

North-West Gas Regional Initiative (NW GRI)

Gas Balancing - Information Provision

Progress Update – October 2007

Introduction

The NW GRI Gas Balancing Enabler Group has been tasked in assessing information provision in order to provide a consistent dataset to shippers and the wider market in the NW GRI region that is consistent with the ERGEG Guidelines for Good Practice for Gas Balancing (GGPGB).

The task of assessing the information that should be provided under gas balancing mechanisms has been undertaken as a 'pilot study' by three operators within the GRI NW region: Fluxys (Belgium), GRTgaz (France) and National Grid (UK). Notwithstanding the structural and procedural differences between the specific Gas Balancing regimes, the operators believe that the definition of a consistent set of gas-market related data across Europe is a pre-requisite for improved information transparency.

Following the NW GRI Stakeholder Meeting that was held in Dublin in April 2007, it was agreed that further work would be undertaken by the three operators to assess the implications of publishing of a standardised set of Gas Balancing information "templates". To ensure expediency, the operators agreed that it would be appropriate to consider a subset of the GGPGB information requirements as a first step. Further, in order to implement these information deliverables, it was also agreed that a Project Plan would be drafted to identify the key milestones for implementation.

It should be pointed out that the information that is provided on gas balancing issues is not gathered together into a single template – information is published in a number of different ways and to different timetables, e.g. some information on balancing methodologies is published one-off (and updated as required for changes) whereas other information (e.g. imbalance charges for shippers) are updated more frequently in accordance with the respective balancing rules. As such, the "information template" is a concept rather than a practical tool that will gather together all balancing information published by TSOs.

This report, which has been prepared by the 3 TSOs named above, is intended to bring together the various steps that have already been taken by TSOs or that are in progress to improve the information that is provided on gas balancing. It also highlights where some gaps remain and explains what TSOs are undertaking to fill these in the coming months.

Pilot Study

Fluxys, GRTgaz and National Grid have utilised the Guidelines for Good Practice for Gas Balancing (GGPGB) as the basis for the assessment and initial proposal for the information that should be provided under gas balancing mechanisms in the NW GRI (i.e. the "information template").

As part of this assessment, the operators have identified several categories of system level (aggregated) data that could be published to the wider market;

- *Network Supply-Demand*
 - *Total supply (e.g. beach terminals) onto, and total offtaken (e.g. power stations, domestic load) from, the network. Data might be sourced from nominations, metered flows or allocations.*
- *Network Forecast Demand*
 - *The forecast of the total demand off the network. Data might be sourced from nominations, modelling or demand algorithms*
- *Other commercial information (e.g. Transportation contracts)*

Additionally, the operators have also considered categories of shipper-related data that might be published:

- *Shipper Imbalance*
 - *The difference between the shipper's supply and demand. This might be based on nominations, allocations, taking into account any tolerances.*
- *Shipper Forecast Demand*
 - *The forecast of shipper demand, i.e. offtake from the network. This might be based on nominations, modelling or demand forecast algorithms. It should be noted that not all TSOs undertake demand forecasting at a shipper level.*
- *Shipper Charges*
 - *Charges incurred by the shipper for using the network, for example, imbalance, scheduling, penalties and transportation.*

These categories of data formed the basis of the proposal for the NW GRI Gas Balancing provision of information in order to assess progress against the application of the GGPGB.

Provision of Information – General Principles

The operators believe that it was appropriate for the NW GRI Stakeholder Group to consider and support the following principles

Information will be published by operators:

- Where the operator has ownership or access to the primary source data.
- Where the operator undertakes the function that derives the data e.g. forecast demand.
- Will require an appropriate cost recovery mechanism for development on maintenance of information systems.
- On a best endeavours basis with no acceptance of liabilities arising from its use.

Overall Progress

The operators have undertaken specific business impacts to establish the potential timescales, efforts and costs for the implementation of their proposed Gas Balancing information deliverables. All three operators provide levels of information that has been identified within the GGPGB and, the operators have agreed to publish information that is not currently available where it is relevant to the gas balancing regime to do so. For example, whilst National Grid undertakes and publishes shipper forecast demand information, neither Fluxys nor GRTgaz undertake this activity.

Each operator will subsequently request that its National Regulatory Authority (NRA) and their stakeholders consider the costs and the associated benefits of the proposed information templates.

If the case is positive, that is, the cost of providing the information is less than the benefit, the operators would expect the NRA to endorse the publication of the information. Additionally, where the operator has incurred additional costs in the provision of this information, it would anticipate that the NRA would allow the operator to recover any excess (and ongoing) costs.

There have already been a number of improvements to information provision arising from the work undertaken by the operators participating in the NW GRI Gas Balancing Workstream.

All three operators support increased information provision and collectively believe that it has been very useful to understand how the requirements of the GGPGB could be implemented. The GGPGB provides a useful tool to identify the general information that is required by the market however, this needs to be put into the context of each individual TSO who may (or not) undertake an activity or have access to the data to which the GGPGB requires information.

As operators, we believe that the information which is now published, or is planned for publication as part of the NW GRI Gas Balancing effort will add further transparency, and therefore value, to the market.

Highlights

Fluxys;

In consultation with its stakeholders, Fluxys agreed to restructure information provision on its public website. As part of this restructure, aggregate system demand-supply data will be published.

GRTgaz;

System level data: network supply-demand

GRTgaz now publishes, in a specific page of its website, full and detailed information (consumption for each balancing zone for the Gas Day and forecasts (including updates) for the Gas Day, and for each major entry or exit point (except for storage), the corresponding actual gas flow for D-1). <http://www.grtgaz.com/index.jsp?page=chiffrage&lang=en>

Ongoing consultation with its stakeholders, agreed to restructure information provision on its public website.

National Grid;

Currently in consultation (Review Group 140) with its stakeholders, to assess several EFET information requirements e.g. linepack, aggregated nominations data; together with the potential requirements emanating from the Harmonisation of Units CBP.

Next steps

Set out below is summary of the key next steps that are being taken to improve gas balancing information and meet the requirements in the GGPGB.

Action	Area of work	Responsibility	Date
<i>Delivered</i>			
1	Draft and agree the scope of the pilot information deliverables for NW GRI based on GGPGB	Fluxys, GRTgaz and National Grid	Completed June 2007
2	Undertake initial impact assessments for operator's affected business processes	Fluxys, GRTgaz and National Grid	Completed July 2007
3	Publication of system-related data (see above)	GRTgaz	Completed Summer 2007

Action	Area of work	Responsibility	Date
Planned			
4	Undertake consultation with market participants and NRA	Fluxys, GRTgaz and National Grid	Ongoing until 2 nd Quarter 2008
5	<p><i>shipper forecast demand</i></p> <p>GRTgaz does not provide any forecast demand because in France the transmission operators do not undertake this task. Shippers are responsible for their estimates and often have more accurate information about their portfolio than the transmission operators.</p> <p>GRTgaz is however studying the possibility to assist shippers by providing the forecasts of some forecasting parameters e.g. k2 factor.</p>	Group chaired by CRE (French NRA) participation includes This work is realised within a group, chaired by the French regulator, including GRTgaz DSOs, industrial end-users and suppliers.	Ongoing - 2008
6	<p><i>Total system imbalance</i></p> <p>GRTgaz will investigate further the possibility of publishing the total system imbalance. This was discussed with shippers during the balancing consultation process in 2006 and had been qualified as not compliant with the new balancing system. Shippers insisted that GRTgaz' position should not be revealed before its action on the market.</p> <p>GRTgaz will again study the opportunity to provide this information for the new tariff system in 2009 (which will implement the merger of the three balancing zones North, West and East).</p>	GRTgaz in consultation with its NRA and market participants.	2008-2009
7	<p><i>shipper forecast demand</i></p> <p>Fluxys does not undertake shipper forecast demand because the Belgium balancing system provides the Shipper with hourly allocations on H+1.</p> <p>Shippers are responsible for their estimates and often have more accurate information about their customer portfolio than the transmission operators.</p>	N/a	N/a

8	<p><i>Total System Network Supply-Demand and Forecast Demand</i></p> <p>Fluxys will revamp its website and is previewing to publish this network information.</p> <p>The granularity of the actual Network Supply and Demand data will be daily figures with daily updates on D+1. The granularity of the Forecasted demand data will be daily figures with daily updates on D-1 (12 hours before the start of the gas day).</p>	Fluxys in consultation with its NRA and market participants	Implementation May 2008 (to be confirmed)
9	<p><i>Transportation Contracts</i></p> <p>Fluxys is taking into consideration the publication of the Standard Contract on the website. The determination of the Standard Contract is currently under discussion with National Regulatory Authority.</p>	Fluxys in consultation with its NRA	2007-2008
10	<p><i>Other</i></p> <p>Assessment of several EFET information requirements e.g. linepack, aggregated nominations data; together with the potential requirements emanating from the Harmonisation of Units CBP</p>	National Grid in consultation with its NRA and market participants	2007- 1 st Quarter 2008

Other Information Provision Initiatives

In addition to the NW GRI Gas Balancing Workstream, Fluxys, GRTgaz and National Grid have been providing support and significant effort to a number of other information initiatives including: NW GRI Transparency Workstream, and two pan-European initiatives, namely the GTE Inter-operability Platform and the GTE Transparency Platform.

The *NW GRI Transparency Workstream* has identified a number of areas where information provision is important and should be made available to the market. It is anticipated that deliverables from this initiative will commence implementation late 2007/early 2008.

The *GTE Inter-operability Platform Workgroup* has been assessing the information requirements from a European perspective; the assessment is based on the Interoperability Study carried out by the European Commission in 2006 and on requirements of the key stakeholders, i.e. Madrid Forum, EFET, Shippers and ERGEG. The purpose of this deliverable is to provide the market with an overview of the arrangements (Nomination and Matching Process, Units, Gas Quality, IT communication and Data Format, Codification) that are in place throughout Europe by Interconnection Points. Additional information is made available for example, by providing links to TSO websites. This Workgroup is chaired by Fluxys and it is anticipated that the Inter-operability Platform will be implemented in 2007.

The *GTE Transparency Platform Workgroup* has been assessing the type of capacity-related information that would prove useful to the European stakeholders. The information identified by the Workgroup thus far includes the capacity products available from each TSO, capacity, transportation routes that are available in Europe, by TSO and Interconnection Point. This Workgroup has also used the GGPG and key stakeholder requirements e.g. Madrid Forum, EFET in assessing what information might be beneficial and made available. It is anticipated that Phase 1 of the GTE Transparency Platform will be implemented early 2008.