MINUTES

ENTSOG Interoperability and Data Exchange Rules Network Code Conclusions WS

28 May 2013, 10:00 – 16:00

at ENTSO-E Conference Centre, Av. de Cortenbergh 100

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1. Opening

Mr Panagiotis Panousos, Business Area Manager System Operation and Interoperability Project Team Manager, thanked all stakeholders for their participation in the Public Consultation and encouraged them to continue their constructive engagement throughout the rest of the process. He also welcomed the participants taking part via webcast and invited them to give their feedback and comments via email.

2. Feedback Public Consultation draft Network Code + Refinement process

- Presentation of the feedback + refinement process (ENTSOG)

Mr Michel Van den Brande, ENTSOG Subject Manager Interoperability, informed about the actual state and the next steps of the Network Code development process. ENTSOG Interoperability team presented the received feedback from the Public Consultation draft Network Code and the proposal for refinement of the Code. Mr Michel Van den Brande presented the General and Final Provisions; Mr Hendrik Pollex Interconnection Agreements and Units; Ms Licia Aversano dispute resolution; Ms Monika Kaldonek Gas Quality and Odourisation; Mr Jef De Keyser Data Exchange.
Presentation Stakeholders’ views (CEN - Ms Hiltrud Schuelken)

Ms Hiltrud Schuelken presented CEN views on the Network Code. She informed that CEN is developing a table with conversion factors between reference conditions. The table shall be send to ENTSOG beginning of June. Ms Schuelken informed that CEN states that EN 1776 shall not be used only in the case there is no agreement reached between adjacent TSOs, but it should be defined as a general application rule as also the relevant European product standards.

Question and Answers

Interconnection Agreements

Q (J.R. Rastoul): Why UIOLI will be in conflict with lesser rule? We have already the situation that you described today on the market and as far as I know it doesn’t create any problem. What will be the difference with the situation today?

A (H. Pollex): I understand your point of view. Of course TSOs are managing nowadays such situations and there are some internal rules how to proceed in such situations, however we have to define here EU-wide rules to overcome that potential problem of usage of lesser rule, also new rules defined by the CMP guidelines have to be taken into account.

Q (J.R. Rastoul): CAM IT systems have to be integrated in the process. Why is it still required to have a 2h lead time for nominations? Once the shipper receives the confirmation it is too late to renominate and he is in an imbalanced position and some penalties. How can one be sure that the quantities will be delivered?

A (H. Pollex): Yes but in this case we should put in place some kind of hierarchy of rules in order to be in line with the minimum renomination quantity (10 %) due to the CAM code and lesser rule in order not to derive to two different quantities. Harmonisation of the systems is a big challenge. In addition the adjustments of the physical systems requires also time and is part of the lead time for nominations.

Q (G. Francisco): Why do you need still 2h lead time for matching cycle if at the end of the day it will be performed by IT systems? After application of the CAM code you will need to apply the IT platforms for the whole process, so it seems that the process will be fully automated.

A (H. Pollex): First of all we need to harmonize the rules for matching for the whole EU. In case some TSOs are using IT systems/different IT providers and they do not always need the full 2h lead time, but other may need it as different programs may be used. Furthermore we need to remember that also we have to implement UIOLI in that time.
and the rules have to function at any time in all 27 Member States. Above we still need to remember that at the end of the process we need to physically set up the network with the (re)nominated quantities.

Q (H. Schuelken): CEN does not agree with the use of EN1776 in measurement principles only as a default rule in case TSOs do not reach a bilateral agreement. Their position will be presented during the stakeholders’ view.

Q (J.R. Rastoul): For dispute resolution only slight changes are proposed.

A (L. Aversano): Correct, specific details have to be included in the Interconnection Agreement and also the involvement of the NRAs is specified in the specific section of the Network Code.

Q (J. Heidelberger): What would happen at a physical point (pressure-steered or free-flow) when there is no OBA? Some kind of cash-out should be agreed if nominations deviate from measured flows, to incentivise proper forecasts and nominations.

A (H. Pollex): Tailor made solutions have to be applied in order to fulfill the balancing regimes with penalties in case of big deviations. Normally the shipper has to be informed in case they have to go down. This is not part of the network code.

✓ Units

Q (I. Adler): Ontras supports the idea of common conversion factors. How can we assure stakeholders support if we insert these conversion factors later in the NC?

A (M. Van den Brande): The conversion factors will be included in the refined NC before the launch of the Stakeholder Support Process. For the purpose of the transparency process of the Network Code this will be given to the stakeholders for their comments during the stakeholder support process. If there is not significant support by the Stakeholders the conversion factors will not be included in the NC.

Q (J.R. Rastoul): Will all countries be in line with the provision of EN1776?

A (H. Schuelken): CEN standards are adopted on a voluntary basis. They reflect the European consensus of the related industry sector and therefore are recognized technical rules. They can become binding through national legislation.

Q (M. Van den Brande): To what extent can Member States deviate from standards?

A (H. Schuelken): Deviation is possible but - in case of any incident and/or accident - has
to be justified with arguments why they have not been applied. For the gas quality standard EC hinted already to the wish to make CEN standard binding.

Q (I. Retsoulis): Does CEN define standards for data exchanges for smart grids?

A (H. Schuelken): Data exchange is not in the scope of CEN/TC 234. The new edition of the European standard for gas measuring systems, EN 1776, will include operational aspects on smart meters in gas infrastructure.

Q (K. Bouwens): Will the standards be free of charge, especially if they become binding?

A (H. Schuelken): No, not for the time being. You have to buy the CEN standard pay in order to be able to apply it. The right to sell European standards is up to the National Standardisation Bodies and it is a crucial issue to make them freely available. This issue would have to be discussed with CEN Management Center and could be an item of the ongoing discussions between ENTSOG and CEN Management Center.

Gas Quality & Odourisation

Q (J.R. Rastoul): Does GRTgaz has plans to change the gas quality specifications/odourisation practices?

A (M. Van den Brande): GRTgaz is involved in the NC development. Nevertheless Member States have the responsibility to adopt national rules while TSOs can facilitate the flows at cross-border points and offer solutions for managing gas quality differences where necessary. The Network Code is not dealing with changing gas quality specifications, but is setting up the process to remove the barrier to trade in case there are differences in gas quality specifications.

Q (F. Engelmann): Did I understand correctly that even though gas quality and odourisation is in the Network Code, the final decision is up to the Member States to decide on that issue, even though the network code as a whole shall be legally binding?

A (M. Van den Brande): TSOs can facilitate cross border trade in order to remove the existing barriers, but its final Member States’ responsibility to define gas quality specifications and Odourisation practices.

Q (F. Engelmann): Can TSOs decide on specifications for gas quality? If not, why are the same rules not applied for data exchange?

A (M. Van den Brande, L. Aversano): Gas quality specifications and odourisation practices are defined by the Member States. CEN has a mandate to develop a common
standard for gas quality. As far it is not referenced in legislation, it will not be binding and Member States are free to adopt it. Gas quality and odourisation are safety related issues and for this reason they are subject to Member State decision. This is not the case for data exchange. We should also highlight that the subsidiarity issue is also taken on board, whether deciding what shall be solved at which level.

Q: There was a question in the public consultation if there is an identified barrier, were there any responses clearly identifying any barrier?

A (M. Kaldonek): No. There weren’t any responses clearly identifying barriers in case of gas quality and for the odourisation part, I will explain received input further on.

Q (J.R. Rastoul): What feedback did we receive from UK?

A (M. Van den Brande; M. Kaldonek): UK TSOs are also member of ENTSOG and directly involved in the NC development process. The NC is also supported by UK members. NRAs will be involved through ACER. There was a barrier identified in gas quality between UK and the Continent, but the TSOs together with NRAs and MSs found a solution to the problem and implemented it. This is the example of how ENTSOG is foreseeing the removal of potential barriers caused by gas quality.

Q (C. Mangin): Coming back to odourisation and with the statement that setting the odourisation practice is a Member State’s responsibility (as a safety requirement), isn’t there still an inconsistency to keep non-odorised gas flow as a default solution when there is no agreement between concerned adjacent TSOs in article 21.3. ? Will this article also be revised /refined?

A (M. Kaldonek): This point has risen only recently in the discussions. We are still having discussion on that topic with EC/ACER and MSs.

3. Draft Cost Benefit Assessment Data Exchange

   > Presentation draft CBA + finalization process

Jef De Keyser presented the results of the draft cost-benefit analysis based on the answers received on the CBA questionnaire. A Public Consultation is currently ongoing during which stakeholders can react on the draft CBA (deadline 10 June 13). The final results will be taken into account for the selection of the common solution for data exchange and will be published together with the revised network code in July.
CBA - Question and Answers

Q (I. Adler): Life cycle: AS2 and AS4 are supposed to last for 10/20 years year, is this a standard period? What about technical evolutions? Don’t you reckon that the life cycles will shorten because of technological evolution?

A (J. De Keyser): We do not know what will happen in the future. Based on experiences with protocols in the past we can say that a protocol stayed in place for 20 years and is then replaced by another because of technological evolutions. On the other hand it is not appropriate to change protocols frequently to give some stability on the market given the number of parties involved.

Q (B. Scholz): We don’t expect the longer usage of AS4. We don’t share the recommendation of AS4 for document-based DE, because AS2 was implemented in 2009/2010.

A (J. De Keyser): AS4 is a more recent solution so it should stay longer in place but nobody can foresee what the future will bring. AS4 is more recent solution from the technical point of view.

Q (F. Engelmann): Is it suitable to take the average cost for implementation, based on only 40 consultation responses, or should the spread be taken into consideration as well, because the average is, due to the number of answers and considering the real costs for DE-Solution implementation, not very representative?

A (J. De Keyser): We considered the received answers. From our experience we consider that the average is close to reality but the real cost depends on what is already available in the company and how sophisticated you want to make the system. It is clear that the requirements for a TSO are much higher with respect to availability of the system than for a small network user. On the other hand we have no clear view on what the respondents took into consideration for their cost estimations.

Q (F. Engelmann): It might be useful to indicate the spread issue in the report that will be sent to ACER/EC to show how big the cost can be for different parties.

A (J. De Keyser): When one does not know software you tend to increase the cost to cover the risk. We do not see a reason why the implementation and the maintenance of the solutions we evaluated would be different, the effort and license cost are expected to be similar. We noticed an increase of 50% between the real cost for AS2 (indicated by participants that are using AS2) and estimated cost (indicated by participants that do not use AS2 for the moment). The difference in cost for the implementation depends in this case on a reduced number of implementations required for one solution against another, although the
individual cost will be the same. The question here is do we go for a new(er) solution at a higher initial cost (AS4) but which will last longer than AS2?

Q: Will there be a phase of parallel implementation of protocols?

A (J. De Keyser): Existing protocols that are compatible with the business requirements can also be used if approved by NRA but TSOs have to offer the common solution.

Q: Will the NC recommend a different implementation time when compatible existing solutions are available?

A (J. De Keyser): 12 months for implementation of the common solution is defined in the NC. Additional costs for TSOs due to existing solutions that have to be supported by TSOs shall be covered by the tariffs with NRA approval.

Q: What about TSOs do they have some transition period after which they have to use the preferred solution only?

A (J. De Keyser): Again this is the question to the NRAs. They will decide if there is still a need to keep two solutions in place or if they can switch to the recommended solution only.

Q (I. Orland): Has the questionnaire in the meantime been adapted/improved since its publication? If yes, in how far?

A (J. De Keyser): No, we stick to the answers we collected via the questionnaire (30 April).

Q: AS4 – proof of concept and 12 month implementation time. When will the AS4 parameters be defined?

A (J. De Keyser): The AS4 parameters will be defined by a special team under the control of ENTSOG if AS4 is agreed to become the common solution for document based DE. We do not expect that the solution will be changed by ACER or during comitology.

Q (I. Adler): CBA is under Public Consultation. What feedback do you expect and how will you deal with it?

A (J. De Keyser): I hope to receive support from the market for the preferred solution. The CBA is developed based on the criteria identified in the Framework Guidelines. If a strong opposition is made on the CBA we will have to review the CBA within ENTSOG and discuss with ACER and EC.
Q (H. Glass): CBA is a difficult task. Can it be used as a model for decision making for specific data exchange types once you have to choose which 1 of the 3 types you should use or do you think is it to heavy analysis?

A (J. De Keyser): That depends on the business process itself and it will depend from type of the business you are performing and what kind of stakeholders is involved in the process. In some cases you need to use a mixture of those types and can 1 type only not be sufficient enough to make your communication efficient. It’s not up to technology, but up to the type of the business process itself.

Q (B. Scholz): 12 months - as seen in NC INT right now - are far too less time to change; especially with respect to cover all required DE-solutions.

A (J. De Keyser): Yes, we are aware that 12 months is a challenging period, but TSOs can start before the NC is published with the implementation. Latest by the mid of 2014 there will be in place the complete prototype for data exchange and TSOs can start to implement that solution starting from that time.

Q (J. Nohl): When will the refined NC be published together with the final CBA?

A (ENTSOG): After internal approval mid July 2013. It will be published for the stakeholder support process.

Q (J. Nohl): Will the coexisting of DE systems approved by NRA be stated in the NC itself? If yes, in which Article of the current draft?

A (J. De Keyser): It is stated in the Network Code that current solutions can stay in place if they are compatible with the other solutions used by the counterparties, subject to the NRAs approval.

Q (F. Engelmann): Where will the harmonisation process for the change management cycles be defined?

A (J. De Keyser): This will be part of the general section of the CNOT. All the details of the process and rules has to be set up in the CNOT (household rules, technical information regarding full definition of communication settings for the common solutions and message implementation guidelines for business processes specified under other Network Codes.

Q (F. Engelmann): Do you already know when they will be in place?

A (J. De Keyser): We will start to work on that when we submit the Network Code to ACER – September 2013. It has to be defined before the network Code will have to be implemented.
4. Closing remarks

Mr Panagiotis Panousos thanked once again for the participation and the very constructive cooperation. He invited stakeholders to give their positive feedback and support through the stakeholder support process of the Network Code. Mr Panousos reminded that ENTSOG remains open for additional bilateral meetings with interested parties.

Mr Panousos concluded that ENTSOG received general support from the stakeholders of the proposed refinement of the Network Code with some minor issues to be further identified:

- Units: conversion factors to be set up by CEN before Stakeholder Support Process;
- Odourisation: shall the default rule to shift towards non-odourised gas be in the Network Code;
- CBA: currently under Public Consultation – stakeholder’s feedback foreseen by 10 June.