

EASEE-gas

European Association for the Streamlining of Energy Exchange - gas

Common Business Practice

Number: 2005-002/03

Subject: Interconnection Agreement

Approved: 18/09/2014

Ratified: 12/11/2014

This CBP was formally ratified by EASEE-gas Executive Committee during the meeting on 12 November 2014 in Madrid, Spain

Summary

This Common Business Practice describes the scope of an interconnection agreement to be established by two adjacent system operators, describing how to facilitate interoperability of the grids.

About 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.

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.

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

1. Application Area

The intention of this Common Business Practice (CBP) is to define a set of procedures to be agreed upon by system operators entering into an interconnection agreement at a connection point.

In any event it is understood that the system operators will act as a reasonable and prudent operator when operating the interconnection agreement.

The relevant rules and procedures impacting on the shippers' activities (such as matching rules, allocation rules, communication procedure towards shippers in case of an exceptional event) included in the interconnection agreement, as described in the CBP, shall be made available to relevant shippers in a transparent and accessible manner.

This CBP reflects minimum requirements in line with the network codes, in the areas referred to in Article 8(6) of the Regulation (EC) 715/2009¹. This CBP does not exclude additional provisions between individual parties.

2. Glossary of Terms

For the purpose of this CBP, several words or expressions are defined:

The system operator includes, at least, transmission system operators, LNG terminal operators, storage system operators, and interconnector operators but excludes the distribution system operators.

The connection point is defined as the point where gas sale/purchase/trade/transfer may be taking place.

The interconnection point (being the point between two adjacent entry-exit systems and between an entry-exit system and interconnector, according to the EU Regulation (in the areas referred to in Article 8(6) of the Regulation (EC) 715/2009)) as mentioned in network codes is a subset of connection point.

The generic term interconnection agreement defines the agreement established between two system operators, whose systems are connected at a particular connection point.

This agreement should describe the agreed rules and principles applied at the connection point based on the information exchange between the adjacent system operators and their respective shippers (for best practise see CBP (2014-001/01)).

3. Minimum content of an interconnection agreement

The interconnection agreement shall include at least the following items: amendment process, flow control rules, measurement principles for gas quantities and quality, matching process, allocation rules, communication procedure in case of an exceptional event, dispute settlement.

¹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0036:0054:en:PDF>

3.1. Matching process

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 system operators and to enable the system operators to schedule the flow at the connection point.

Such process shall be based on the quantities as nominated by the upstream and downstream shippers to their respective system operator (for best practise see CBP 2014-001/01), taking constraints into account if applicable (for best practise see Constraints 2005-003/01). The matching rule as well as the matching schedule shall be specified in the interconnection agreement.

The result of such matching procedure shall be the confirmed quantities, which shall be communicated to the shippers (for best practise see CBP 2014-001/01).

The adjacent system operators shall specify their respective roles in the matching process by indicating whether they are the initiating or the matching system operator as well as their respective role in the single-side nomination process.

3.2. Rules for flow control

The system operators shall ensure that the flow should be as close as possible to targets, based on confirmed quantities, operational balancing account corrections, any efficient flow control arrangements, and any arrangements pursuant to gas quality. The quantity and direction of gas flow may be adapted in case of safety needs, exceptional events and any other reasons specified at national level.

The system operators shall agree on how to handle the flow control at the connection point (stating the party who shall manage (e.g. install, operate, and maintain the flow control equipment) the steering of gas flow) in order to maintain the accuracy of the flow control.

The system operators shall agree on the quantity and direction of gas flow for each connection point and for each hour of the gas day.

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 interconnection agreement. The consequences for shippers' allocations shall be communicated to shippers in a timely, transparent and consistent manner.

3.3. Measurement principles of gas quantities and gas quality

The measurement principles and methods used for allocation shall be agreed between the system operators at the connection point and shall be in line with the related standards.

The interconnection agreement shall specify the identification of the system operator responsible for the installation, operation and maintenance of the measurement equipment and having an obligation to make all relevant information and data in respect of the measurement of gas flows at the connection point available to the other adjacent transmission system operator in a timely manner and at a frequency specified.

The interconnection agreement shall specify the measurement procedure, the agreed accuracy and the quality assurance policy (i.e. technical audit/verification procedures). The adjacent system operator at the connection point 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.

Steering differences and measurement corrections shall be allocated according to the allocation rules contained in the interconnection agreement. There shall be consistency

between the rules in the interconnection agreement and the rules detailed in the agreements between system operators and shippers.

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 system operators.

The interconnection agreement shall include description of the exchange of metering data between the system operators at the connection point.

The delivery pressure and temperature ranges, as well as the gas quality specifications, will be agreed between the system operators (for best practise see CBP 2005-001/02).

System operators shall cooperate to avoid restrictions to cross-border trade due to gas quality differences or due to differences in odourisation practices. Such cooperation may include swapping and co-mingling, where feasible.

3.4. Rules for the allocation of gas quantities

System operators shall ensure allocation rules are consistent at both sides of the connection point.

There will be a description of the allocation method applied at the connection point as well as the fallback methodology to be applied in case of exceptional events

The allocation of the metered quantity shall always be based on the confirmed quantity.

The recommended allocation rule shall be the use of an operational balancing account ("OBA"), where the steering differences will be allocated to the balancing account of the system operators. The confirmed quantities will be allocated to the shippers.

The operational balancing account limits shall be set taking into account specific characteristics of each connection point. If the defined limits of the operational balancing account are reached, the adjacent system operators may agree to extend such limits.

It must at all times be clear to shippers which allocation methodology is in operation at the connection point. 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.

A reasonable closeout period shall be adopted for any revision to allocations (in any event not greater than 12 months).

3.5. Co-ordination of operation

The system operators 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).

3.6. Information exchange between adjacent system operators

The system operators shall agree on the data and reports to be exchanged and the timing and means for the transmission of such data taking into account all EASEE-gas CBPs related to this topic and in any event as soon as practicable.

3.7. Exceptional Events

In case of an exceptional event, the system operators shall contact each other as soon as possible using communication means which shall facilitate fast and simultaneous communication (per default, telephone call for information, followed by a written confirmation) in respect of the possible impact on the quantities and quality of gas that can be transported over the connection point.

The system operators shall 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 system operators and affected shippers.

3.8. Amendment process of the interconnection agreement

A transparent and detailed amendment process between the adjacent system operators shall be specified within the interconnection agreement.

New interconnection agreements at interconnection points (or any amendments thereof) shall be communicated by system operators to their respective national regulatory authority within the deadline of 10 days upon signature of the agreement. For such connection points, system operators shall also communicate any interconnection agreement upon request of their respective national regulatory authority.

Before concluding or amending relevant rules or procedures impacting on the shipper activities, such as matching rules, allocation rules and communication procedure towards shippers in case of an exceptional event, the proposed rules or procedures shall be made available to relevant shippers in a transparent and accessible manner for comments within a period of time not less than 2 months.

All agreed changes shall be implemented simultaneously at both sides of the connection point.

3.9. Settlement of disputes

A dispute settlement process between the adjacent system operators shall be specified within the interconnection agreement.

4. Timing

This CBP should be implemented at the earliest technically and contractually possible date, but not later than 1st of May 2016.