

ENTSOG's response to ACER's draft Framework Guidelines on Interoperability and Data Exchange Rules Public Consultation

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Introduction

ENTSOG welcomes the opportunity to respond to ACER's consultation on draft Framework Guidelines on Interoperability and Data Exchange Rules for European Gas Transmission Networks.

ENTSOG's response consists of following sections:

- In section I, ENTSOG puts forward key messages on the scope of the Framework Guidelines and the identified issues.
- Section II provides a detailed response to the questionnaire set out in the ACER consultation document. The consultation questions posed by ACER are addressed along with the response where they pertain.
- Section III provides proposals of text refinements of the draft Framework Guidelines.

ENTSOG's aspiration is to deliver support for the development of clear Framework Guidelines, providing a sound basis for the development of the Network Code on Interoperability and Data Exchange Rules.

Key messages

1. Application area:

- > Framework Guideline on Interoperability and Data Exchange rules should apply only to Interconnection Points and be restricted to Interoperability and Data Exchange issues and should not include investment for network development and reinforcement.

- > Framework Guideline should focus on cooperation among TSOs as well as between TSOs and Network Users. National provisions should be established relating to other operators (producers, LNG and storage operators, non-EU entry points,...). These provisions should be compatible with the Network Code and support the TSO provisions.

2. Implementation, transitional period and monitoring:

- > Given the different stages of development and interoperability of natural gas transmission networks across Europe, implementation of common Interoperability and Data Exchange rules may only be capable of being achieved gradually. The Network Code on Interoperability should therefore define rules that are consistent with the ultimate goal of a common European market.
- > An implementation time of 18 months appears very challenging (e.g. changing IT systems, managing interactions with other Network Codes,...) and might be unfeasible in some cases. Interoperability Network Code is a supporting Code for the market related Codes (CAM, BAL). The requirements of these Codes have to be known before TSOs can plan the implementation of the Interoperability Network Code. The Framework Guideline should therefore allow for TSOs to implement on a longer lead time, where this may be appropriate with prior consent of NRAs.

3. Cost allocation and recovery:

- > Whilst the Network Users will see benefits through the opportunities that arise by having greater market integration, the implementation of the future Interoperability Network Code will induce additional investment and development costs for the TSOs and market participants (e.g. IT developments, ...). Therefore, appropriate cost allocation mechanisms and adequate cost recovery have to be safeguarded.

4. Identified issues:

- > **Interconnection Agreement:** An Interconnection Agreement (IA) is a key document to define operational cooperation between adjacent TSOs. The Framework Guideline should define a minimum list of operational items to be included in an IA. The Network Code should allow a good balance between harmonisation and specific solutions to be bilaterally negotiated by adjacent TSOs.
- > **Units:** The Network Code should contain a common set of units for energy, volume, pressure and gross calorific value and should define the circumstances in which such common units are to be used.
- > **Gas Quality:** Tools for the handling of differences in gas quality specifications at an IP should be defined in close cooperation between adjacent TSOs and NRAs

based on a cost-benefit assessment. Changes of national gas quality specifications are Member States' responsibility. Provision of information about gas quality fluctuations is an issue to be tackled at national level.

- > **Odorization:** Odorization is a sub-issue of gas quality (see key messages Gas Quality above), in which different Member State Authorities are involved. The Framework Guideline should define a default rule taking into account national specificities, allowing exceptions to be agreed on bilateral basis and be approved by relevant Member State Authorities.
- > **Data exchange:** Focus on the "how" to communicate, defining the way of working to adopt Technical Solutions and setting minimum requirements for security and reliability of the Data Exchange process.
- > **Capacity calculation:** Publication of the description of the methodology and process to calculate capacity is already foreseen by the Annex to Reg.715/2009. For this reason, ENTSOG has not identified any technical, organisational, communication or business rules barrier that can be tackled within this Framework Guideline/Network Code with relation to capacity calculation.

Detailed response to Questionnaire:

1. Scope and application, implementation (Chapter 1 of the Framework Guidelines)

1.1. Do you consider that the FG on interoperability and data exchange rules should harmonise these rules at EU level, as follows:

a) At interconnection points only?

b) Including interconnection points and where appropriate points connecting TSOs' systems to the ones of DSOs, SSOs and LSOs (to the extent cross-border trade is involved or market integration is at stake)?

c) Other option? Please explain in detail and reason.

d) I don't know.

RESPONSE: (a) ENTSOG believes that the extension of the scope beyond interconnection points (IPs) would exceed the requirements of the Third Energy Package. (See paragraphs 12, 15, 36 and 37 of the Regulation 715/2009)

Moreover, in order to be in line with the CAM Framework Guideline/Network Code and the Balancing Framework Guideline, the Framework Guideline/Network Code on Interoperability and Data Exchange rules should harmonise the rules only at interconnection points.

1.2. Do you consider that for any of the above options the level of harmonisation¹ shall be (Section 1.b of the FG):

- a) Full harmonisation: the same measure applies across the EU borders, defined in the network code?
- b) Harmonisation with built-in contingency: same principles/criteria are set with a possibility to deviate under justified circumstances?
- c) No additional harmonisation, meaning rules are set at national level, if they deemed necessary by the national authorities, which may include either NRAs or the government?

RESPONSE: (b) The Interoperability Network Code should not assume that a single solution to each issue will be a proportionate and cost effective solution across all Member States. There should be possibilities for TSOs to continue with prevailing national rules, provided that they do not constitute barriers to the exchange of gas across networks nor harm the development of a competitive EU gas market.

1.3. Shall any of the issues raised in the FG (Interconnection Agreement, Harmonisation of units, Gas Quality, Odourisation, Data exchange, Capacity calculation) get a different scope from the general scope as proposed in section 1.b. of the FG (and as addressed in the previous question)? Please answer by filling in the following table, ticking the box corresponding to the relevant foreseen scope.

RESPONSE: According to the above answer, full harmonization is not always the best solution; the extension of these rules to the other connections (with DSOs, SSOs, LSOs, producers, non-EU Entry points) should be discussed at national level. For more details, see responses to questionnaire below.

	IAs	Units	Gas Quality	Odourisation	Data Exchange	Capacity Calculation
Full harmonization		X				
Partial harmonization	X		X	X	X	
Business as usual						X

1.4. What additional measures could you envisage to improve the implementation of the network code? Please reason your answer.

RESPONSE: NA

¹ Harmonisation is used in the meaning of replacing two or more legal systems with one single system.

2. Interconnection Agreements

2.1. Do you think that a common template and a standard Interconnection Agreement will efficiently solve the interoperability problems regarding Interconnection Agreements and/or improve their development and implementation?

- a) Yes.
- b) No.
- c) I don't know.
- d) Would you propose additional measures as to those proposed? Please reason your answer.
- e) Would you propose different measures as to those proposed? Please reason your answer.

RESPONSE: (e) Interconnection Agreements (IAs) are a valuable tool and act to facilitate the exchange of gas across networks. The Framework Guideline should define a minimum list of operational items to be included in an IA. Based on that, the Network Code will implement more in detail these items allowing a good balance between harmonisation and specific solution to be bilaterally negotiated by adjacent TSOs.

A standard Interconnection Agreement will not lead to the improvement of the development process of Interconnection Agreements. Where appropriate, recommended rules will be developed in the Network Code.

ENTSOG suggests that an Interconnection Agreement is limited to TSO-TSO operational rules.

2.2. Do you think that a dispute settlement procedure as laid down in the text will efficiently contribute to solving the interoperability problems of network users regarding Interconnection Agreements and their content? Draft Framework Guidelines on Interoperability Rules and Data Exchange for the European Gas Transmission Networks Public Consultation - Questionnaire

- a. Yes.
- b. No.
- c. I don't know.
- d. Would you propose additional measures as to those proposed? Please reason your answer.
- e. Would you propose different measures as to those proposed? Please reason your answer.

RESPONSE: (a) In the case that the need of a dispute settlement procedure would be identified, the Framework Guideline shall clearly specify the criteria for the dispute resolution. Based on that, the Network Code will develop these criteria.

ENTSOG welcomes the contribution of the NRAs in dispute settlement.

2.3. Do you think that a stronger NRA involvement in the approval of the Interconnection Agreements could be beneficial? Please explain in detail and reason.

a. Yes.

b. No.

c. I don't know.

RESPONSE: Interconnection Agreements should be agreed by adjacent TSOs. ENTSOG believes that only in case of dispute settlement, a stronger NRA involvement could add additional value.

3. Harmonisation of Units

3.1. Do you think that there is a need for harmonisation of units?

a. Yes.

b. No, conversion is sufficient in all cases.

c. I don't know.

d. Would you propose additional measures as to those proposed? Please reason your answer.

e. Would you propose different measures as to those proposed? Please reason your answer.

RESPONSE: (a) The Network Code should contain a common set of units for energy, volume, pressure and gross calorific value and should define the circumstances under which TSOs would be obliged to communicate or publish information in those common units.

In addition to the common set of units, the utilisation of other units or conversion factors will be possible if deemed appropriate by the TSO or required by regulatory/legislative frameworks.

3.2. What is the value added of harmonising units for energy, pressure, volume and gross calorific value?

a. Easier technical communication among TSOs.

b. Easier commercial communication between TSOs and network users.

c. Both.

d. No value added.

e. I don't know.

f. Other views. Please reason your answer.

RESPONSE: (c) The utilization of a common set of units facilitates technical communication among TSOs and commercial communication between TSOs and Network Users in respect of IPs.

3.3. Shall harmonisation be extended to other units? Please reason your answer.

RESPONSE: ENTSOG believes that harmonisation could be extended to other units where it can be demonstrated that such harmonisation is more cost-effective than the use of conversion tools in order to facilitate cross-border trade.

4. Gas Quality

4.1. Please provide your assessment on the present proposal; in particular assess the provisions on ENTSOG gas quality monitoring, dispute settlement and TSO cooperation. Would these measures address sufficiently the issues that are at stake? Please reason your answer.

RESPONSE: ENTSOG would support the idea of a gas quality outlook, since this may help to inform TSOs and their connected parties to prepare for and manage changes in gas quality as well as providing an input to policymaking in this area. However, this information is held by upstream parties and ENTSOG is not sure whether it can be accessed by TSOs. TSOs may have some knowledge regarding gas quality, but there may be confidentiality issues regarding publication of this information. On the other hand, TYNDP has requirements settled in the Gas Regulation, based on that it should be further discussed within TYNDP development process.

Where gas quality specifications differ at an IP, ENTSOG believes that it should be the responsibility of the relevant NRAs in close cooperation with TSOs to determine, based on a cost benefit assessment, whether the differences require a solution or not. In the case that a solution is required, this may be delivered either by altering national specifications or alternatively via gas processing.

If the national specifications have to be changed, this has to be carried out by national governments, as changes of national gas quality specifications are Member States' responsibility. Where NRAs judge that the latter is required, and that the relevant TSOs should be responsible for delivering it, ENTSOG would then support ACER's proposal for co-operation between the TSOs to agree the most appropriate solution. Tools for the handling of gas quality differences at an Interconnection Point should be defined in close cooperation between adjacent TSOs and NRAs, per Interconnection Point, establishing an adequate cost allocation and recovery mechanism.

ENTSOG believes that a dispute resolution procedure between TSOs will not be needed, if the above proposals were adopted.

Provision of information about gas quality fluctuations is an issue to be tackled at national level. Not all TSOs have direct obligations with end users and the need for such a service is likely to vary based on the types of industrial consumers that are connected to a TSO's network and whether the national gas quality specification is relatively wide or relatively narrow. There may also be confidentiality issues for some TSOs to provide this information. If this requirement is finally taken into consideration, TSOs would need to invest in order to comply with it. This should be subjected to a cost benefit assessment.

4.2. Do you consider that a technically viable solution to gas quality issues that is financially reasonable will most likely result from:

- a. Bilateral solution between concerned stakeholders.
- b. Solutions to be developed cross-border by TSOs, to be approved by NRAs and cost-sharing mechanism to be established.
- c. The establishment of a general measure in the Framework Guidelines, setting a comprehensive list of technical solutions to select from.
- d. I don't know.
- e. Other option. Please reason your answer.

RESPONSE: (b) ENTSOG supports this option, conditional upon NRAs having first determined that a solution is required and secondly that NRAs in cooperation with the TSOs should provide that solution. Where investments to deliver that solution are required, NRAs would need to develop appropriate funding arrangements to enable TSOs to recover their costs associated with the obligation.

5. Odorization

5.1. Please provide your assessment on the present proposal. Would the measure proposed address sufficiently the issues that are at stake? Please reason your answer.

RESPONSE: Odorization is a sub-issue of gas quality (see detailed responses on Gas Quality above), in which different Member State Authorities are involved. The Framework Guideline should define a default rule.

The Network Code shall ensure that cross-border trade is not hampered with non-odorised gas being the default rule for cross-border flows. Exceptions should be agreed on bilateral basis and be approved by relevant Member State Authorities. Any change from a current odorized scheme to non-odorized scheme shall be accompanied by an adequate cost allocation and recovery mechanism. For Member States where odorization is a legal obligation for high-pressure transmission system, such a change can be imposed only if an acceptable technology to deodorize gas at cross-border interconnection points is identified.

6. Data exchange

6.1. Please provide your assessment on the present proposal. Would the measures proposed address sufficiently the issues that are at stake? Please reason your answer.

RESPONSE: The harmonisation for Data Exchange should expand to all areas where the respective Network Codes require TSOs to exchange data between each other and with Network Users in respect of IPs.

The technological underpinnings of the Data Exchange rules are subject to regular change. On the other hand, the business requirements and the corresponding needs for Data Exchange will evolve accordingly. Consequently, the operational, communications and business practices need to follow these developments. The Framework Guideline/Network Code should set out generic principles and requirements providing the required flexibility.

The Network Code should recognise the need to establish the technical requirements for Data Exchange. The Network Code should focus on the “how” to communicate, define the way of working to adopt Technical Solutions and set minimum requirements for security and reliability of the Data Exchange process.

6.2. Regarding the content of this chapter,

a. Data exchange shall be limited to the communication format.

b. Data exchange shall define both format and content, at least regarding the following points: . Please reason your answer.

c. I don't know.

d. Other option. Please reason your answer.

RESPONSE: (d) The Network Code should focus on the “how” to communicate, define the way of working to adopt Technical Solutions and set minimum requirements for security and reliability of the Data Exchange process.

6.3. ENTSOG may support the exchange of data with a handbook of voluntary rules. Please share your views about such a solution.

RESPONSE: ENTSOG believes that commonly adopted data exchange solutions are “common network operation tools” as described in Regulation EC 715/2009 (Art. 8.3). Adopted common tools associated with data exchange can be contained in a Handbook which ENTSOG can publish on its website. This approach allows adopted solutions to be subject to the required revisions according to technological evolutions. Detailing any technical solutions in a Network Code could not accommodate such flexibility. The Code should instead focus on obliging TSOs to develop principles and processes that will drive the adoption of common solutions in so far as this facilitates cross-border flows and market integration. For an easy market access for small market partners small scale solutions might be included. TSOs should also establish a migration path to the common agreed Technical Solutions.

Such a Handbook can cover the market needs if it is revised following properly organised market consultation. The development of agreed principles and processes for streamlining the number of solutions for the electronic exchange of data to be included in the Handbook should aim towards limiting solutions to a minimum whilst working in the direction of a harmonized solution for all Europe to the degree that this is cost effective.

7. Capacity calculation – The Agency view is that discrepancy between the maximum capacities on either side of an interconnection point, as well as any unused potential to maximise capacity offered may cause barriers to trade.

7.1. Please provide your assessment on the present proposal. Would the measures proposed address the issues that are at stake?

RESPONSE: Publication of the description of the methodology and process to calculate capacity is an obligation already foreseen by the Annex to Reg. 715/2009 (Transparency guidelines). There is no need to repeat this in the Framework Guideline.

TSOs are naturally incentivised to maximize the available capacity at IPs.

Discrepancies between capacity availability either side of an IP don't have to be necessarily a barrier to trade. The capabilities of the adjacent TSO's networks at an IP are driven by the physical characteristics of the systems, interactions with other supplies and the local demand and this may quite rightly lead to differing capabilities either side of an IP. Technical capacity of an IP can vary from year to year, day to day and even within day and can provide elements for commercial flexibility for the Network Users. Discrepancies in capacity availability at either side of an IP should therefore be expected. In case of contractual congestion, the objective should be to ensure that TSOs maximise the capacity that they make available for their network through an appropriate incentive scheme.

Major discrepancies can only be solved through investments and these require commitments from the market. Investments are not part of the Interoperability Framework Guideline.

Minor discrepancies between capacity availability at either side of an IP should be solved by the two involved TSOs and does not have to be subject to new rules in a Network Code.

Therefore, ENTSOG has not identified any technical, organisational, communication or business rules barrier that can be tackled within this Framework Guideline/Network Code with relation to capacity calculation.

7.2. Would you propose additional measures as to those proposed? Please reason your answer.

RESPONSE: see answer 7.1 above

7.3. Would you propose different measures as to those proposed? Please reason your answer.

RESPONSE: see answer 7.1 above

8. Cross-border cooperation

8.1. Please provide your assessment on the present proposal.

RESPONSE: ENTSOG agrees with this general text already mentioned in Third Energy Package.

8.2. Do you have any other suggestions concerning cross-border cooperation? Please reason your answer.

RESPONSE: No.

9. Please share below any further comments concerning the Framework Guideline on Interoperability and Data Exchange Rules.

Text proposals of refinements to draft Framework Guidelines: see Annex 1