

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's aim is to create an efficient and effective European gas market by simplifying and streamlining business processes between the stakeholders. 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). CBP's are supposed to represent areas of best practice across the European gas market and are not indications about the degree of liberalisation in the various countries.

EASEE-gas has now approved and issued six CBP's, which are available on the EASEE-gas website, www.easee-gas.org, and further CBP's are under development. EASEE-gas, in consultation with the Madrid Forum participants, has taken responsibility for monitoring the implementation of these CBP's. Two of the CBP's had implementation dates for October 2005, with the remaining CBP's with implementation dates in the future. In October 2005 EASEE-gas produced the second annual survey (a copy of the questionnaire is also available on the website) to review the progress of implementation of all six 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 report was compiled based on the results received, identification of any future actions as a consequence of the survey are part of a separate EASEE-gas initiative. The main points identified in the responses were:

- Responses covered 12 countries with representation from all active EASEE-gas segments
- Generally the positive adoption of the CBP's had been maintained
- Full implementation of the relevant CBP's was not achieved by the October 2005 target date
- Minor improvement in implementation from 2004 survey
- There was a notable increase in the percentage of responses identifying Internal Resources and Regulatory Change as barriers to implementation
- For the new CBP's introduced in 2005 a relatively small number of barriers were reported

3. Observations from the questionnaire

3.1 Response per segment and geographically

The questionnaire was sent to approximately 70 Full Members and 16 Associate 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 11 replies and have been excluded from the pie chart in Figure 1. A total of 12 countries were covered with some respondents providing multiple responses covering several countries, shown in Table 1.

Figure 1

Number of Responses per Segment

(Excluding Transporters)

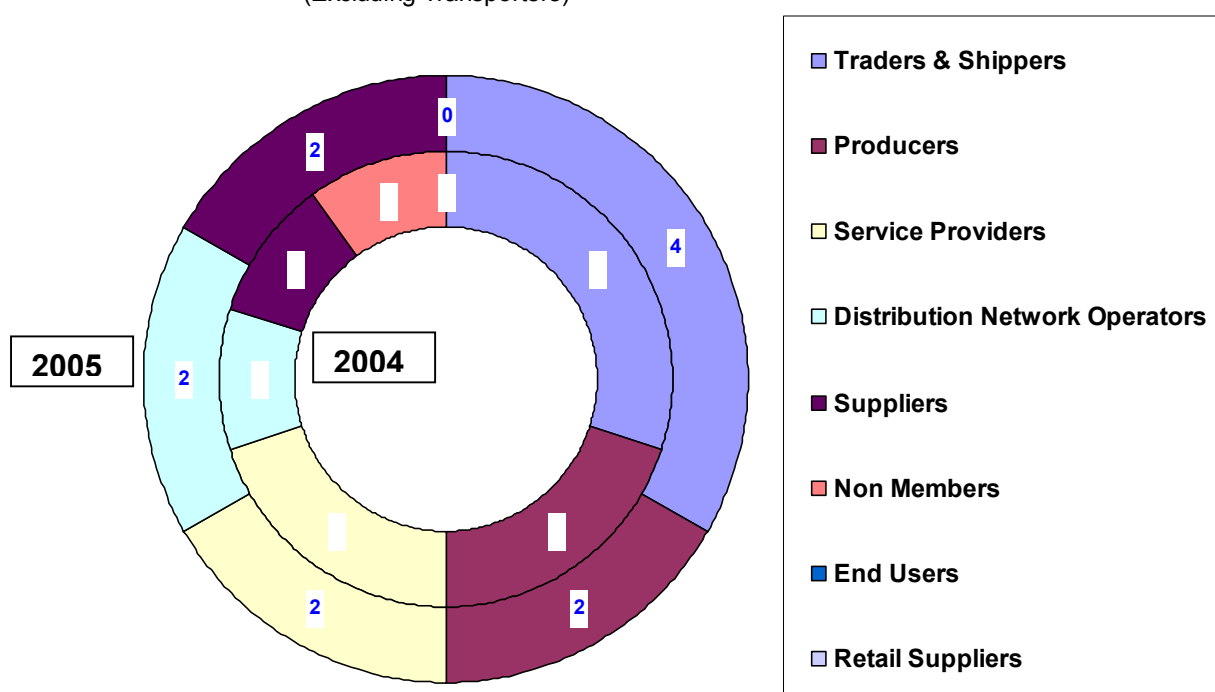


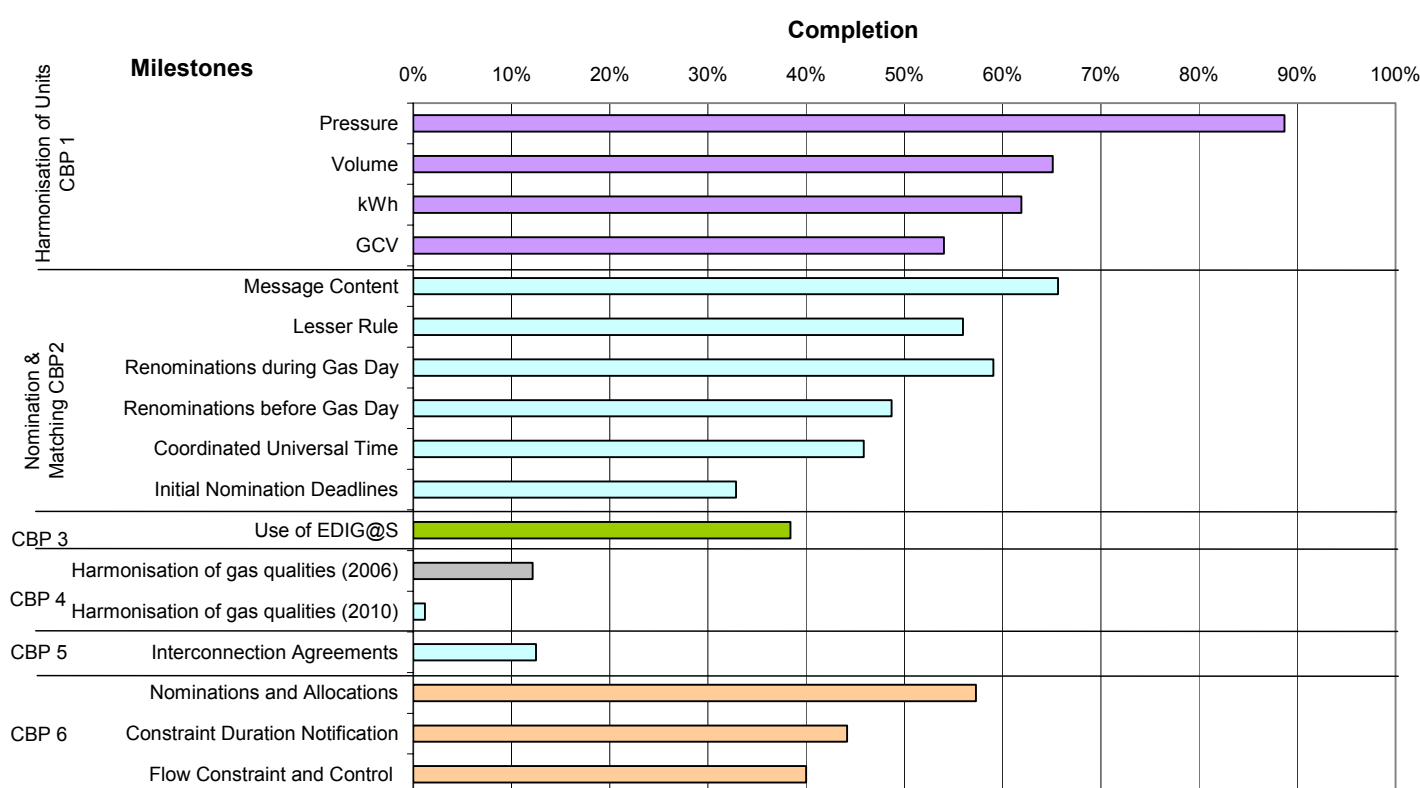
Table 1

	2004	2005		2004	2005
Austria	2	1	Netherlands	7	8
Belgium	4	9	Norway	3	4
Denmark	1	1	Poland	1	0
France	4	6	Portugal	1	0
Germany	7	8	Spain	1	2
Ireland	1	1	Great Britain	4	6
Italy	2	3	Northern Ireland	0	1
Luxembourg	1	1	IUK	1	2
			Total responses	40	53

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 was 1st October 2005. The CBP on Edig@s recommends its use but has no implementation date. Taking a simplified overview (see Figure 2), there remains a positive adoption of the three initial CBP's. The three new CBP's for 2005 on Harmonisation of Gas Qualities (CBP 4), Interconnection Agreements (CBP 5) and Constraints (CBP 6) had varying implementation dates starting from 2006. The results show there is further emphasis required on these new CBP's before the implementation dates are reached.

Figure 2.

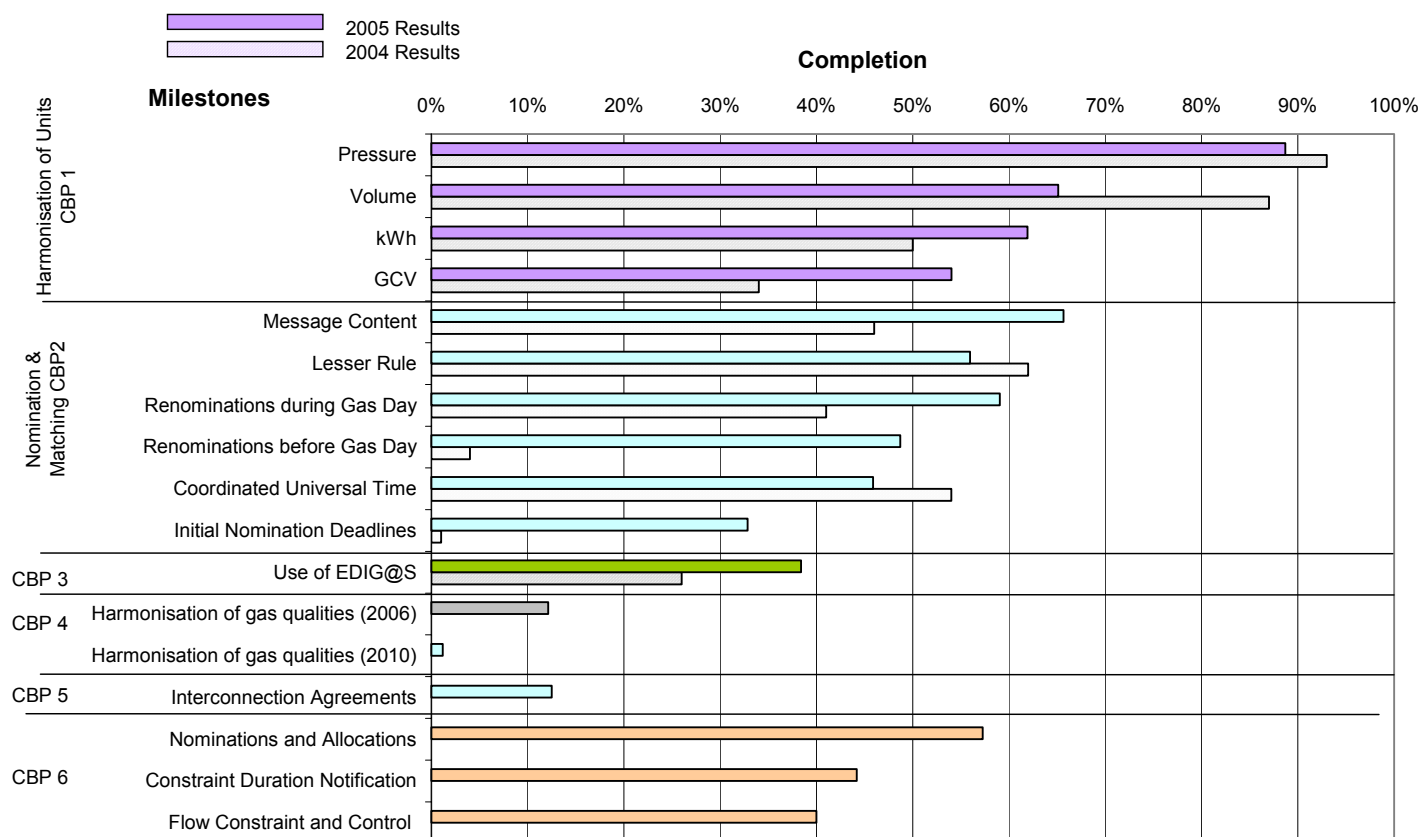


When the progress is compared with the results of the 2004 survey (as shown by the hatched bars in Figure 3) the level of implementation is disappointing. There were more positive responses regarding the implementation of Edig@s and the trend looks positive for Nomination and Matching with significant advancement on Initial Nomination Deadline, Renomination During the Gas Day and Renominations Before the Gas Day. The former two milestones were identified as key focus areas from the 2004 survey, showing a good response from industry in trying to tackle the underlying issues with implementation.

There appeared to be very little change in the implementation of the CBP on Harmonisation of Units. 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

Figure 3



3.3 Barriers to implementation - type

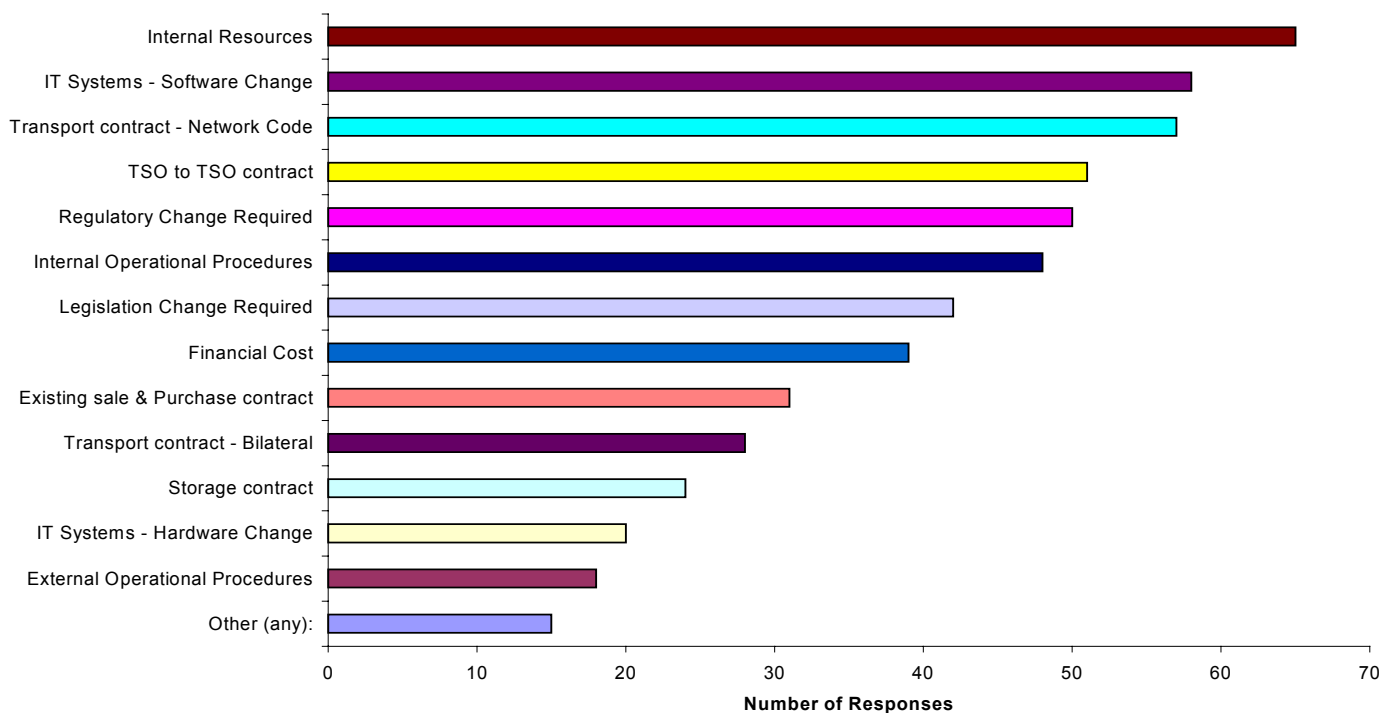
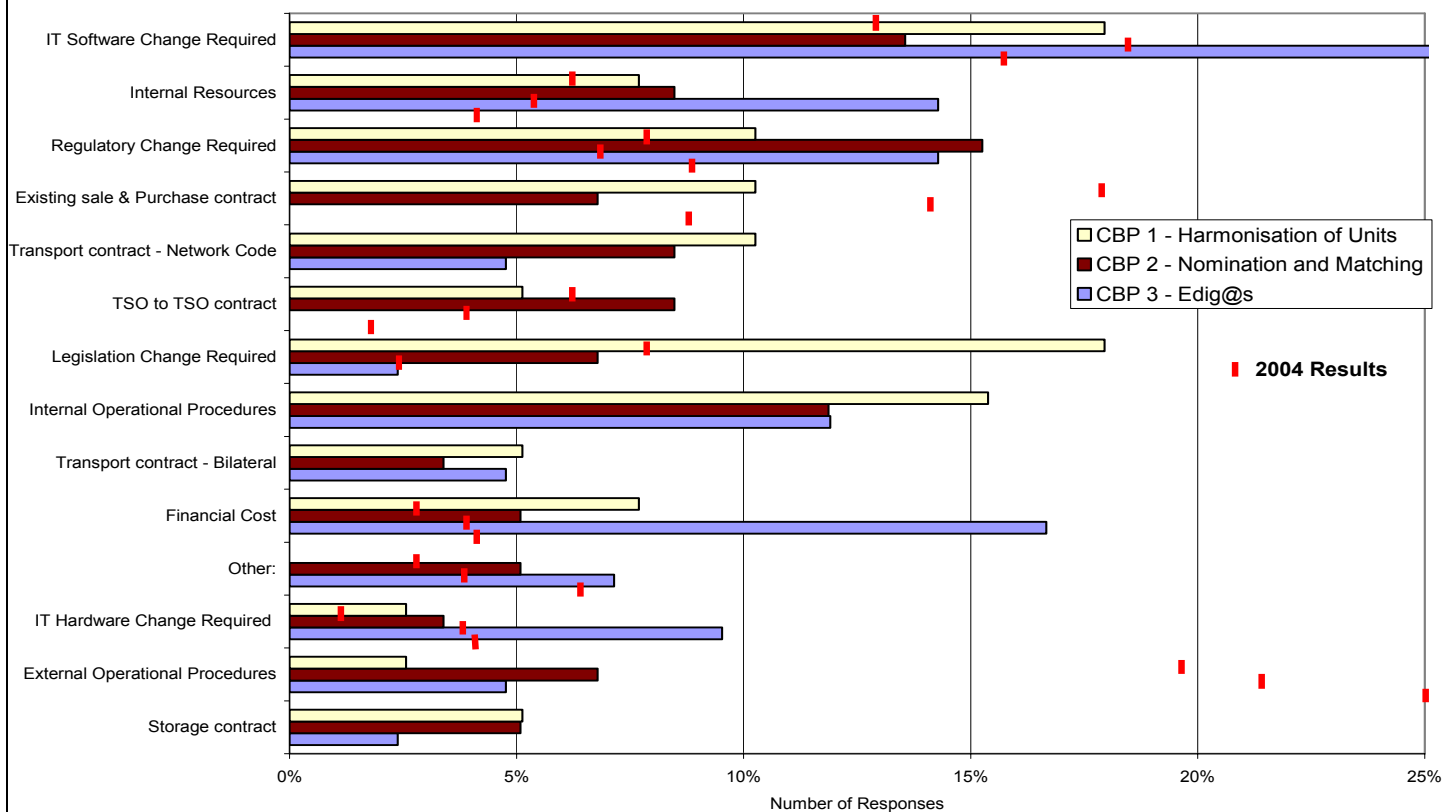
In Figure 4, the reasons given for lack of take up of the CBPs were studied across all CBPs. The results from 2004 helped identify some priority areas, this year there is a more even spread in the percentage of responses for each of the barriers that were tested in the survey.

3.4 Barriers to implementation – per CBP

Following the results of the 2004 survey the questionnaire was modified to help identify the underlying barriers to implementation. Although this has improved the granularity of the results for 2005 it has made the comparison with 2004, and therefore the understanding of the progress made, more difficult to interpret. The comparison is shown in Figure 5

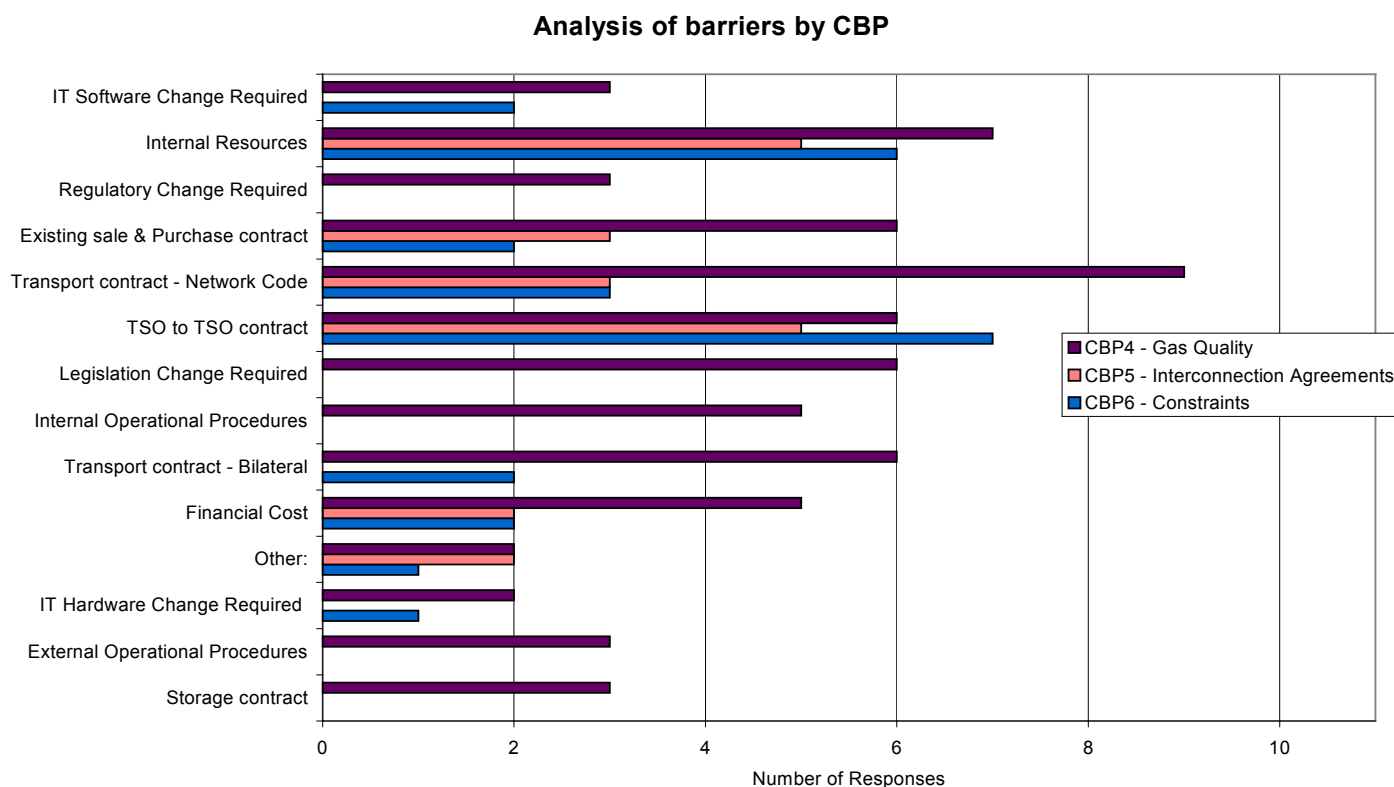
Software and regulatory changes remain high on the list but this year has seen an increase in the number of responses highlighting internal resource as a barrier

Testing the reasons for “Operating Procedures” appearing as barriers in last years report has moved the emphasis towards Internal Operating Procedures and the contractual relationship with the Transporter either as a bilateral contract or as a Network Code

Figure 4**Total number of barriers over all milestones****Figure 5****Analysis of barriers by CBP**

As three new CBP's were introduced in 2005 they were included in the survey to establish a benchmark for the level of implementation. The results for these new CBP's are shown below in Figure 7. The low number of responses may be indicative of the level of understanding of the impact of the CBP's on the members operations.

Figure 7



3.5 Barriers to implementation – per country

Finally, the implementation of each milestone by country was investigated. In Figure 8, 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 improvement to be made in all the countries included in the survey. However, when compared to 2004 results in Figure 9 a degree of progress is evident.

Finally in Figure 10. the responses are shown for each of the new CBP's showing that a significant amount of work is required to reach full implementation of the CBP's

Figure 8 – implementation of CBP milestones 1, 2 and 3 by country

2005	Luxembourg	France	Netherlands	Belgium	Denmark	Austria	Norway	Germany	IUK	Spain	Italy	Great Britain	Ireland	Northern Ireland
Pressure														
Message Content														
Volume														
kWh														
Renominations during Gas Day														
Lesser Rule														
GCV														
Renominations before Gas Day														
Coordinated Universal Time														
Use of EDIG@S														
Initial Nomination Deadlines														

Figure 9– implementation of CBP milestones 1, 2 and 3 by country in 2004

2004	Denmark	Germany	Ireland	Belgium	Austria	Netherlands	Luxembourg	Norway	France	UK	Spain	Poland	Italy	Portugal
Pressure														
Volume														
Lesser Rule														
Coordinated Universal Time														
Message Content														
kWh														
GCV														
Renominations During Gas Day														
Use of Edigas														
Renomination Before Gas Day														
Initial Nomination Deadline														

Figure 10 – implementation of CBP milestones 4, 5 and 6 by country

2005	Great Britain	Ireland	Northern Ireland	Belgium	France	IUK	Italy	Germany	Netherlands	Luxembourg	Norway	Spain	Austria	Denmark
Nominations and Allocations														
Constraint Duration Notification														
Flow Constraint and Control														
Interconnection Agreements														
Harmonisation of gas qualities (2006)														
Harmonisation of gas qualities (2010)														

APPENDIX – LIST OF APPROVED COMMON BUSINESS PRACTICES:

CBP	Title	Deadline	Summary
CBP 2003-001-01	Harmonisation of Units	October 2005	This CBP promotes the use of the same units for pressure, energy, volume and calorific value by all organisations involved in the delivery of gas from the producer to the client.
CBP 2003-002-01	Harmonisation of Nomination & Matching Process	October 2005	This CBP 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.
CBP 2003-003-01	Use of Edig@s Protocol	Immediate for Edig@s users	This CBP describes the use of the EDIG@S protocol for exchange of business information between parties in the European gas market.
CBP 2005-001-01	Gas Quality Harmonisation	October 2010 for Wobbe Index, relative density and oxygen; October 2006 for other parameters.	This CBP recommends natural gas quality specifications to streamline interoperability at cross border points in Europe and describes the recommended gas quality parameters, parameter ranges and the implementation plan.
CBP 2005-002-01	Interconnection Agreements	October 2006	This CBP describes the scope of an Interconnection Agreement to be established by two adjacent TSOs, describing how to facilitate interoperability of the grids.
CBP 2005-003-01	Constraints	October 2006	This CBP describes the operational procedures to be applied where constraints arise due to unforeseen restrictions in transmission capacity or due to off-specification gas properties.

Details available at www.easee-gas.org/common_business_practices/approved_CBP/