

ERGEG Gas Focus Group/Storage TF
Guidelines for Good Practice for Gas Storage System Operators (GGPSSO)
Questionnaire for SSOs
8 February 2006

Introduction

On 15 September 2005, during the 10th Madrid Forum, ERGEG presented the preliminary results of its first monitoring exercise on the implementation of the GGPSSO. The Forum asked ERGEG to produce a follow-up report for the 11th Madrid Forum, to be held in May 2006. On 7 December 2005, ERGEG published the final results of its report on "Monitoring the implementation of the GGPSSO". In parallel, ERGEG proposed to undertake a second monitoring exercise assessing the effectiveness of the GGPSSO, and the functioning of the market for storage services.

The objective of this questionnaire is to collect information from SSOs to assist in monitoring the implementation of the GGPSSO as requested by the European Commission.

The deadline for the completion of the questionnaire is **8 March 2006**.

In order to ensure that all interested parties are consulted, ERGEG members will be required to prepare a contribution to be included in the report. Storage users will be consulted from May 2006, to gather their feedback on the implementation of the GGPSSO requirements after 1 April 2006. Their views will be particularly important in assessing implementation of the GGPSSO.

ERGEG intends to publish an initial report on the implementation of the GGPSSO in May 2006 and it expects to present its findings at the next Madrid Forum. ERGEG will issue a final report on implementation after it has an opportunity to consider responses to its initial report.

To help ensure transparency, responses to the questionnaire and other documents associated with the GGPSSO will be published on the ERGEG website. Any requests to keep information confidential will be considered in accordance with the relevant section of the GGPSSO that deals with the publication of the information. If you want any information to be treated as confidential this should be objectively justified and outlined clearly – taking into account the requirements of the GGPSSO. Any information that is to be treated as confidential should be placed in a separate appendix.

Please note that in order to allow for maximum common understanding of data, the answers provided by SSOs will be reviewed by the national regulatory authority.

Given that ERGEG's initial report will be published in May, SSOs may provide an addendum to their original submission if there are any significant changes to the information that they provide, between 8 March and 5 April. This will ensure that the report is as up to date as possible and avoid misrepresenting the position of the SSOs, taking into account that the deadline for implementing some of the GGPSSO requirements is 1 April 2006.

[Please insert name, authority, phone number, email address]

Questionnaire**1 General**

1.1 Business name of respondent: NAFTA a.s.

2 Roles and responsibilities of Storage System Operators

2.1 Has the standard storage contract/storage code been developed in proper consultation with users (e.g. bilateral contacts, open consultation process, with some sort of public announcement, consultation process supervised by relevant national regulatory authority or other)? Please specify when users were last consulted (relating to GGPSSO 1.2.b):

Users are being consulted continuously through bilateral contacts and also through open consultation process such as internet forum established on NAFTA's website, please see details on <http://www.naftagbely.sk/showdoc.do?docid=389>

3 Necessary TPA services

3.1 If the figure for "available capacity" for your storage facility¹ is "0", please specify until when (relating to GGPSSO 3.1):

NAFTA was not authorized by its customers to publish such information.

3.2 There may be some available capacity now (date of reference 8 March 2006). However, all the capacity may have been booked in advance, which means that sometimes in the future, there will be no capacity available. If this is the case, please specify when and for how long (relating to GGPSSO 3.1):

Not applicable.

3.3 Please provide the link to your web pages presenting the commercial terms that you apply and in particular services offered (both the Directive² and the GGPSSO 6.4.a&b provide that this information is to be published). If you wish to be more specific, please use the space below (relating to GGPSSO 3.3):

http://www.naftagbely.sk/files/pdf/THE_RULES_OF_OPERATION.pdf

¹ Storage facility means a facility used for the stocking of natural gas and owned and/or operated by a natural gas undertaking, including the part of LNG facilities used for storage but excluding the portion used for production operations, and excluding facilities reserved exclusively for transmission system operators in carrying out their functions (Article 2.9 of Directive 2003/55/EC).

² Article 19.3 of Directive 2003/55/EC of 26 June 2003 concerning common rules for the internal market in natural gas and repealing Directive 98/30/EC

3.4 Do you offer the following services on the primary market (GGPSSO 3.3, 3.5, 3.7):

	yes	no
(a) bundled services (SBU) of space and injectability/deliverability	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(b) unbundled services supplementing SBUs at least for available storage capacity at the beginning of the storage year ³	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(c) long-term (>1 year) services	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(d) short-term (<1 year) services ⁴	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(e) interruptible services ⁵	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(f) a service which includes an obligation for the SSO to allocate the gas which has been nominated	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(g) injection and withdrawal are possible at any time	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Note: For more information please see answer No. 25 in the FAQ document published on NAFTA's website http://www.nafta.sk/showdoc.do?docid=391		

3.5 If any of these services (please specify) has not been introduced, please explain why:

Not applicable.

3.6 Please specify if services offered have been developed with consultation of storage users to take into account market demand. When were users last consulted (relating to GGPSSO 3.4.a):

Users are being consulted constantly. Prior to its effective date the Storage Code was publicly accessible on the website of the national regulatory authority. Users are being consulted through bilateral contacts and also through open consultation process such as internet forum established on NAFTA's website, please see details on <http://www.naftagbely.sk/showdoc.do?docid=389>

4 Storage capacity allocation and congestion management

4.1 Please provide a description of the capacity allocation mechanism that you apply. Please specify if there is an order of priority and for which customers (relating to GGPSSO 4.1):

Capacity allocation mechanism is based on priorities ordered in accordance with art. 3.5 of the Storage Code and on a "first come first serve" basis. Please see details on http://www.naftagbely.sk/files/pdf/THE_RULES_OF_OPERATION.pdf

4.2 In case of contractual congestion, what kind of solution do you apply or plan to apply (GGPSSO 4.2)?

Please see art. 6.6, 14.1 and 14.2 of the Storage Code
http://www.naftagbely.sk/files/pdf/THE_RULES_OF_OPERATION.pdf

4.3 In case of physical congestion, what kind of solution do you apply or plan to apply (GGPSSO 4.2)?

Please see answer No. 18 (3) of FAQ <http://www.nafta.sk/showdoc.do?docid=391>

³ You may provide an addendum before 5 April 2006.

⁴ You may provide an addendum before 5 April 2006.

⁵ You may provide an addendum before 5 April 2006.

- 4.4 In case of congestion, is there a system to balance the portion of storage capacity contracted under long-term contracts and short term contracts? Please specify the nature of these arrangements (GGPSSO 4.2.c):

Not applicable (up-to-date SSO has concluded long-term contracts only).

5 Confidentiality requirements

- 5.1 Are the following items explicitly mentioned in the code of conduct/compliance programme (relating to GGPSSO 5.1.b):

	yes	no
(a) prohibition on SSO staff passing commercially sensitive information to other parts of any affiliate of the company in advance of being provided to all market participants	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(b) databases related to storage operations kept separate	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(c) new IT systems for the storage business developed separately	<input checked="" type="checkbox"/>	<input type="checkbox"/>

- 5.2 Please specify if there are other important items in the code of conduct/compliance programme:

Rules for protection of commercially sensitive information in case of staff movement, rules of extra care for SSO staff when handling SSO commercially sensitive information, prohibition on solicitation of SSO commercially sensitive information by other employees of affiliated part of the company.

- 5.3 Is the code of conduct/compliance programme published? If yes, provide a copy / internet link:

	yes	no
	<input type="checkbox"/>	<input checked="" type="checkbox"/>

- 5.4 Is there a compliance officer supervising that the compliance programme is effectively implemented (GGPSSO 5.1.b)?

	yes	no
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

- 5.5 If other arrangements are in place to protect the confidentiality of information, please provide details below (relating to GGPSSO 5.1):

Besides the Code of Conduct confidentiality of information is further protected in employment agreements, in Work Rules as well as in the Storage Contracts and in the Storage Code

6 Transparency requirements

- 6.1 Please provide the link to the webpages presenting the information required by the GGPSSO in the transparency requirements (relating to GGPSSO 6.1):

<http://www.naftagbely.sk/showdoc.do?docid=4>

- 6.2 Please specify how the historical utilization rate is calculated (relating to GGPSSO 6.5.b):

SSO invoked the „less than three rule” under GGPSSO. NAFTA was not authorized by its customers to publish such information.

- 6.3 If you have not published information as required by the GGPSSO about the aggregate use of storage, did you notify the relevant national regulatory authority (GGPSSO 6.3)?

	yes	no
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

- 6.4 Please specify how many users – if any – requested, via a correspondence, that you do not publish information about the aggregate use of storage (period of reference: 15 March 2006 – 15 March 2007) (relating to GGPSSO 6.2)?

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7 Secondary markets

- 7.1 How many system users trade capacity rights on the secondary market (period of reference: 15 March 2005 – 8 March 2006⁶)?

None.

⁶ You may provide an addendum before 5 April 2006.

7.2 Please indicate if you:

	<i>yes</i>	<i>no</i>
(a) allow for title transfer for both bundled and unbundled capacities (GGPSSO 9.1)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(b) allow the new owner to aggregate such storage capacity operationally (GGPSSO 9.1)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

7.3 Are registered users allowed to trade gas-in-store?

	<i>yes</i>	<i>no</i>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

7.4 Please provide a description of rules applicable for storage capacity trade on the secondary market vis-à-vis the SSO (GGPSSO 9.1):

Please see art. 14 of the Storage Code on
http://www.naftagbely.sk/files/pdf/THE_RULES_OF_OPERATION.pdf

7.5 Please provide a copy of the clauses in the storage code/contract referring to or addressing secondary storage capacity trading explicitly (relating to GGPSSO 9.1):

14.1 Transfer of exercise of rights under the Gas Storage Agreement

If the Customer does not exercise its rights (does not use its Storage Capacity) under the Gas Storage Agreement, the Plan or the Rules of Operation, in part or in whole, the Customer may transfer the exercise of such rights to a third party of its choice, if:

- (a) such third party (the "**Party Exercising Rights**") does not:
 - (i) become a Customer having rights and obligations vis-à-vis the SSO under the Gas Storage Agreement; or
 - (ii) enter into any form of legal relationship with the SSO as a result of or in relation to the Rights Exercise Agreement (as defined in Section 14.1.4) and
- (b) the Customer sends to the SSO a notification in accordance with Sections 14.1.4 and 14.1.5.

The transfer of exercise of rights under this Section 14.1 shall include the right of the Customer to dispose of or otherwise transfer its gas stored in the Storage Facility. Such transfer shall be made pursuant to the Rights Exercise Agreement (as defined below) and shall relate only to the Working Volume (i.e. Customer's gas stored in the Storage Facility), without being also related to the corresponding Injection Rate and/or Withdrawal Rate.

The Party Exercising Rights shall not accede to or otherwise assume the Customer's rights and obligations under the Gas Storage Agreement. Such transfer of exercise shall be without prejudice to the rights and obligations of the SSO and the Customer under the Gas Storage Agreement.

Immediately after entering into the relevant agreement with the Party Exercising Rights on transfer of exercise of all or some rights to the Storage Capacity or a part thereof (the "**Rights Exercise Agreement**"), but not later than on the second (2nd) Business Day after entering into such Rights Exercise Agreement, the Customer shall notify the SSO in writing thereof.

In the notification described in the Section 14.1.4, the Customer shall duly identify:

- (a) the Party Exercising Rights;
- (b) the scope in which the Party Exercising Rights may use rights to the Storage Capacity, as per the Rights Exercise Agreement;
- (c) the purpose of the Rights Exercise Agreement (e.g. balancing of the system, gas delivery to households etc.) and
- (d) duration of the Rights Exercise Agreement.

14.2 Assignment or transfer of rights and obligations

Notwithstanding any other provision of these Rules of Operation, the Customer may otherwise assign or transfer its rights and obligations resulting from the Gas Storage Agreement to a party Exercising Rights or any other participant in the gas market (the "**Assignee**") only with the SSO's prior written consent (the "**Assignment**"). The Assignment will occur on the Customer's and Assignee's joint request / application the form of which is published on the Internet Site (the "**Application for Assignment**"). This Paragraph 14.2 shall be without prejudice to the Customer's right to transfer the execution of rights under Paragraph 14.1.

The Application for Assignment must be delivered to SSO not later than forty (40) days before the requested effectivity of the Assignment.

Together with the Application for Assignment, the Assignee will be obliged to deliver to SSO the documents set out in Paragraphs 3.1 and 3.3 of these Rules of Operation. This Paragraph 14.2.3 shall not apply to the Assignee having a Gas Storage Agreement with SSO in place.

The provisions of Paragraph 1.6.1(c) shall be used *mutatis mutandis* when evaluation the Application for Assignment.

Without delay upon evaluation of the Application for Assignment but in any case later than within ten (10) days before the beginning of the month as of which the requested Transfer is to become effective, SSO will notify to the Assignee its standpoint regarding the Application for Assignment.

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Appendix

Definitions

Available storage capacity means the part of the technical storage capacity that is not contracted or held by storage users at that moment and still available to the storage users for firm and interruptible services, and is not excluded from TPA under Article 2(9) of the Gas Directive (Definition 1 of the GGPSSO)

Storage capacity is space (expressed in normal cubic meters or energy), injectability and deliverability (expressed in normal cubic meters or energy per time unit). All of them can be firm or interruptible (Definition 17 of the GGPSSO)

Storage facility means a facility used for the stocking of natural gas and owned and/or operated by a natural gas undertaking, including the part of LNG facilities used for storage but excluding the portion used for production operations, and excluding facilities reserved exclusively for transmission system operators in carrying out their functions (Definition 18 of the GGPSSO)

Technical storage capacity is the maximum storage capacity (injectability, deliverability and space) that the SSO can offer to storage users, excluding storage capacity for SSOs operational needs