

EASEE-gas

European Association for the Streamlining of Energy Exchange - gas

Common Business Practice

Number: 2003-002/01

Subject: Harmonisation of the Nomination and Matching Process

Approved:

EASEE-gas CBP 2003-002/01 has been approved by the EASEE-gas Executive Committee on Formal ratification according to EASEE-gas Rule 9.6 by

Summary

This Common Business Practice describes a first set of recommendations for the part of the process which relates specifically to cross-border transportation nominations and involves shippers and TSOs. 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 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 provide 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 2003-002/01 "Harmonisation of the Nomination and Matching Process"

This following Common Business Practice CBP has been approved by EASEE-gas for use in gas business transactions across interface points¹ and constitutes a first set of recommendations for the part of the process which relates specifically to cross-border transportation nominations and involves shippers and TSOs; 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 TSOs 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' (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.*)

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 so called 'lesser rule' principle will be applied, meaning that in case of different positions 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

¹ For the purpose of this CBP, interface points 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.

reduced by the TSO 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”³
(Gas Day D-1)*

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

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

Deadline for TSOs 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 TSO Deadline adjacent TSOs 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 TSOs 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 TSO Deadline = 17:00 UTC, 16:00 UTC during Summer time period (Gas Day D-1)

Deadline for TSOs 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 TSO, constraints (if any) and the ‘lesser rule’. The calculation of the confirmed quantities will be done by the TSOs between Second Shipper Deadline and Second TSO 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.

³ “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 TSO Deadline, TSOs should allow for renominations 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, TSOs should allow for at least 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 TSOs for transportation on Gas Day D. Nominations arriving after the Second Shipper Deadline will be considered as nominations for the Third Shipper Deadline.

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

Deadline for TSOs to send a 'confirmation notice' to their respective shippers having submitted nominations before the 3rd 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 TSOs for transportation on Gas Day D. Nominations arriving after the Third Shipper Deadline will be considered as nominations for the Fourth Shipper Deadline.

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

Deadline for TSOs 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, TSOs 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, TSOs 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 TSO.

All notices, being issued by the TSOs, 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 TSO
- for a Matching Notice, issued by the TSO, it will repeat the nomination of the shipper as

received by its TSO

- 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 TSO

2) A second block of information relates to information in relation to the shipper, as received by the TSO from the adjacent TSO in relationship with its delivering or receiving shippers towards said shipper.

- for a Matching Notice, issued by the TSO, it will give the accepted nomination of the delivering or receiving shippers as received by the adjacent TSO 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 TSO 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 October 2005.