

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 at the beginning of 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 EREG 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 EREG'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.

Responses should be sent by email to:

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Questionnaire

1 General

- 1.1 Business name of respondent: Gaz de France - Direction des Grandes Infrastructures

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):

TPA to storage was set up in April 2004 in consultation with the main customers. Since then, all changes have been presented and discussed during Customer Conventions, bringing together thirty or so customers and prospects and organized at least twice a year. The last Convention was held on 30 March 2006 (presentation of the day-ahead service and discussion about the definition of secondary market).

CRE also conducted a public consultation, from 15 December 2004 to 14 January 2005, which also led to changes in the offer on 1st April 2005.

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):

- 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):

- 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.grandesinfrastructures.gazdefrance.com/sicsFront/fr/offre_stockage/offre_stockage.html

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 checked="" type="checkbox"/> | <input type="checkbox"/> |

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

(d), (e): daily services for reserved, non-nominated capacities (day-ahead service) are to be proposed, on an interruptible basis, from 1st April 2006 onwards.

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):

yes (see answer to 2.1)

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 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):

On 1st April 2006, two offers are to be marketed for the 2006/2007 storage year with different allocation mechanisms:

- *a basic offer, for the portion of the storage capacities needed to cover the public service obligations of suppliers as described in the law of 9 August 2004. Pending the implementation decree, Gaz de France uses, on a transparent, non discriminatory basis, temporary allocation principles which define the associated storage right for each customer (according to a typical consumption profile). Suppliers can reserve storage capacities within the limits of their rights. If the supplier is changed, customers still have the same associated storage right and the previous supplier may be required to return the storage capacities and make them available to the new supplier; an allocation order of priority is only used in case of contractual congestion (see 4.2). These principles are published on Gaz de France's Direction des Grandes Infrastructures site.*
- *An offer for the 450 GWh storage capacities associated to storage rights of the customers which will be connected to the grid in 2006 and after 1 April 2006. This offer is open to all suppliers holding a supply license issued by the administration in France. Capacities will be sold under the condition that they could be transferred, before the 1st of November 2006, to suppliers of clients recently connected to the grid.*
- *offer by auction, for the 400 GWh storage capacities, which were not needed to cover the public service obligations of suppliers. For these capacities, the allocation mechanism was an auction system open to all the suppliers holding a supply license issued by the administration in France.*

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

The allocation mechanism, of the "capacity follows customer" type, temporarily implemented by Gaz de France pending the future decree, prevents risks of commercial shortages regarding the capacities needed to cover the public service obligations of suppliers and meet their storage rights. In case of contractual congestion, however, the provisions of article 38 of the law of 9 August 2004, which define the priority rules according to the end customer type, will be followed.

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

In the event of partial unavailability of capacities due to a technical problem, the nominal daily capacities of suppliers are limited in proportion to these capacities.

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):

Yes. In the event of congestion affecting withdrawal capacities or injection capacities, it will be possible, from 1st April 2006, to use the day ahead service for the reserved, non-nominated capacity on the market.

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:

The code of conduct (confidentiality code) specifies that the buildings of the storage operator and the entities supplying gas must be separate. It also describes the type of commercially sensitive information and the protection measures to be complied with.

The code of conduct also includes business management related measures (employee awareness and involvement).

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"/> |
| Internet link: | | |

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):

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.grandesinfrastructures.gazdefrance.com/sicsFront/fr/offre_stockage/offre_stockage.html

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

Since 1 April 2006, two historical rates are published each week for the immediately preceding week.

- the withdrawal rate defined as : withdrawn quantity / maximal withdrawal rate
- the injection rate defined as : injected quantity / maximal injection rate

Since 1 April 2006, stock values for each of the storage groups are also published each week for the immediately preceding week.

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 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)?

Not applicable

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)?

Six users have performed nine capacity transfer operations.

7.2 Please indicate if you:

| | yes | no |
|---|-------------------------------------|-------------------------------------|
| (a) allow for title transfer for both bundled and unbundled capacities (GGPSSO 9.1) | <input type="checkbox"/> | <input checked="" 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?

| | yes | no |
|--|-------------------------------------|--------------------------|
| | <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):

the rules are described at the following address:
http://grandesinfrastructures.gazdefrance.com/sicsFront/fr/offre_stockage/bulletin_board/bulletin.html
 and in clause 24 of the contract (see below).

⁶ You may provide an addendum before 5 April 2006.

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):

Article 24 – Transfer of Capacities

The Customer can only transfer all or part of its rights and obligations under the Contract with the Storer's prior written consent. In the event of a breach in this provision by the Customer, the Storer may terminate the Contract by right without prior notice or compensation.

If the Customer wants to transfer all or part of its Nominal Storage Capacity on a Storage Group, it must inform the Storer in writing giving 1 (one) Month's in relation to the desired transfer date that can only be the first Day of a Month. The Customer's written request shall be considered as valid if it stipulates the transfer date, the Storage Group(s) concerned, the Nominal Storage Capacities concerned and the counterpart's identity and if it is jointly signed by the latter. The Storer shall examine the transfer request and provide a response within 10 calendar days of the date the complete request was received from the Customer.

Any refusal on the part of the Storer must be justified.

If the transfer of a part of the Contract is authorised by the Storer, the latter may only become effective after the signing of a Contract addendum and the agent providing the guarantee provided for in article 7.1 of the General Terms and Conditions.

The transfer of Capacities gives rise to the payment of a price supplement as indicated in paragraph 4.3.1.

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