



The European Gas Balancing Regime – GEODE's View

ERGEG Workshop
Draft Pilot Framework Guideline on Gas Balancing

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GEODE

Principles of Gas Balancing

- GEODE welcomes the Idea of a market-based European gas balancing regime
- The Guidelines on gas balancing must provide for a clear target model and a tight time schedule
 - also as necessary basis for netcodes by ENTSOG
- Exemptions and transitional rules must be limited to individual cases and to what is absolutely necessary
 - practical implementation and clarification of technical details by way of the regional initiatives
- ➔ The aim must be a standardised European gas balancing regime
- ➔ Guiding idea is a single European gas market



Common Position Stakeholders Madrid

- Common position of the stakeholders on gas balancing rules presented on the 18th Madrid Forum
 - eurogas, EFET, eurelectric, europax, CEDEC, OGP, GEODE
- Agreement on main conditions for a market-based regime, amongst others
 - harmonisation of balancing period: daily!
 - standardisation of the procedures and definitions: gas day, unit of energy and/or volume, (re-)nominations...
 - procurement of system balancing gas on the wholesale spot market
 - cost reflective imbalance charges based on the marginal market price
 - accurate, near real time information, free of charges
- EU-wide high standard structure

Role of DSOs

- The balancing regime must underline and adequately describe the important role of the DSOs
- DSOs shall be responsible for the data collection and data transmission
 - SLP (Standard Load Profile) customers (households, smaller businesses), as the case may be, forecast/allocation values
 - RLM customers (large customers, industry) meter reading or transmission of actual value
- ... but: procurement of system balancing energy only by TSOs

Daily Balancing and Harmonised Definitions/ Standards

- Clear commitment to a daily balancing
 - no hourly restrictions or any further charges
 - System should reflect the need of the smaller not metered end consumers (standard load profile)
- Billing at the end of the gas day
 - cash-out
 - no ex-post balancing: matching of shippers portfolios is TSO`s business
- Harmonised European definition of the gas day as well as of the unit of energy (in kWh/h) necessary
 - from 5.00 to 5.00 UTC

Procurement of System Balancing Energy (1)

- System balancing energy is the energy needed by the TSO for the physical and technical stability of the network
- Procurement of system balancing energy and the physical regulation of the market area must be carried out by the TSOs
- Selling and buying gas by TSO from the shippers

Procurement of System Balancing Energy (2)

- Procurement of system balancing energy by the TSO on the liquid wholesale market of the market area
- Exception 1: procurement on special platforms only if market not liquid yet
 - approval by NRA
- Exception 2: procurement of local system balancing energy if procurement on the wholesale market is too complex, expensive or technically infeasible
 - if applicable, bilateral contracts
 - but: approval and tendering procedures as well as price control by NRA
- Terms and conditions must ensure the market attendance of smaller shippers and cooperation-models

Imbalance Charges (1)

Basics:

- Portfolio balancing energy is supplied only virtually
 - difference between feed-in and offtakes as allocated to the balancing group
- Pricing of imbalances of a balancing group for every shipper
- Amount of portfolio balancing energy \neq amount of system balancing energy
 - balancing effects between individual balancing groups
 - linepack and thus flexibility, esp. in the transmission grids
- Partial socialisation of costs for system balancing required
 - e.g. via network tariffs

Imbalance Charges (2)

- The prices for portfolio balancing energy must reflect three aims
 - suitable correlation with the market price for gas
 - incentive for shippers to avoid imbalances
 - risk for shippers should not be too high
- Price formation purely on the basis of daily costs for the procurement of system balancing energy might lead in some cases to considerable burdens for shippers
 - unfair advantage for big portfolios



Thank you for your attention!

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