

EASEE-gas

European Association for the Streamlining of Energy Exchange - gas

Explanatory paper to CBP 2007-006/01 "Harmonisation of the Allocation Information Exchange"

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1. Introduction

In 2006, an issue was raised by a Shipper according to which the current allocation mechanisms at the various interconnection points represented a barrier to the allocation of quantities delivered under Long Term Contracts on one hand and short term trading quantities on the other hand.

The Executive Committee of EASEE-gas agreed with the Business Rules Working Group investigating this issue and, if needed, develop a CBP on Allocations. To this end, a Task Force was created in April 2006 within the Business Rules Working Group with a view to harmonizing allocation deadlines and messages.

Objective and Application Area

The objective of the Task Force was initially the harmonisation of timings and messages used by all organisations involved in the delivery of gas to improve technical interoperability across Europe.

Due to the complexity of the sub-allocation mechanisms between Shippers and Traders/Buyers/Sellers, the Task Force decided to focus on the primary allocation mechanisms, i.e. the processes carried out by the TSOS acting as the parties responsible for Allocation, which consists in apportioning the quantities to their respective shippers at an Interconnection Point.

This CBP, strongly linked to the CBP on Interconnection Agreement and to the CBP on the Harmonization of the Nomination and Matching process, is the corner stone on which Sub-allocation mechanisms (timing and messages) will be built. It is envisaged that the Sub-allocation and secondary allocations will be addressed by the Task Force focussing on the operational aspects of gas sales agreements.

2. Definitions – Type of allocation mechanisms

OBA

The allocation of the quantities of natural gas (re)delivered at the Interconnection Point will be equal to the quantities confirmed by the TSO after the matching or validation process and taking constraints into account (Confirmed Quantities), and the difference between the sum of the Confirmed Quantities and the metered quantities will be allocated to a balancing account held between adjacent operators.

Pro-rata/Deemed

Allocation of the quantities of Natural Gas (re)delivered at the Interconnection Point shall be performed by the TSO or the allocation agent, according to the following rules:

- for those quantities destined for delivery or off-take in the direction opposite to the physical flow, the allocation of the quantities to the Shipper will be equal to the Confirmed Quantities in the opposite direction of the physical flow;
- for quantities delivered or off-taken in the direction of the physical flow, the allocation of the quantities to the Shipper will be equal to the metered quantity increased by the Confirmed Quantities for all Shippers in the opposite direction of the physical flow, multiplied by the ratio of the Confirmed Quantities of the Shipper to the total Confirmed Quantity for all Shippers in the direction of the physical flow.

Balancing Shipper

The allocation of the quantities of natural gas (re)delivered at the Interconnection Point will be equal to the Confirmed Quantities for the non-balancing Shippers, and the difference between the sum of the Confirmed Quantities and the metered quantities will be allocated to an identified and agreed balancing shipper