

Implementation progress of the EASEE-gas Common Business Practices (CBP's)

1. Introduction

The European Association for the Streamlining of Energy Exchange-gas, or EASEE-gas, was established on March 14th, 2002. EASEE-gas provides a structured platform where all market participants can discuss the harmonisation and simplification of business processes by creating Common Business Practices (CBP's) (see www.easee-gas.org). EASEE-gas's aim is to create an efficient and effective European gas market by simplifying and streamlining business processes between the stakeholders

EASEE-gas has now approved and issued three CBP's and, in consultation with the Madrid Forum participants, has taken responsibility for monitoring the implementation of these CBP's. In October 2004 EASEE-gas produced a questionnaire (a copy of which is available on the website) to review the progress of implementation of the three agreed CBP's and to identify any potential barriers to implementation. All members of EASEE-gas received the questionnaire and a copy was also made publicly available on the website to enable any other EASEE-gas non-member companies to respond.

2. Summary

The survey has provided some valuable insight into the stakeholders adoption of the existing CBP's. The main points identified in the responses were:

- Responses covered 14 countries with representation from all active EASEE-gas segments
- Generally a positive adoption of the CBP's
- Good progress towards the main target of October 2005 for implementation
- Further focus required on the main barriers to implementation of operating procedures and existing contracts
- Emphasis required on Initial and Before the Day nomination processes in 2005
- Legislation and regulation changes required in some countries to enable full implementation

The challenge that lays ahead for EASEE-gas is now how to improve implementation during 2005 and to provide industry wide solutions to reduce and or eliminate the barriers to implementation in all member countries and to achieve consistent application between all stakeholders. With further understanding of the barriers to implementation there is the potential need for modification of the existing CBP's to closer reflect the evolving gas market.

3. Observations from the questionnaire

3.1 Response per segment and geographically

The questionnaire was sent to approximately 70 members with responses received from 23. These responses covered all of the major EASEE-gas segments apart from the End Users and Retail Suppliers segments. Transporters were the largest segment to respond with 13 replies and have been excluded from the pie chart in Figure 1. A total of 14 countries were covered with some respondents providing multiple responses covering several countries, shown in Table 1.

Figure 1

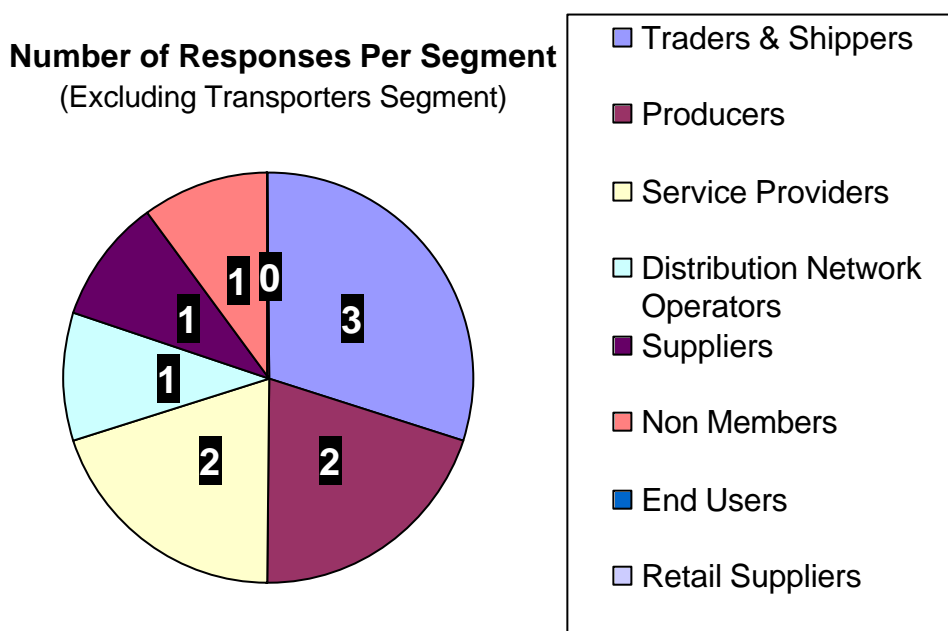


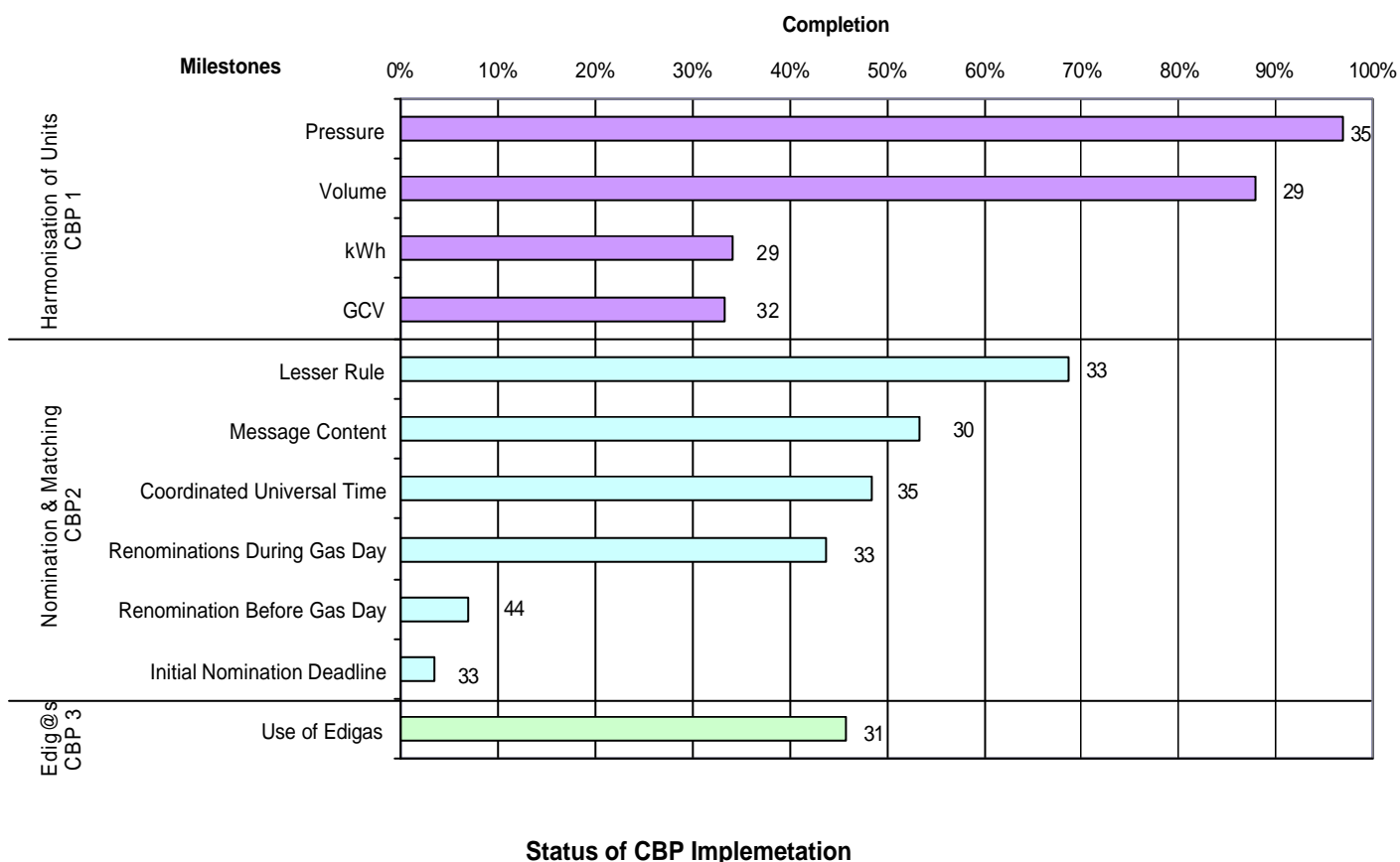
Table 1

Country	Responses	Country	Responses
Austria	2	Luxembourg	1
Belgium	4	Netherlands	7
Denmark	1	Norway	3
France	4	Poland	1
Germany	7	Portugal	1
Ireland	1	Spain	1
Italy	2	UK	4

3.2 Overview of progress per CBP

For each CBP that has been approved the questionnaire identified the expected implementation date and a number of key milestones required for full implementation of the CBP's. For the CBP on Harmonisation of Units and the CBP on Nomination and Matching the implementation date is 1st October 2005. The CBP on Edig@s recommends its use but has no implementation date. Taking a simplified overview (see Figure 2), generally there has been a positive adoption of the CBP's especially when considered that the time of the survey was nearly 12 months prior to the implementation date. The numbers at the end of the bars represents the number of responses with the bars indicating the percentage of responses stating the milestone has been reached.

Figure 2.



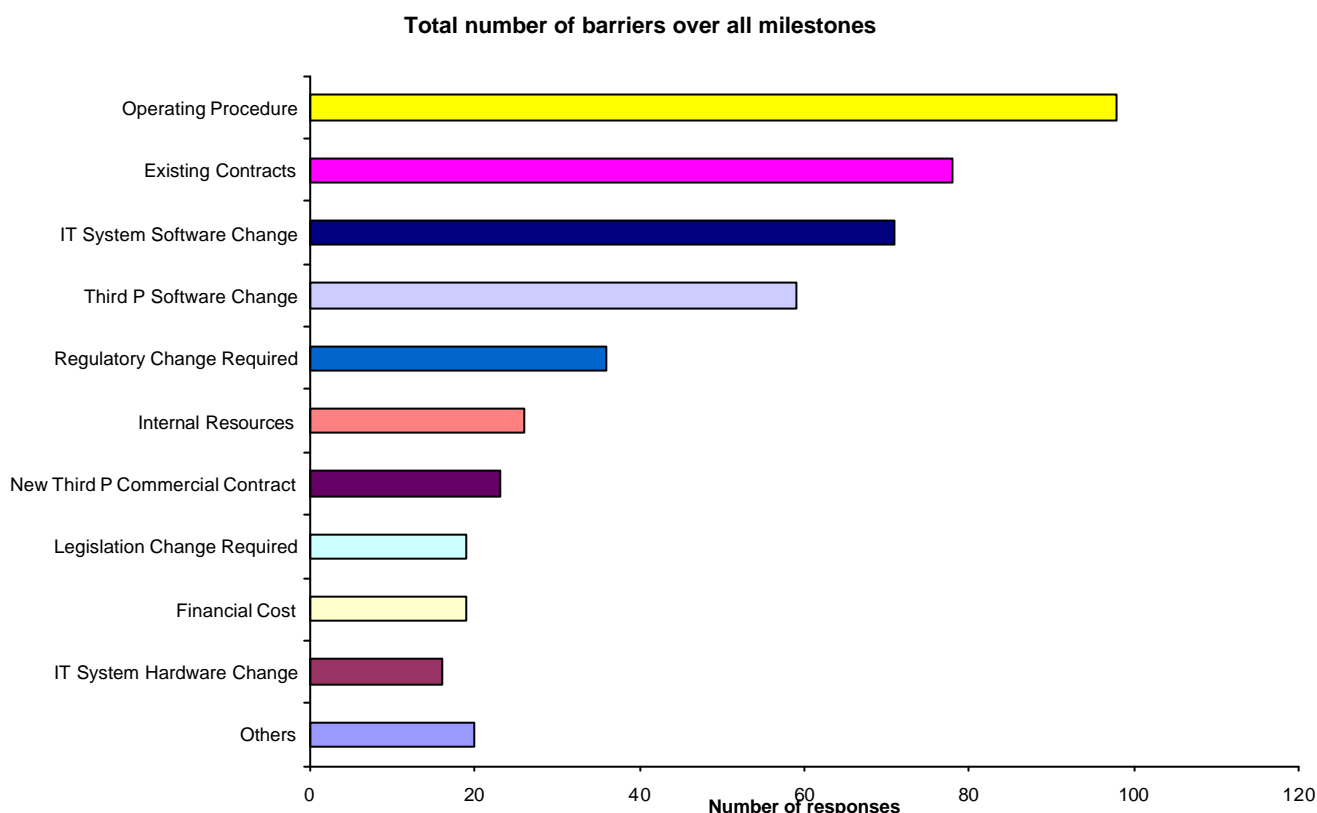
The relatively low adoption of kWh is primarily down to the choice of reference temperature, the CBP is proposing 25 Degree Centigrade whereas in some markets 15 Degrees Centigrade is used. Since Gross Calorific Value also uses energy in kWh it is understandable why GCV adoption is the same as kWh.

For Renomination During the Gas Day and Initial Nomination Deadline there is more investigation required as to why there is such a low level of compliance with the CBP milestones.

3.3 Barriers to implementation - type

In Figure 3, the reasons given for lack of take up of the CBPs were studied across all CBPs. The encouraging message is that most of the barriers were associated with Operating Procedures and Existing Contracts; an area that, at least in theory, should be in the control of the gas market participants themselves. This may be encouraging, as there is likely to be some degree of improvement that is within the control of the EASEE-gas members themselves.

Figure 3



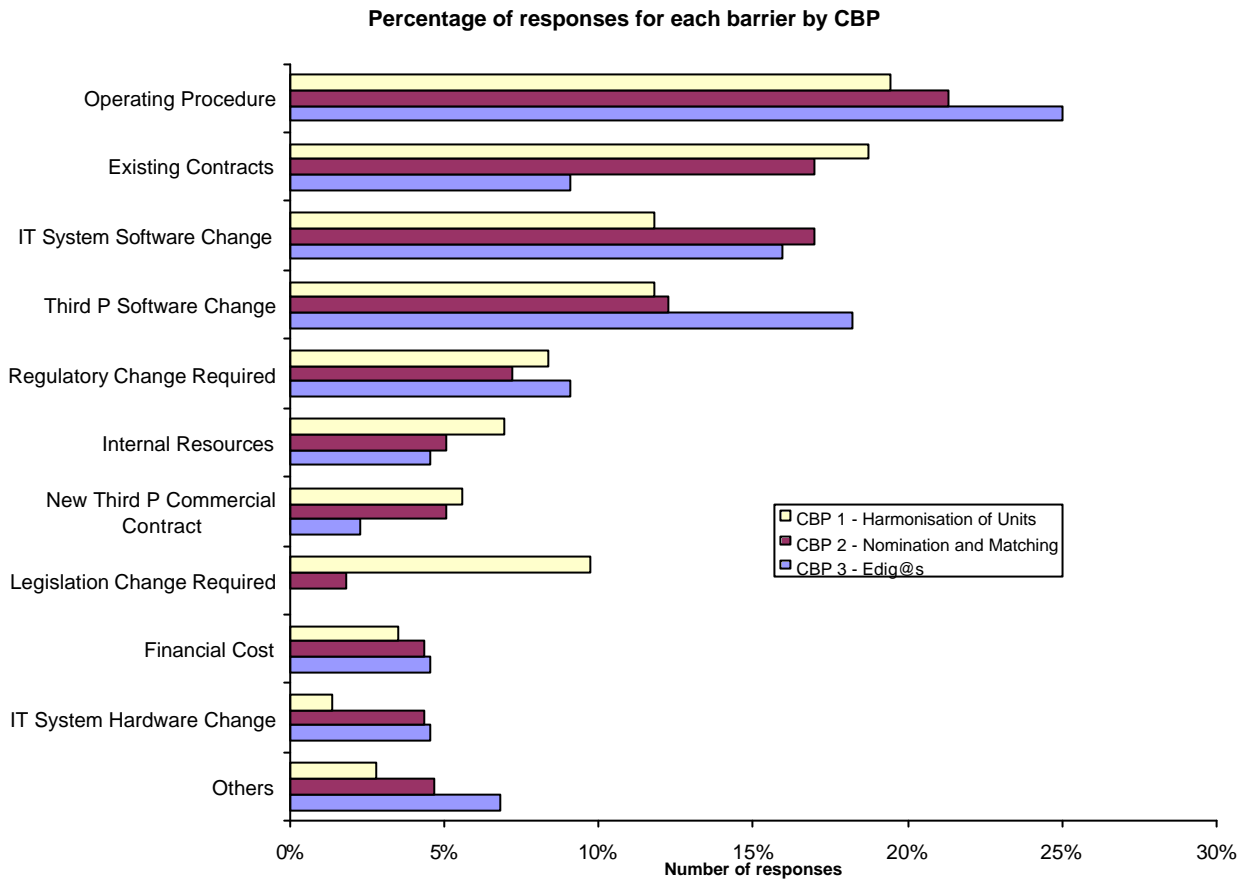
3.4 Barriers to implementation – per CBP

The general trend of operating procedures and existing contracts can be observed in each of the CBP's as viewed in Figure 4. This provides a useful focus for activity of the EASEE-gas organisation for 2005 especially for improving the Nominations and Matching CBP, however, further work should be started to better understand why there is relatively low implementation. To improve the status may require a modification of the CBP to better reflect the changing requirements of the gas market.

For Harmonisation of Units another significant barrier is where legislative change is required. This is predominantly in the responses for the UK and Italy where the units are specified in the national legislation.

For the third CBP, although Edig@s is not obligatory indications are that the number of Transporters using the protocol will increase during 2005.

Figure 4



3.5 Barriers to implementation – per country

Finally, the implementation of each milestone by country was investigated in Figure 5. A green entry indicates the milestone has been achieved and red is an aligned view that the milestone has not currently been achieved. In some cases where multiple responses were received for a single country there were conflicting views on the extent of adoption. This is represented by a yellow entry. Clearly there is still a significant amount of improvement to be made in all the countries included in the survey.

Figure 5

	Denmark	Germany	Ireland	Belgium	Austria	Netherlands	Luxembourg	Norway	France	UK	Spain	Poland	Italy	Portugal
Pressure	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Volume	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Lesser Rule	Green	Green	Red	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Coordinated Universal Time	Green	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Message Content	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
kWh	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
GCV	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Renominations During Gas Day	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Use of Edigas	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Renomination Before Gas Day	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Initial Nomination Deadline	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green