

## EASEE-gas

European Association for the Streamlining of Energy Exchange - gas

### **Common Business Practice**

Number: 2003-002/02

Subject: Harmonisation of the Nomination and Matching Process

Approved: 18<sup>th</sup> February 2009

EASEE-gas CBP 2003-002/02 was approved by the EASEE-gas Executive Committee on 18<sup>th</sup> February 2009 and formally ratified according to EASEE-gas Rule 9.6 on XXX XX<sup>th</sup> 200X.

### **Summary**

This Common Business Practice describes a first set of recommendations for the part of the process which relates specifically to transportation nominations and involves shippers and Infrastructure Operators. For reasons of consistency, it should also serve as the core for the communication processes between all other relevant parties involved in the gas chain.



#### **About EASEE-gas**

The European Association for the Streamlining of Energy Exchange-gas (EASEE-gas) was created by six founding members on March 14<sup>th</sup>, 2002. EASEE-gas's aim is to support the creation of an efficient and effective European gas market through the development and promotion of common business practices (CBPs) that intend to simplify and streamline business processes between the stakeholders.

The creation of EASEE-gas is a project that is fully supported by the European Commission and by the European Regulators through the so-called Madrid Forum. It was achieved through the work of a dedicated Task Force supported by EFET, Eurogas, Eurelectric, GEODE, GTE, OGP and the Edigas group.

The association is fundamentally based on company membership and voluntary contribution towards the development of common business practices.

Full membership in EASEE-gas is open to all companies, European or other, that are involved in the European gas business, from producers to end users, and to companies that are their service providers. Companies can subscribe to full membership in one or more of the eight gas industry segments.

Associate membership in EASEE-gas is open to government agencies, e.g. regulators, through to organisations such as gas business trade associations and to individuals that may contribute to the benefit of EASEE-gas. Associate members do not pay annual fees, nor do they have voting rights.

The development of common business practices within EASEE-gas is organised through working groups under the supervision of an executive committee that is representative of the various gas industry segments. Participation in the working groups is limited to members only.



# <u>Common Business Practice 2003-002/02 "Harmonisation of the Nomination and Matching Process"</u>

This following Common Business Practice CBP has been approved by EASEE-gas for use in gas business transactions across interface points<sup>1</sup> and constitutes a first set of recommendations for the part of the process which relates specifically to transportation nominations and involves shippers on one hand, TSOs, LNG Terminal Operatorss, Storage System Operators and producers (together Infrastructure Operators – IOs) on the other hand; relevant processes used by all other parties involved in the gas chain should be consistent herewith. This CBP reflects minimum requirements and does not exclude additional provisions between individual parties.

#### **Gas Day**

A Gas Day starts at 06:00 Local Time and ends at 06:00 Local Time on the next day within a given time zone.

This reflects the current practice in most of the contractual agreements between the members of EASEE-gas.

For interface points at the intersection of two time zones, specific provisions have to be agreed between the involved parties in order to solve the one-hour shift in time between the beginning and the end of the Gas Day at the two sides of the interface.

#### Nomination scheme

#### General remarks

Nomination deadlines mentioned in this CBP document imply the use of electronic communication between all involved parties. As far as communication between shippers and IOs is concerned, at present the most commonly used way is by using the EDIG@S communication protocol as it is already being used by a large number of EASEE-gas members. However, back-up provisions have to be foreseen in case of communication problems.

It is also agreed that nominations can be sent at all times. However, only the last applicable nomination that was sent before a nomination deadline will be taken into account. This principle of 'buffering nominations' will be used throughout the whole process.

The time reference used in the nomination scheme is 'Coordinated Universal Time' (UTC<sup>2</sup>), as defined and recommended by the International Radio Consultative Committee (IRCC), a predecessor organization of the ITU-T, and maintained by the 'Bureau International des Poids et Mesures' (BIPM). (CCIR Recommendation 460-4, or ITU-T Recommendation X.680 (7/94), contains the full definition.)

#### Handling mismatches - 'Lesser rule' principle

Flow is required to be calculated at both sides of an interconnection point on an identical basis. Therefore, during the process of validating and confirming nominations, the IO called 'lesser rule' principle will be applied, meaning that in case of different positions

<sup>&</sup>lt;sup>1</sup> For the purpose of this CBP, interface points are defined as the physical points where gas sale/purchase/transfer may be taking place.

<sup>&</sup>lt;sup>2</sup> UTC is equivalent to mean solar time at the prime meridian (0° longitude), formerly expressed in GMT.



between a delivering and a receiving shipper at the two sides of an interconnection, and in case neither of the shippers adjusts its position, the higher of the two values will be reduced by the IO to the lower value in order to avoid a discontinuity over the intersection.

#### Initial nomination scheme - deadlines

First Shipper Deadline = 13:00 UTC, 12:00 UTC during "Summer-time period" (Gas Day D-1)

Deadline for shippers to submit transport nominations to their respective IOs for transportation on Gas Day D. All nominations arriving after said deadline will be 'buffered' until the next nomination deadline for shippers.

First IO Deadline = 14:00 UTC, 13:00 UTC during Summer-time period (Gas Day D-1)

Deadline for IOs to send a 'matching notice' to their respective shippers having submitted a nomination before the First Shipper Deadline. This implies that between the First Shipper Deadline and the First IO Deadline adjacent IOs exchange information with regard to the nominations as received from their respective shippers.

Second Shipper Deadline = 15:00 UTC, 14:00 UTC during Summer time period (Gas Day D-1)

Deadline for shippers to submit revised transport nominations to their respective IOs for transportation on Gas Day D. This deadline has been added in order to allow shippers to correct or revise their nominations. Nominations arriving after the First Shipper Deadline will be considered as nominations for the Second Shipper Deadline.

Second IO Deadline = 17:00 UTC, 16:00 UTC during Summer time period (Gas Day D-1)

Deadline for IOs to send a 'confirmation notice' to their respective shippers having submitted nominations before the First or Second Shipper Deadline. The confirmation notice will confirm to the shipper the (hourly or daily) quantities of gas that will be scheduled to flow on Gas Day D. The confirmed quantities will take into account the shipper's nomination, contractual provisions between the shipper and the IO, constraints (if any) and the 'lesser rule'. The calculation of the confirmed quantities will be done by the IOs between Second Shipper Deadline and Second IO Deadline.

#### Renominations

#### General principles

As a general principle and as a minimum requirement, renominations should be received at the latest two (2) full hours before the relevant hour bar before becoming effective.

Furthermore, the number of messages should be limited to the necessary information to be exchanged. As long as there is no new information, no additional message should be sent. However, in order to get a confirmation that a message has been received by the counterparty, an electronic acknowledgement should be foreseen.

<sup>&</sup>lt;sup>3</sup> "Summer-time period" as defined by Directive 2000/84/EC of the European Parliament and of the Council of 19 January 2001 on summer-time arrangements, and as amended by the European Parliament or the Council from time to time.



#### Renominations before Gas Day D

After the initial nomination process, which ends at the Second IO Deadline, IOs should allow for re-nominations in order to handle new nominations or re-nominations that arrived after the Second Shipper Deadline. However, as there is no real need to have a continuous process before the Gas Day and in order to limit the number of nominations, IOs should allow for <u>at least</u> two additional re-nomination deadlines on Gas Day D-1:

Third Shipper Deadline = 19:00 UTC, 18:00 UTC during Summer time period (Gas Day D-1)

Deadline for shippers to submit revised or new transport nominations to their respective IOs for transportation on Gas Day D. Nominations arriving after the Second Shipper Deadline will be considered as nominations for the Third Shipper Deadline.

Third IO Deadline = 21:00 UTC, 20:00 UTC during Summer time period (Gas Day D-1)

Deadline for IOs to send a 'confirmation notice' to their respective shippers having submitted nominations before the 3<sup>rd</sup> Shipper Deadline. The confirmation notice will confirm to the shipper the quantities of gas that will be scheduled to flow on Gas Day D.

Fourth Shipper Deadline = 23:00 UTC, 22:00 UTC during Summer time period (Gas Day D-1).

Deadline for shippers to submit revised or new transport nominations to their respective IOs for transportation on Gas Day D. Nominations arriving after the Third Shipper Deadline will be considered as nominations for the Fourth Shipper Deadline.

Fourth IO Deadline = 01:00 UTC, 00:00 UTC during Summer time period (Gas Day D-1).

Deadline for IOs to send a 'confirmation notice' to their respective shippers having submitted nominations before the Fourth Shipper Deadline. The confirmation notice will confirm to the shipper the quantities of gas that will be scheduled to flow on Gas Day D.

#### Within Day renominations

As from two (2) hours before the start of Gas Day D until three (3) hours before the end of Gas Day D, IOs will allow for a continuous re-nomination process, taking into account a two (2) full hour lead time as from the hour bar. At the end of this period, IOs will issue a confirmation notice to confirm the rescheduled quantities of gas for Gas Day D.

#### Message content

All notices from the shippers shall include information with regard to the receiving or delivering shippers in the adjacent transmission system in order to allow for a matching process. Information with regard to shippers in an adjacent transmission system can be submitted in a coded way in order to hide the name of these shippers. Issuing of codes will be administered by the relevant IO.

All notices, being issued by the IOs, shall have the same structure and shall be composed of two basic sets of information:

- 1) A first block of information relates to the shipper in relationship with its IO
  - for a Matching Notice, issued by the  ${\rm IO}$ , it will repeat the nomination of the shipper as received by its  ${\rm IO}$



- for a Confirmation Notice it will give the confirmed quantities of gas, including the delivering or receiving shippers in the adjacent transmission system, that will be scheduled to flow by the IO
- 2) A second block of information relates to information in relation to the shipper, as received by the IO from the adjacent IO in relationship with its delivering or receiving shippers towards said shipper.
  - for a Matching Notice, issued by the IO, it will give the accepted nomination of the delivering or receiving shippers as received by the adjacent IO in relation to the shipper
  - for a Confirmation Notice it will give the quantities of gas, for each delivering or receiving shipper, that the adjacent IO is able or requesting to flow towards or from the shipper.

#### **Timing**

This CBP should be implemented at the earliest technically and contractually possible date, but not later than 1 April 2009.