

EASEE-gas

European Association for the Streamlining of Energy Exchange - gas

Common Business Practice

Number: 2005-002/02
Subject: Interconnection Agreement
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Summary

This Common Business Practice describes the scope of an Interconnection Agreement to be established by two adjacent Infrastructure Operators, describing how to facilitate interoperability of the grids.

About EASEE-gas

The European Association for the Streamlining of Energy Exchange-gas (EASEE-gas) was created by six founding members on March 14th, 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.

Common Business Practice 2005-002/02 "Interconnection Agreement"

1. Application Area

The intention of this paper is to define a set of procedures to be agreed upon by Infrastructure Operators ("IOs") entering into an Interconnection Agreement ("IA") at an Interconnection point. By Infrastructure Operators is meant TSOs, LNG Terminal Operators, Storage System Operators as well as Producers.

The generic term Interconnection Agreement defines the agreement established between two IOs, whose systems are connected at a particular Interconnection Point ("IP"). This agreement should describe the agreed rules and principles applied at the IP based on the information exchange between the adjacent IOs and their respective shippers (for best practise see CBP (2003-002/02)).

In any event it is understood that the IOs will act as a Reasonable and Prudent Operator when operating the IA.

The relevant rules and procedures in the IA, as described in the CBP, impacting on the shipper activities shall be made available to relevant shippers in a transparent & accessible manner.

The IA shall include the following:

2. Implementation date

The implementation of this CBP shall be as soon as practical, but not later than 1 April 2009

3. Matching

- a. There shall be a description of the exchange of information, based on pairs of shipper codes, needed to arrive at confirmed quantities identical for both IOs and to enable the IOs to schedule the flow at the IP.
- b. Such process shall be based on the quantities as nominated by the upstream and downstream shippers to their respective IO (for best practise see CBP 2003-002/02), taking constraints into account if applicable (for best practise see Constraints 2005-003/01).
- c. The result of such matching procedure shall be the confirmed quantities, which shall be communicated to the shippers (for best practise see CBP 2003-002/02).

4. Rules for flow control

- a. The IOs shall ensure that the flow should be as close as possible to targets, based on confirmed quantities.
- b. The IOs shall agree on how to handle the flow control at the IP (stating the party who shall manage the steering of gas flow) in order to maintain the accuracy of the flow control.
- c. Rules for changing flow such as flow transition (where applicable), minimum flow, batch flow and ramp-up or down rates shall be included in the IA. The consequences for shippers' allocations shall be communicated to shippers in a timely, transparent and consistent manner.

5. Measurement principles of gas quantities and gas quality

- a. The measurement principles and methods used for allocation shall be agreed between the IOs at the IP and shall be in line with the national and international standards and applied consistently by the IOs.
- b. They shall refer to the measurement procedure, an agreed accuracy and a quality assurance policy (i.e. technical audit/verification procedures). The adjacent IOs at the IP shall have the right to attend such audit/verification and shall have the ability to review and comment upon such reports generated as a result of such audit/verification.
- c. Steering differences and measurement corrections shall be allocated according to the allocation rules contained in the IA. There shall be consistency between the rules in the IA and the rules detailed in the agreements between IOs and shippers.
- d. Any metering correction should be settled according to the applied allocation rules and handled by the affected parties. A closeout period shall be defined, and after the closeout period, any correction shall be handled by and for the account of the IOs.
- e. The IA shall include description of the exchange of metering data between the IOs at the IP.
- f. Access to calibration or audit reports should be made available to the balancing party (ies), at their reasonable request.

6. Gas Quality specifications

The delivery pressure and temperature ranges, as well as the gas quality specifications, will be agreed between the IOs (for best practise see CBP2005-001/02).

7. Allocation rules

- a. IOs shall ensure allocation rules are consistent at both sides of the IP.
- b. There will be a description of the allocation method applied at the IP as well as the fallback methodology to be applied in case of exceptional events
- c. The allocation of the metered quantity shall always be based on the confirmed quantity.

The different alternatives for allocation rules shall be one of the following:

- Operational Balancing Account ("OBA"), where the steering differences will be allocated to the balancing account of the IOs. The confirmed quantities will be allocated to the shippers.
 - Balancing Shipper, where the steering differences will be allocated to the balancing account of the balancing shipper(s). The confirmed quantities will be allocated to the non-balancing shippers.
 - Pro-Rata quantities allocated rule (in the particular case of contra-flow the quantities allocated to the shippers will be the confirmed quantities in the contra flow direction).
- d. It must at all times be clear to shippers which allocation methodology is in operation at the IP. If, for operational reasons a fallback allocation methodology is utilised then all affected shippers should be notified promptly, without delay and as far as possible simultaneously. Full details of the allocation methodologies shall be communicated to shippers when appropriate.
 - e. A reasonable closeout period shall be adopted for any revision to allocations (in any event not greater than 12 months).

8. Co-ordination of operation

The IOs shall inform each other in a regular and orderly manner of all relevant matters that might affect the operation of their respective grids (e.g. maintenance).

9. Information exchange between adjacent IOs

The IOs shall agree on the data and reports to be exchanged and the timing and means for the transmission of such data taking into account EASEE-gas recommendations and in any event as soon as practicable.

10. Exceptional Events

In case of an exceptional event, the IOs will contact each other as soon as possible and coordinate the necessary actions with a view to correcting the event with as minimal effect upon shippers as possible.

As far as reasonably practicable there shall be consistent and simultaneous communication between IOs and affected shippers.

11. Changes to the IA

- a. If the IO reasonably believes that a proposed change to the IA is expected to have an impact upon shippers' rights and obligations at the IP then the IOs shall ensure that shippers shall have the ability and a reasonable period of time to comment upon the appropriateness of such change and the timing of its introduction.
- b. All such agreed changes should be communicated promptly and without delay to the relevant shippers.
- c. All agreed changes shall be implemented simultaneously at both sides of the IP.
