</i>	Clearing fee HUN	119.25	<i>HUF</i>
Opening time	10 Dec 2014, 08:00	<i>UTC time</i>	Closed time	10 Dec 2014, 11:00	<i>UTC time</i>

Post date: Thursday, 4 December 2014 - 11:36am Last update: Wednesday, 10 December 2014 - 11:11am Post date: Wednesday, 10 December 2014 - 11:11am

Announcement #M_JAN_2015_HU->RO
Result #M_JAN_2015_HU->RO
CLOSED

Interconnector: HUN > ROU Product type: Monthly Quality: Firm Type: Bundled Interval: January 2015

LPS: 10 SPS: 1

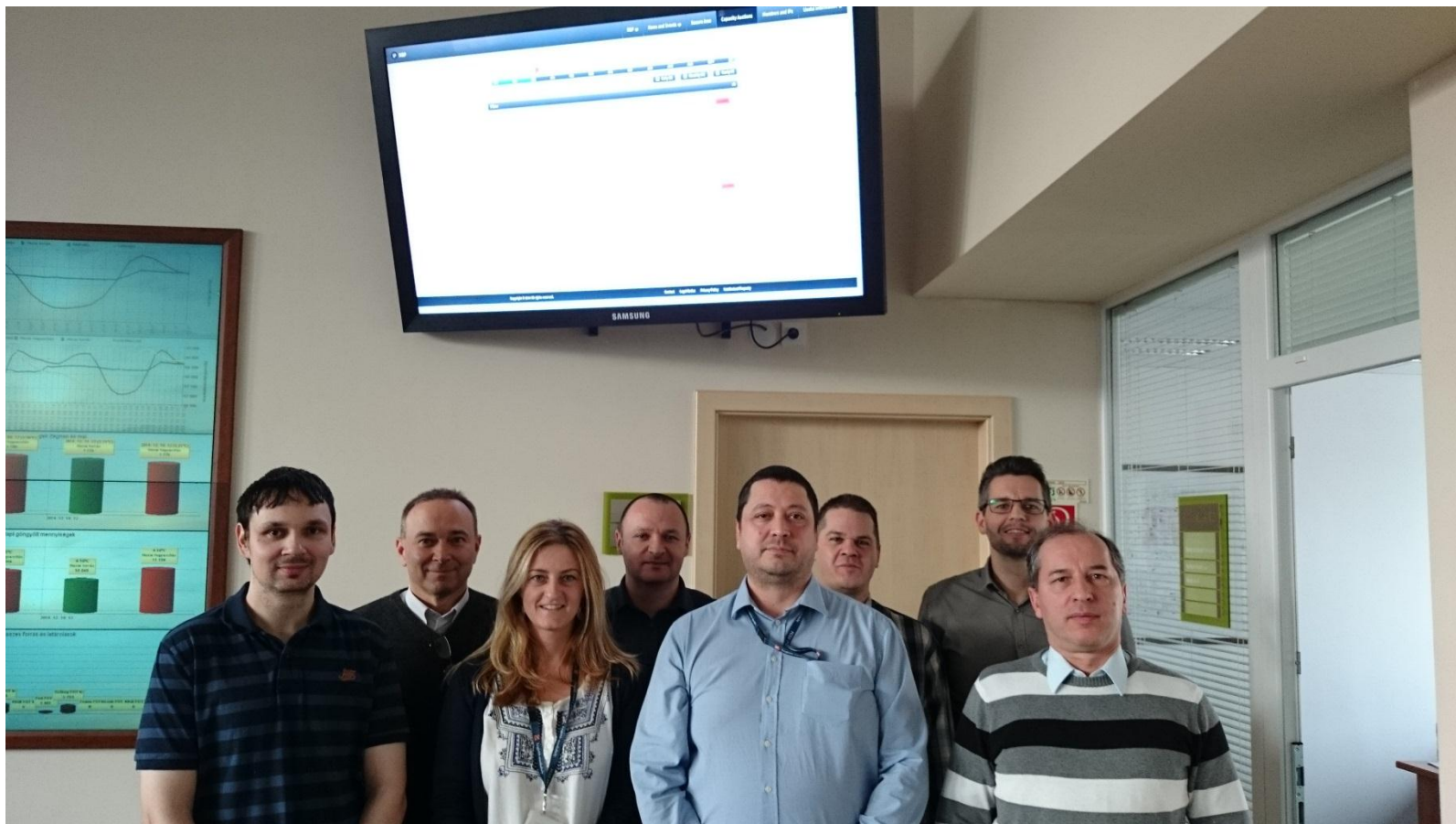
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The RBP Operator Team





Market Reactions at the Starting Line

- Network Users' reactions to the pilot project so far
 - @RBP: NUs said it is an easy-to-use solution, it is a great step forward compared to the current capacity booking practices
 - @Dual licensing: NUs consider it as an extra administrative burden, especially for daughter companies of an international group present in both countries
 - @Tariffs: NUs claim it is hard to make a business case with the current cross-border tariffs at the Hungarian-Romanian IP
- First auction results:
 - Network Users registered for RBP
 - The auctions were performed on RBP without any technical problems
 - There were, however, no capacities booked. **Why?**

Biggest Issue Probably: Tariffs

The required wholesale gas market spread between Hungary and Romania to break even on a trade across the Csanádpalota IP would need to be (estimate):

- Direction HU→RO: ~ 3 EUR/MWh
- Direction RO→HU: ~17 EUR/MWh

In comparison, in Northwest Europe the spreads between hubs are rarely above 0.5 EUR/MWh



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Way(s) Forward for Europe

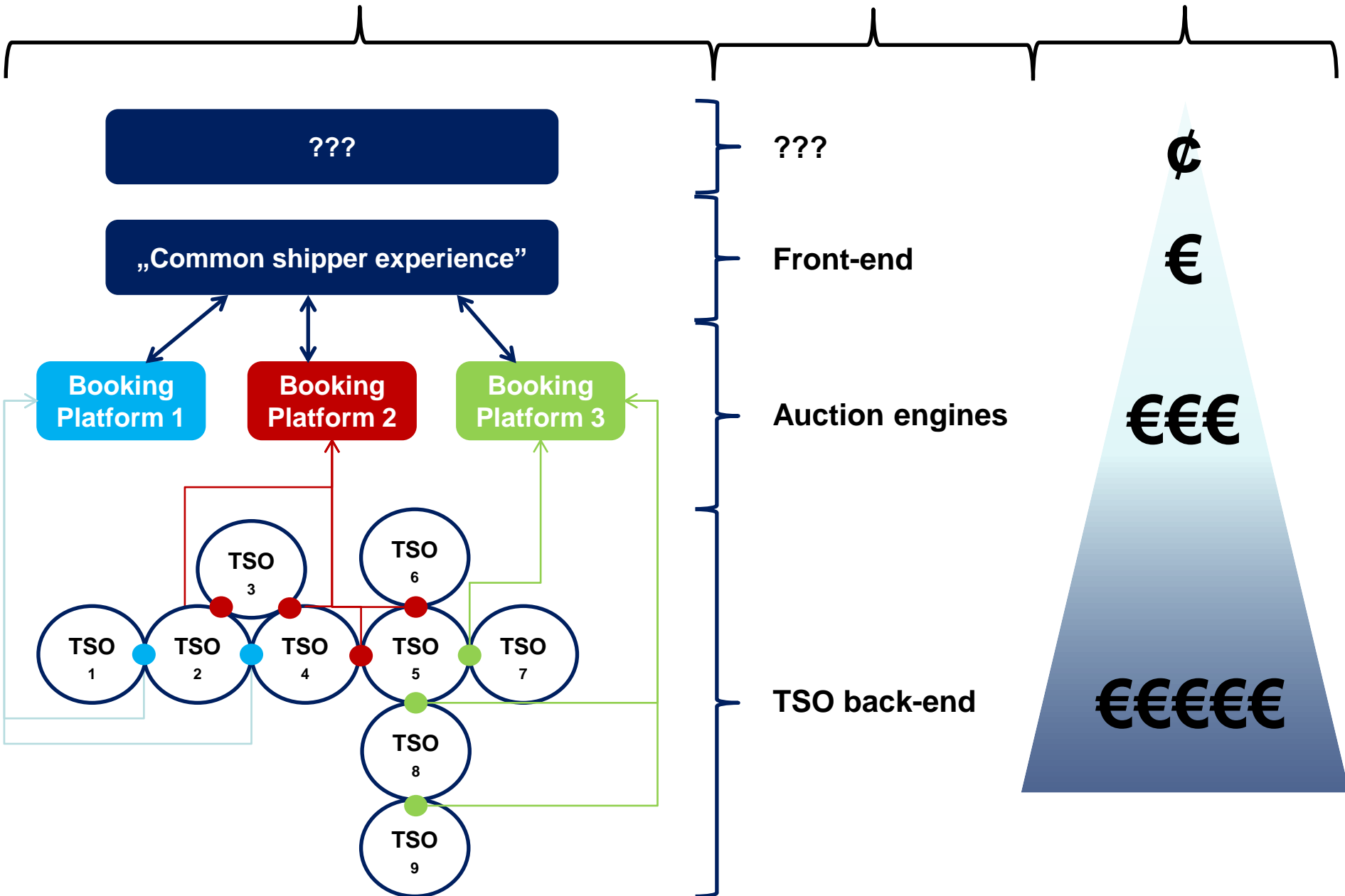
Co-existence of European Booking Platforms

- Cross-border capacity platforms are a great improvement in the EU gas market because of the standardisation of
 - capacity products and
 - capacity allocation mechanisms
- Until 1 November 2015, TSOs are obliged to offer bundled capacities within the EU → individual IPs within the EU have to be auctioned on one platform only (this is a CAM NC requirement)
 - Logically, an auction is the smallest 'unit' that has to be run on one platform, not an IP
 - Platform operators have various ideas:
 - PRISMA: only one platform should exist
 - RBP: multiple platforms with a single access point for network users (see how booking.com works)
 - GSA: split the flow directions between platforms at IPs
- Discussion is ongoing regarding the above ideas among TSOs in Europe

Coexistence of European Platforms

Subject of Harmonisation

Overall Costs of Convergence



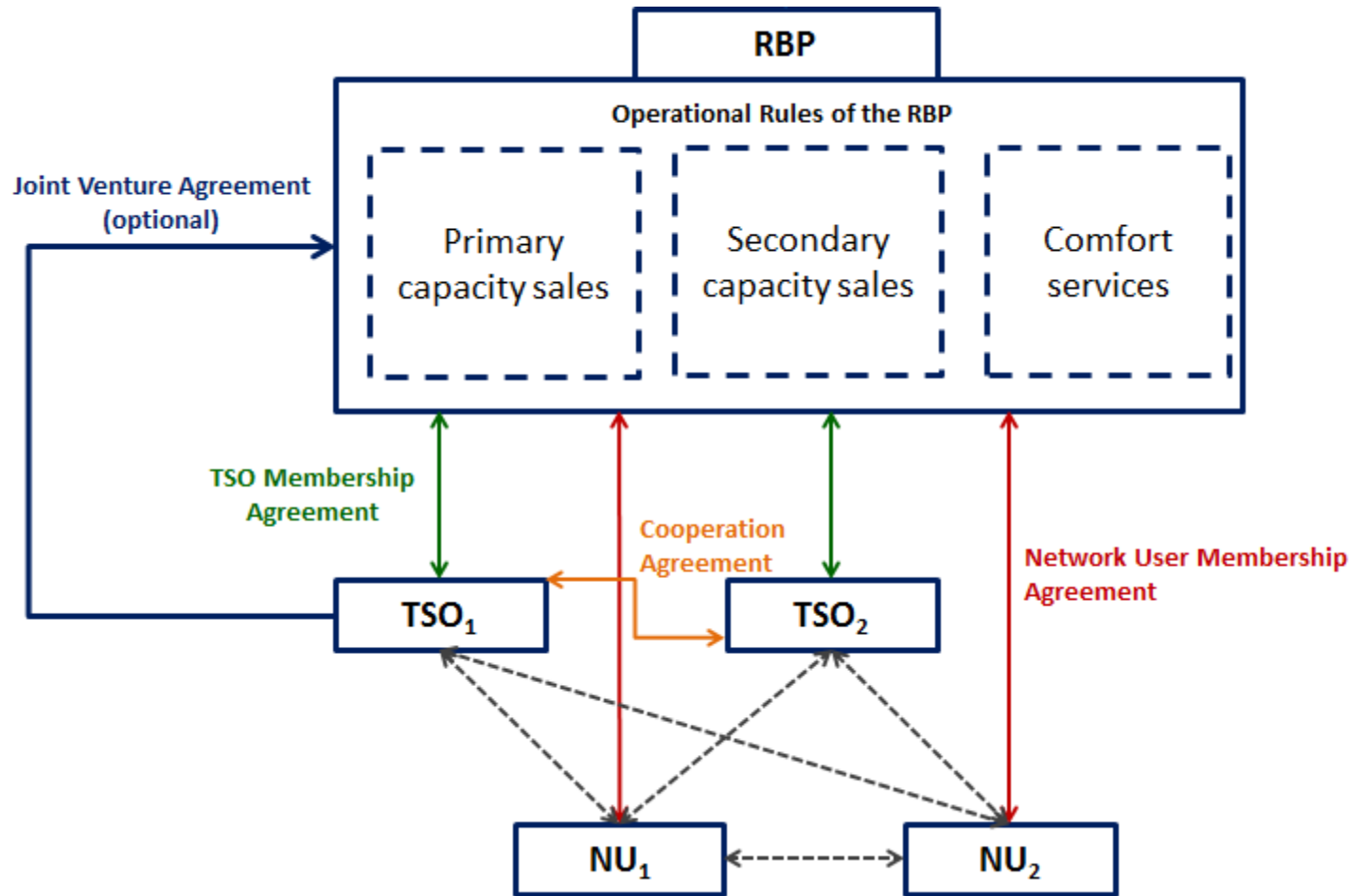


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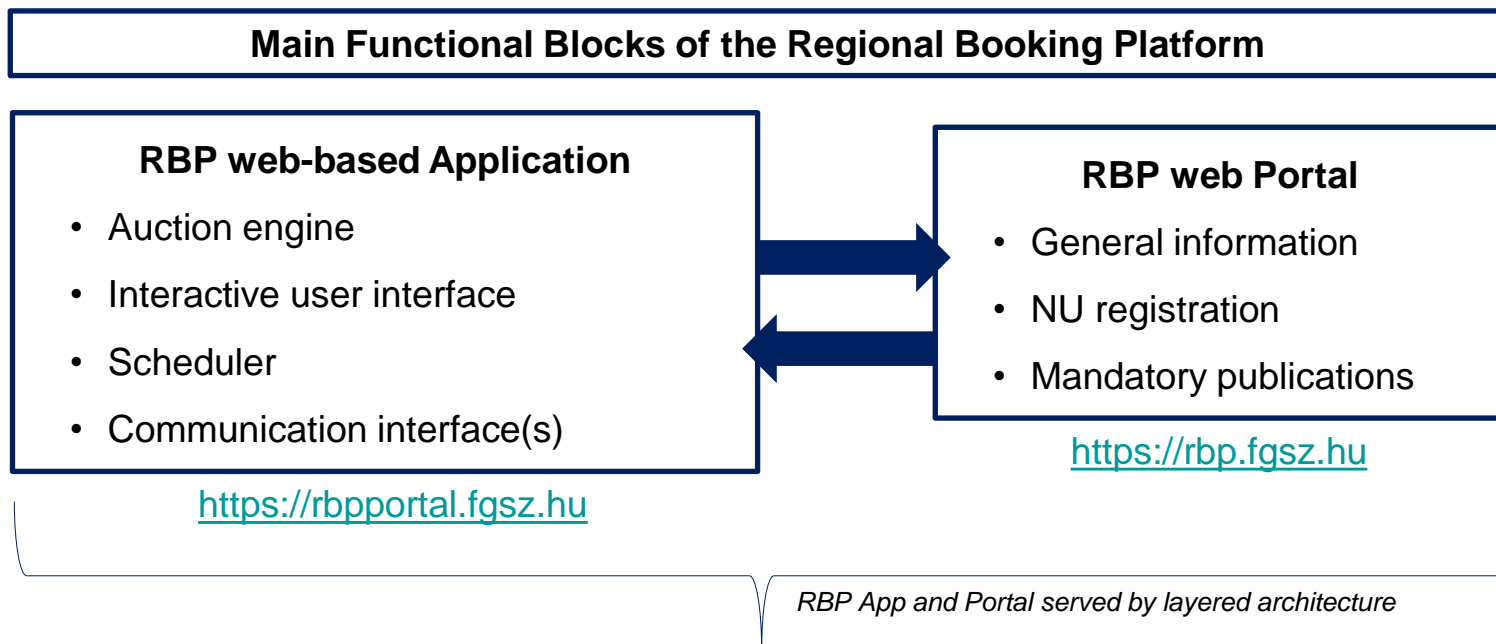
Thank you for your kind attention!

Contact: btatar@fgsz.hu

Contractual Model of the RBP



A Functional Overview of RBP



LAYER 1: PROXY

- Divert users into an ACTIVE set of servers, support test and replay functions (maintenance), and SILENT operation using mirrored and persisted commands

LAYER 2: APPLICATION

- Active/Passive environment (no shutdown needed for change)


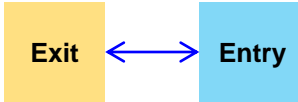
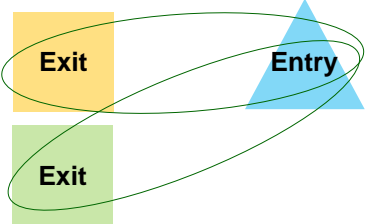
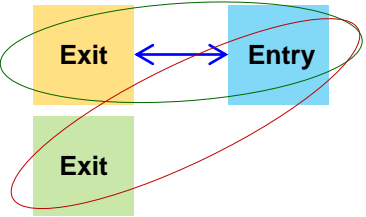
LAYER 3: DATABASE

- Oracle DB
- Source of reports, data exchange

SYNCHRONISING between layers

- Oracle Streams technology

Bundling Concepts Already Differ

Issue / Approach	Process Bundling	Product Bundling
TSO input for bundling	Unbundled capacity	
Capacity allocation	Allocation of a matching amount of exit and entry capacities	
Capacities in the bundle (quality and usage)	May differ	Same conditions
Unbundling of capacities allocated as „bundled” (e.g. nominations, secondary market, CMP)	Possible	Legally and technically impossible
Result of capacity allocation		
Capacity usage		
Nomination	Double-sided or single-sided	Single-sided only
Matching	May be required	-