

EASEE-gas

European Association for the Streamlining of Energy Exchange - gas

Common Business Practice

Number: 2007-006/01

Subject: Harmonisation of the Allocation Information Exchange

Approved: 12 December 2007

EASEE-gas CBP 2007-006/01 has been approved by the EASEE-gas Executive Committee on 12th December 2007. Formal ratification according to EASEE-gas Rule 9.6 by 14th February 2008.

Summary

This Common Business Practice describes a first set of recommendations for the part of the business which relates specifically to cross-border transport allocations and involves TSOs and shippers.

About the Business Rules Working Group within EASEE-gas

The European Association for the Streamlining of Energy Exchange-gas or EASEE-gas was created by six founding members in Paris 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. EASEE-gas has set up offices with Association Française du Gaz who provides administrative support.

The formation of EASEE-gas was prompted by the success of the Gas Industry Standards Board in the United States and has been modelled on it. The GISB has now evolved into the North American Energy Standards Board. 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, 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.

In the framework of EASEE-gas it was decided to create a Business Rules Working Group to propose recommendations which facilitate gas transport through the integrated European pipeline system. Harmonising business rules and practices will reduce the complexity to move gas throughout Europe and will allow buyers and sellers to obtain and transport gas from all potential sources and markets.

Common Business Practice 2007-006/01 "Harmonisation of the Allocation Information exchange"

1. APPLICATION AREA

This CBP defines processes and principles which shall be applied between Transmission System Operators (TSOs) or allocation agent as applicable and shippers at major Interconnection Points (IP)¹ and will be applied at other IPs whenever practical.

2. GENERAL REMARKS

This CBP reflects minimum requirements and does not exclude additional provisions between individual parties.

Allocation deadlines mentioned in this CBP document imply the use of electronic communication between all involved parties. As far as communication between TSOs and shippers 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, fall-back provisions describing the structured alternative process must be in place to cover the occurrence of problems with the priority communication method.

The time reference used in the nomination scheme is 'Coordinated Universal Time' (UTC²), 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.)

3. IMPLEMENTATION DATE

The implementation of this CBP shall be as soon as practical, but no later than 1 April 2008.

4. DEFINITION OF ALLOCATION

Allocation is the process carried out by the TSO, or allocation agent, which consists in attributing amounts of energy to its shippers at an IP based on confirmed quantities (For best practice, see CBP on Harmonization of the Nomination and matching Process), and metering data in case no OBA is in place at such IP. The OBA type of allocation shall be given the preference at all IPs. The different allocation rules are listed in the CBP 2005-002/01 "Interconnection Agreement", approved on the 8th September 2005.

An allocation agent shall carry out the allocation functions where it is either appointed by the appropriate regulator or legislation or where all relevant parties at that location agree such an agent should be appointed.

For the avoidance of doubt, the process carried out by the shipper/trader which consists in apportioning its allocated quantities between the counterparties with whom it has entered

¹ For the purpose of this CBP, major IPs are defined as the physical cross-border points where gas sale/purchase/trade/transfer may be taking place

² UTC is equivalent to mean solar time at the prime meridian (0° longitude), formerly expressed in GMT.

into a shipping/trading agreement forms part of the sub-allocation process which is not within the application area of this CBP.

5. ALLOCATION PROCESS

The allocation deadline should accommodate the need for a shipper to fulfil its contractual obligation with regards to the TSO with whom it entered into a TSA.

A distinction shall be made between provisional allocations (the calculation of which is based on non-validated metered data) and definitive allocations (the calculation of which is based on validated metering values).

5.1 PROVISIONAL ALLOCATIONS

Shippers shall be provided by the TSO or allocation agent with provisional allocations at a frequency which is consistent with the balancing regime in force. Where there is an hourly balancing regime, TSOs shall provide a provisional allocation for the hour H before the start of the hour H+2. Where there is a daily balancing regime, TSOs shall provide a provisional allocation for the day D on D+1 before 12:00 UTC and 11:00 UTC during periods where a local system of summer time is in force.

5.2 DEFINITIVE ALLOCATION

Shippers shall be provided by the TSO or allocation agent with definitive allocations not later than ten working days after the month of delivery.

The TSOs and/or allocation agent shall have the opportunity to revise the definitive allocations before the closeout period as stated in the CBP 2005-002/01 "Interconnection Agreement", approved on the 8th September 2005.

6. EXCHANGES OF INFORMATION

For each relevant IP and for the relevant period during which deliveries have taken place (i.e. month, day, hour), the TSO and/or the allocation agent, whichever is applicable given the allocation regime in force at that IP, shall provide shippers with the following basic information:

- allocated quantities
- the unit (kWh)

In the case where TSOs elect to provide additional data with regards to shipper pair related quantities, this data will be made available using the same allocation notification/publication.

In case where the allocation methodology will be varied for operational reasons, the TSOs shall advise the shippers thereof.

The status of the allocation (i.e. provisional or definitive) should be indicated by the type of notification/publication or the timing thereof.

The allocation agent shall publish its defined rules as agreed with the Shippers or the relevant regulator or set down in legislation.