

Public Consultation Responses Report

Public Consultation on the Draft Cost Benefit Assessment for Data Exchange

Note:

This report covers ENTSG's analysis of responses and does not indicate any assessment of ENTSG's view. The opinions expressed in this document are those of external respondents to the Public Consultation.

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1 Introduction

On May 16th 2013, ENTSOG launched a period Public Consultation on draft CBA for data exchange. On 28th May 2013 ENTSOG held a Conclusion WS during which the draft CBA was presented and the network code for data exchange was explained in detail. The public consultation period was closed on June 11th 2013.

This report summarises the CBA responses received.

2 Overview of consultation responses

ENTSOG received 20 responses from external Stakeholders to the consultation. The consultation respondents are listed in Annex I. An overview of the detailed answers is given in a separate document which is available on ENTSOG's website.

3 Summary of responses to consultation questions

In the boxes below, ENTSOG provides a high-level summary of the consultation responses received. To facilitate the reporting process, respondents' answers and remarks have been tallied in representative groups. For example, in response to Question 1, 0 stakeholders provided no response, 16 stakeholders considered that the plan provided sufficient basis for stakeholder involvement and 4 stakeholders expressed other views. As mentioned above, the summary should be read while referencing the responses documents for a fuller appreciation of stakeholders' views. For some questions more detailed break down into number was provided, which in total is not equal to the amount of responses representing specific fields as some stakeholders in their response raised more than single reasoning for their answer.

3.1 Scope

Question 1: Do you agree that counterparties considered in this CBA can be seen as network users (NUs) that are active in cross border activities only?

0	No response
16	Paraphrased response: "Yes, no changes are needed"
2	Paraphrased response: "Yes, with remarks"
2	Paraphrased response: "No, scope should be set broader"

One respondent stated that setting the scope as proposed in the draft network code could lead to a situation that the proposed standard will become the “norm” for all network users. Another respondent requested to clarify the scope in the draft network code by stating: “Counterparties are network users, which are active on IPs.” This is covered by the current version of the refined network code.

Question 2: Do you think that the scope defined in section 5 should be extended to all data exchanges in the gas market (TSOs, DSOs, SSOs, LSOs, NUs)?

1	No response
16	Paraphrased response: “No, no changes are needed”
3	Paraphrased response: “Yes, scope should be set broader”

3.2 Data network

Question 3: How many different data communication networks are you using for operational purposes?

As this was a quantitative question the results are not shown in the summary, as they add no direct value to the evaluation. For individual answers please refer to the full response documents.

Question 4: Do you agree with the proposed common solution for the data network (Internet)?

5	No response
15	Paraphrased response: “Fine. No changes are needed.”
0	Other

3.3 Data format

Question 5: How many different data formats are you using for operational purposes?

As this was a quantitative question the results are not shown in the summary, as they add no direct value to the evaluation. For individual answers please refer to the full response documents.

Question 6: Do you agree with the proposed common solution for the data format (Edig@s-XML)?

5	No response
5	Paraphrased response: “Yes, no changes are needed.”
7	Paraphrased response: “Yes, but please keep in mind local existing solutions.”
3	Other

Some respondent made the following remark: “[...] if DSOs, SSOs and LSOs are in scope they could have specific processes which may require specific solutions.”

One respondent stated: “XML data volume is higher and will bring extra costs compared to EDI.”

ENTSOG comment:

Edifact is more costly due to translator software and requires expertise to read, configure and maintain content. Data volume is not seen as an issue due to bandwidth technological evolutions as described in the CBA.

3.4 Data protocol

Question 7: How many different data protocols are you using for operational purposes?

As this was a quantitative question the results are not shown in the summary, as they add no direct value to the evaluation. For individual answers please refer to the full response documents.

Question 8: Do you agree with the criteria used for the technical evaluation of the common solution for the data protocol?

7	No response
5	Paraphrased response: “Yes, no changes are needed.”
6	Paraphrased response: “Yes, but please clarify the scoring.”
3	Other

Some respondents made the remark that the scoring seems to be arbitrary.

The scoring was explained during the workshops (23.04.13 and 28.05.13) and was done by the technical working group with subject matter experts. The scoring is explained for each criterion in the CBA.

One respondent stated, “AS2 security is equal to AS4 security. [...] Investment in complex system like AS4 could be useful if AS4 would offer higher security. But this is not the case.”

ENTSOG comment:

AS4 allows for higher security standards due to a more advanced encryption technology.

3.5 Benefits for harmonization

Question 9: Do you see other benefits by the harmonisation of data exchanges? If possible add figures for cost savings.

5	No response
13	Paraphrased response: “No. No changes are needed to the CBA document.”
2	Other, see comment below

One respondent stated that: “If the communication solutions in place today can still be used on a bi-lateral basis as long as they are functionally compliant with the requirements of the corresponding network codes.”

ENTSOG comment:

This concern is covered by the current version of the refined network code.

3.6 Cost evaluation

Question 10: Do you agree with the average cost levels indicated in the CBA study?

8	No response
13	Paraphrased response: “Yes, no changes are needed.”
2	Paraphrased response: “No. See comment.”

One respondent commented: “Figures cannot be reproduced. Significant higher costs than the costs mentioned in the CBA are to be expected.”

These higher costs are not confirmed based on our findings, it is unclear on which ground this statement is based.

Another respondent stated: “We understand the challenge in this regard for ENTSOG, however it is very difficult to provide an assessment given the high level estimates provided and the number of commercial variables at stake as the broad cost ranges described can show.”

ENTSOG comment:

As stated in section 7.1 of the CBA document, the questionnaire responses have a high spread and standard deviation. An explanation could be the different size of the system and what each respondent included in the cost in detail. However based on experience and input received from external experts the average values are a plausible guideline for a general cost estimation.

Question 11: Do you agree with the methodology used for the cost evaluation of the common solution for the data protocol?

6	No response
12	Paraphrased response: “Yes, no changes are needed.”
3	Paraphrased response: “Other. See comment.”

One respondent stated: “This is very difficult to assess from the high level estimates given.”

ENTSOG comment:

Based on the questionnaire input there are remarks made and explanations given on the cost findings, they are available in chapter 7 of the updated CBA.

Another respondent stated: “No. The methodology is not understandable.”

ENTSOG comment:

The methodology (Net Present Value calculation) for the cost calculation is explained in chapter 7 of the CBA. There the input parameters for the cost calculation are explained as well.

3.7 Life cycle evaluation

Question 12: Do you agree with the assumption to keep the common solution in place for up to 10 year after the network code comes into force?

6	No response
12	Paraphrased response: “Yes, no changes are needed.”
2	Paraphrased response: “Other. See comment.”

One respondent replied: “No. The timeframe cannot be evaluated.”

ENTSOG comment:

For reasons of stability it is mandatory to have a minimum time for a solution to stay in place. All evaluated solutions meet a minimum of 10 year remaining lifetime starting in 2015.

Another respondent stated: “No (I would let the market and the NRAs decide how long to keep it).”

ENTSOG comment:

NRAs are involved to keep existing (compatible) local solutions in place in parallel with the common solution. NRAs are not in a position to assess on a EU wide common solution which argues against the goal of harmonizing the European gas market.

3.8 Implementation scenario

Question 13: Do you agree with the proposed implementation scenario for TSOs and the concerned (selected) counterparties?

4	No response
15	Paraphrased response: “Yes, no changes are needed.”
2	Paraphrased response: “Other. See comment.”

One respondent stated that the implementation scenario strongly relies on NRA approval.

Another respondent mentioned that “The principle of subsidiarity must apply, since a change of national DE solutions would impose high costs for national economies as a whole without major benefits for market participants.”

ENTSOG comment:

NRAs are responsible for local market solutions and to keep the existing solutions in place as defined in the NC.

3.9 Discrimination of small shippers and new market entrants

Question 14: Do you agree with the proposed alternatives?

6	No response
9	Paraphrased response: “Yes, no changes are needed.”
1	Paraphrased response: “Yes, with remarks.”
4	Paraphrased response: “No. See comment.”

Two respondents mentioned that full harmonization is required for processes that are linked to a NC.

ENTSOG comment:

Full harmonisation at all levels is unrealistic seen the different local rules that are in place in the different EU member states. Solutions that cover all MS requirements are likely to be more expensive since this would require software that takes into account rules for all member states, even if these rules are not applied in your member state.

One respondent stated that: “Interactive DE solutions cannot be offered free of charge by TSOs.”

ENTSOG comment:

Communication type depends on requirements of the corresponding NC / business processes. Costs for implementation of these NCs are subject to NRA approval.

One respondent stated that: “Alternative 1 allows for some counterparties to keep existing and old formats and protocols for too long, resulting in even higher number of formats and protocols needing support.” And they would rather see harmonization for the full market.

ENTSOG comment:

As shown in scenario 1 (CBA section 7.3), the cost for a full harmonisation is huge. This cannot be justified by a reduced maintenance cost for TSOs only.

3.10 Synergies

Question 15: Do you agree with the conclusions described in this section?

4	No response
15	Paraphrased response: “Yes, no changes are needed.”
1	Paraphrased response: “No. See comment.”

One respondent stated that: “Any harmonization between Electricity and Gas should be utilized if possible.”

ENTSOG comment:

National standards may impose harmonization (between DSOs) within the gas and electricity markets in Europe.

3.11 Proposed common solution

Question 16: Do you agree with the proposed common solutions for the different communication types?

6	No response
1	Paraphrased response: “Yes, no changes are needed.”
10	Paraphrased response: “Yes, if only applicable to TSOs and selected NUs.”
3	Paraphrased response: “No. See comments.”

One respondent stated that: “AS4 is not a standard yet so I cannot recommend it.”

ENTSOG comment:

AS4 is a standard, however it is not implemented yet for gas data exchange.

Another respondent stated: “No need to change to AS4, we do not see any benefit switching from AS2 to AS4.” They indicate that AS2 is widespread and want to protect the investment made for AS2.

ENTSOG comment:

Existing solutions can stay in place in parallel to the common solution (with NRA approval). Please refer also to section 10 of the final CBA study.

3.12 Additional comments / recommendations

Comment: This CBA quantifies the (investments and maintenances) costs sometimes on the basis of assumptions; however the benefits are not quantified at all. This makes this CBA not very strong.

Comment: The source of the evaluation score is not comprehensible; each score should be annotated whether it is based on the results of CBA questionnaire (by participants) or if the score is based on assumptions made by ENTSOG.

Answers: Cost evaluation is based on market data. Assumptions are made for discount and life cycle, as stated in the CBA.

The benefits are made more explicit in the updated CBA in chapter 10.

Scoring is explained for each evaluated alternative in chapter 6.

No additional feedback was received from external stakeholders for these points after workshops (23.04.13 and 28.05.13).

4 Annex I: List of respondents

Alliander
CEDEC
EDF
Enercity Netzgesellschaft Hannover
ENI
GDF Suez
GEODE
GIE
Inter-regies
Netbeheer Nederland
NRM Netzdienste Rhein-Main GmbH
RWE Deutschland AG
RWE Supply & Trading UK
SEDIGAS (Spain)
Statoil
Synergrid
Thuega
VKU
VNG
Wien Energie Gasnetz