

#### **ERGEG Letter to storage users**

# Monitoring of the implementation of the Guidelines for Good Practice for Gas Storage System Operators (GGPSSO)

#### Introduction

The Guidelines for Good TPA Practice for Storage System Operators (GGPSSO) set out the minimum requirements for the provision of fair and non-discriminatory access to gas storage (in accordance to the Gas Directive<sup>1</sup>). Monitoring implementation of the GGPSSO is therefore important in understanding how access to gas storage is being provided.

The European Commission requested the European Regulators Group for Electricity and Gas (ERGEG) to monitor the implementation of the Guidelines and report back to the next Madrid Forum on their findings

This paper seeks views from storage users – be they actual storage users or potential storage users - on how the GGPSSO have been implemented by storage system operators (SSOs).

#### Invitation to comment

ERGEG is committed to open and transparent consultation. The GGPSSO were developed through consultation over a number of months. ERGEG has already sent out questionnaires in order to collect information from EU Storage System Operators (SSOs) and National Regulatory Authorities (NRAs). These questionnaires are published on the ERGEG website. Please note that responses to the questionnaires will also be published on the ERGEG web site at the end of June.

At this stage of the process, ERGEG would like to consult users, since they are actively participating in the storage market and therefore should provide the best insight as to whether and how the GGPSSO have been implemented or its provisions circumvented. Accordingly, ERGEG has prepared a list of questions for users.

<sup>&</sup>lt;sup>1</sup> Directive 2003/55/EC of the European Parliament and of the Council concerning common rules for the internal market in natural gas and repealing Directive 98/30/EC



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The results from the monitoring process will be crucial in identifying the effectiveness of TPA to storage and areas where the GGPSSO may be improved. Your response to this questionnaire is therefore important to the development of the EU regulatory framework.

Any responses should be received by **25 July 2005**. They should be sent to:

#### Pierre-Marie Cussaguet / Claude-Albane Swanson

Commission de Régulation de l'Energie

Direction du Gaz

2 rue du Quatre-Septembre

75084 Paris Cedex 02

France

pierre-marie.cussaguet@cre.fr

claude-albane.swanson@cre.fr

and/or

#### Rosita Carnevalini / Davide Giorgi

Autorità per l'energia elettrica e il gas

Direzione Gas

Piazza Cayour 5

20100 Milano

Italy

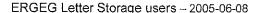
rcarnevalini@autorita.energia.it

dgiorgi@autorita.energia.it

To help ensure transparency, responses to the questionnaire and other documents associated with the GGPSSO will be published by placing them on the ERGEG website (<a href="http://www.ergeg.org">http://www.ergeg.org</a>). ERGEG will take into account any requests to keep information confidential. ERGEG encourages you to separate confidential information from information you are willing to be made public.

Any questions on this document should in the first instance be directed to Pierre-Marie Cussaguet and/or Rosita Carnevalini (see addresses/email above).

ERGEG intends to publish an initial report on the implementation of the GGPSSO in September 2005, and it expects to present these findings at the next Madrid Forum – therefore, ERGEG intends to issue a final report on implementation after it has an opportunity to consider responses to its initial report and the views of delegates at Madrid





#### Section1: open background questions

The objective of the monitoring of the GGPSSO is to find out whether and how the GGPSSO have been implemented Questions addressing the actual compliance with the GGPSSO are presented in Section 2. However, the monitoring should also provide an overall view of the effectiveness of the GGPSSO. Therefore, the questions presented in Section 1 are designed to assess **how** the GGPSSO have been implemented and in particular whether the GGPSSO could be improved.

1.1 Do you believe implementation of the GGPSSO by SSOs has been effective?

We believe, from our experience as users, that implementation of GGPSSO with deadline 1<sup>st</sup> April 2005 has been done properly

1.2 Apart from storage services, do you have sufficient access to other sources of flexibility in order to meet your commercial needs (e.g. hubs, production flexibility, import flexibility, long-term contracts, balancing market)? Can these other sources of flexibility be considered as effective substitutes to storage?

Other services are available and we consider them not a substitute for storage but complementary to the service.

1.3 Please indicate if the adoption of the GGPSSO has had a positive impact on TPA services (GGPSSO requirements on "Necessary TPA services", chapter 3)?

As most of them have been implemented before the deadline impact from such date has not been relevant.

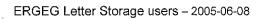
1.4 Please indicate if the adoption of the GGPSSO has had a positive impact on storage capacity allocation/congestion management procedures (GGPSSO requirements on "Storage capacity allocation and congestion management", chapter 4)?

As most of them have been implemented before the deadline impact from such date has not been relevant

Please indicate if the adoption of the GGPSSO has had a positive impact on transparency. Would you say that as a user, you are provided with sufficient and timely information in order to gain effective and efficient access to storage facilities? What data would you like to see published? Why would you need this additional information (GGPSSO requirements on "Transparency", chapter 6)?

As most of them have been implemented before the deadline impact from such date has not been relevant.

Regarding second question we don't have any problem with information we received, but we would prefer to have the information more frequently. Is certain periods of the year (seasonal swings) more update information is needed





Yes as prices and services are provided by law
Please indicate if the adoption of the GGPSSO has had a positive impact on secondary trade of storage capacity (GGPSSO requirements on "Secondary market", chapter 9)
Not applicable
Do you believe that there is a conflict between the requirements of the GGPSSO and national legislation that will materially affect either your interests or your ability to comply with the GGPSSO (GGPSSO Scope and Objective)? Please specify the nature of such conflict
Not from our experience
If you have entered into a new storage contract after the adoption of the GGPSSO (18 March 2005), do you believe that there is a conflict between the requirements of the GGPSSO and certain clauses of your contract (e.g. publication of certain data, day-ahead release of non-nominated injectability and deliverability)? Please specify the nature of such conflict
Not from our experience
Do you believe there are gaps in the GGPSSO? How could the effectiveness of third party access to storage be improved?





2 Section 2: monitoring of the implementation of the Guidelines for Good Practice for Gas Storage System Operators (GGPSSO)

These questions are designed to monitor implementation of the GGPSSO requirements due to be implemented from 1 April 2005

If you are a customer/potential customers of several SSOs, the questionnaire should ideally be completed for each SSO

#### **General**

2.1 Business name of responden	it: SHELL ESPAÑA, S A
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2.2 Please specify if you are (several answers possible):

(a) a production company (b) a supply undertaking	X
(b) a supply undertaking	
<u> </u>	X
(c) a wholesale customer	
(d) a trader	
(e) a TSO	
(f) a DSO	
(g) a final customer	
(h) other (e.g. local utility, distribution company, retailer including public services)	

2.3 Please specify if you are:

		tick
(a)	part of the same vertically integrated undertaking as to the SSO to which this questionnaire applies	
(b)	a company with no relationship whatsoever with the SSO	Х



all ti	u have ticked the box for question 2.3 (a), can you confirm that there is a doc ne terms and conditions relating to storage use by the affiliate company and t sed (GGPSSO 1.3)?	that this o	locur
		yes	ne
Plea appl	se provide the name/country of the SSO you are a customer of and to which ies	this ques	tionn
EN	AGAS – Spain		
Do у	ou own storage capacity rights in this storage system (date of reference: 1 A	pril 2005)	ı
		yes	n
		X	
		yes	no
(a)	before 1 April 2005 after 1 April 2005		X
(b)			
(b)	after 1 April 2005		
(b)  If the Not	after 1 April 2005  answer is "yes", what were the reasons for the refusal of access?		X
(b)  If the Not	after 1 April 2005  e answer is "yes", what were the reasons for the refusal of access?  available capacity in the System  he SSO you are a customer of, please indicate if:		ck
(b)	after 1 April 2005  answer is "yes", what were the reasons for the refusal of access?		



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2.11 Please provide details on the guarantees you were asked to provide with respect to creditworthiness (GGPSSO 1.2.h)

Guarantees are a requirement by national legislation being the amount 85% of the year contracted capacity based on the current applicable prices

#### **Necessary TPA services**

·	yes	1
Need to book capacity to cover the seasonal swings	X	] [
Would you say that the menu of services offered on the primary market the following criteria are concerned (GGPSSO 3.3, 3.5, 3.7, 3.8):	t meets your need:	s, as t
	yes	
(a) size of standard bundled units (SBUs) appropriate	X	
(b) no undue restrictions on the starting date and the prevailing physical flo	ows X	
(c) duration of contracts	X	
(d) price	Х	
trictions proportional to contracted capacity  If any of these criteria (question 2.13 (a) – (d)) is not met, please state would be necessary to meet your demand?  N/A	e why. Which imp	roven
If any of these criteria (question 2.13 (a) – (d)) is not met, please state would be necessary to meet your demand?  N/A		
If any of these criteria (question 2.13 (a) – (d)) is not met, please state would be necessary to meet your demand?   N/A  Is there an additional charge if you inject or withdraw at a time of the content of the conte		
would be necessary to meet your demand?  N/A  Is there an additional charge if you inject or withdraw at a time of the content	ne year when the	preva
If any of these criteria (question 2.13 (a) – (d)) is not met, please state would be necessary to meet your demand?  N/A  Is there an additional charge if you inject or withdraw at a time of the physical flows are in the other direction (GGPSSO 3.7)?	ne year when the	preva





	rmally they follow the law requirements being normally the answer is before.	
	s the SSO respond in a time frame compatible with your reasonable copsso 3.9)?	ommerc
		yes
(a)	capacity booking requests?	Х
(b)	other requests?	, X
N	e answer is "no", please provide details (GGPSSO 3.9)  (A  capacity allocation and congestion management	
N/	capacity allocation and congestion management	the requ
N/ ge	'A	the requ
N/ ge o	capacity allocation and congestion management s the storage capacity allocation mechanism applied by the SSO meet all	
N/ Doe oelo (a)	capacity allocation and congestion management  s the storage capacity allocation mechanism applied by the SSO meet all w (GGPSSO 4.1):  it facilitates the development of competition and liquid trading of storage capacity	t
N/Oceoclo	capacity allocation and congestion management  s the storage capacity allocation mechanism applied by the SSO meet all w (GGPSSO 4.1):  it facilitates the development of competition and liquid trading of storage capacity (GGPSSO 4.1 a)  it is compatible with market mechanisms including spot markets and trading	t N
N/ Doe oelo (a) (b)	capacity allocation and congestion management  s the storage capacity allocation mechanism applied by the SSO meet all w (GGPSSO 4.1):  it facilitates the development of competition and liquid trading of storage capacity (GGPSSO 4.1 a)  it is compatible with market mechanisms including spot markets and trading hubs (GGPSSO 4.1 a)	t N



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2.23	Do the congestion man	agement procedures	applied by th	ne SSO meet	all the	requirements	below
	(GGPSSO 4.2):						

(a) they facilitate the development of competition and liquid trading of storage capacity (GGPSSO 4.1.a)

(b) they are compatible with market mechanisms including spot markets and trading hubs (GGPSSO 4.1 a)

(c) they do not create undue barriers to market entry (GGPSSO 4.1 c)

(d) they do not prevent new market entrants and companies with a small market share from competing effectively (GGPSSO 4.1 c)

(e) they do not prevent customers from changing suppliers at any time of the year (GGPSSO 4.3)

2.24	If any of these criteria (question 2.23 (a) – (e)) is not met, please explain why (GGPSSC N/A	. 4.2)

Does the SSO provide you with sufficient and timely information in order to gain effective an efficient access to storage (GGPSSO 6.5)?

yes	no
X	

2.26 If the answer is "no", please explain why (GGPSSO 6.5)

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2.27 Have you ever made a request to the SSO not to publish some information (please specify which data), because it would harm your commercial interests (GGPSSO 6.2)? 2

[confidential]	-	

<sup>&</sup>lt;sup>2</sup> answers to this question will be treated as confidential



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### Tariff structure and derivation

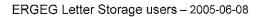
	yes	ne		
	Х			
If the answer is "no", please explain why (GGPSSO 7.1.d-f)				
N/A				
 a magnetistad				
e negotiated				
Charges (GGPSSO 7.2):	ti	ck		
(a) do not restrict market liquidity of storage capacity (GGPSSO 7 2)	1	/A		
(b) do not create undue barriers to market for new entrants (GGPSSO 7 2)	N	/A		
(c) promote efficiency and facilitates competition in the use of storage services (GGPSSO 7 2 b)	N	/A		
If any of these criteria (question 2.30 (a) – (c)) is not met, please explain why (GGPSSO 7.2)				
N/A				
Are charges negotiated in a time frame compatible with your reasonable (GGPSSO 7.2.d)?		al ne		
Charges are established by Law	yes			
		L.		



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#### Storage penalties

	tick
(a) are proportionate	Х
(b) do not hamper the entry of new participants into the market	Х
(c) are cost-reflective, to the extent possible, whilst providing incentives for the appropriate use of storage capacity	Х
* Storage penalties will be applicable as soon as NGTS are approved.	
If any of these criteria (question 2.34 (a) – (c)) is not met, please explain why (0	3GPSSO 8.2)
N/A	
ndary market pplicable this part	
What kind of services can be traded on the secondary market (GGPSSO 9.1) ?	yes .
(a) standard bundled units (SBUs)	
(b) unbundled services	
Do you trade storage capacity on the secondary market (GGPSSO 9)?	yes n
If not, please state why (GGPSSO 9) ?	terred La
	tick
(a) not possible	
(b) possible but difficult in practice	
(c) not interested in secondary trading of storage capacity	
(d) other (please specify)	





#### Interoperability

## 2.40 Does your SSO ensure interoperability between the storage system and the transmission system (GGPSSO 10.1)?

		tick
(a)	services offered are consistent with those offered by the adjacent TSO	Х
(b)	operational procedures, such as nominations, are compatible with those of the adjacent TSO	X
(c)	re-nomination procedures meet market participants' requirements	Х
(d)	relevant storage arrangements are matched in consistency with the balancing requirements of the adjacent transmission system	X
(e)	other	

2.41	If any of this item (question 2.40 (a) – (e)) is not met, please provide comments based on your experience (GGPSSO 10.1)
	N/A