

Implementation progress of the EASEE-gas Common Business Practices (CBPs)

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 (CBPs). CBPs 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.

At the time of the survey in August 2007, EASEE-gas had approved and issued six CBPs, which are available on the EASEE-gas website, www.easee-gas.org. A further six CBPs and a revision to a pre-existing CBP on Edig@s were approved and published later in 2007 and these are also available on the EASEE-gas website.

EASEE-gas, in consultation with the Madrid Forum participants, has taken responsibility for monitoring the implementation of these CBPs. In August 2007 EASEE-gas carried out the third survey of CBP implementation to review the progress of implementation of all six agreed CBPs 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. A copy of the questionnaire is available on www.easee-gas.org along with the results of the previous surveys.

2. Summary

The survey has provided some valuable insight into the stakeholders' adoption of the existing CBPs. 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 18 markets/systems with representation from all active EASEE-gas segments.
- Good progress; particularly in markets with largest interconnection.
- Non-implementation does not always mean an issue of interoperability (e.g. Finland, Sweden, Ireland).

- There are legislative and regulatory barriers to implementation in some countries (particularly in relation to units & quality), and so national regulation/legislation needs to provide the proper framework/support to allow implementation
- It can take time to modify national network codes and so support is needed from all market participants.

3. Observations from the questionnaire

3.1 Responses per segment

The questionnaire was sent to approximately 80 Full Members and 24 Associate Members with responses received from 24. 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, followed by Traders & Shippers

3.2 Responses geographically

A total of 18 markets/systems were covered, with some respondents providing multiple responses covering several markets, shown in Figure 1. Only countries in Western Europe responded, so more work is needed in order to raise awareness of EASEE-gas and the CBPs in Eastern Europe.

Countries covered by responses in this and previous surveys



<u>Responses</u>	2004	2005	2007
Austria	2	1	1
Belgium	4	9	7
Denmark	1	1	2
Finland			1
France	4	6	6
Germany	7	8	8
Ireland	1	1	1
Italy	2	3	2
Luxembourg	1	1	1
Netherlands	7	8	6
Norway	3	4	1
Poland	1	0	0
Portugal	1	0	1
Spain	1	1	1
Sweden			1
Switzerland			1
GB	4	6	6
Northern Ireland		1	1
IUK	1	2	1
	40	52	48

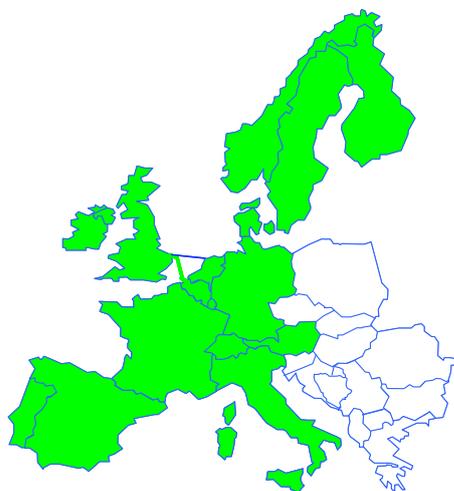
4. Overview of progress per CBP

For element of 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 CBPs. Respondents stated whether the CBP had been implemented in the country it was reporting on and if not, when it was likely to be implemented and what were the main barriers to implementation.

4.1 CBP 2003-001/01 Harmonisation of Units

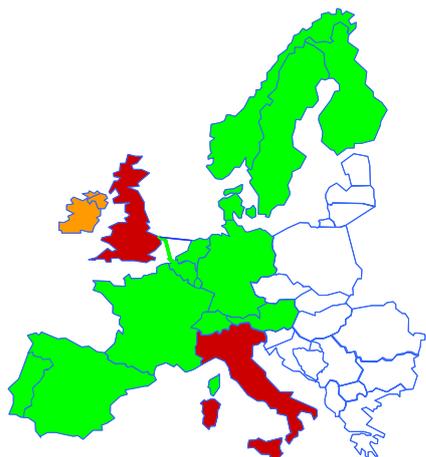
For the CBP on Harmonisation of Units the implementation date was 1st October 2005. There were four elements relating to pressure, Volume, energy and gross calorific value.

4.1.1 Pressure: Bar



All respondents indicated that all markets/systems in the survey are using bar to measure pressure

4.1.2 Volume: normal m³



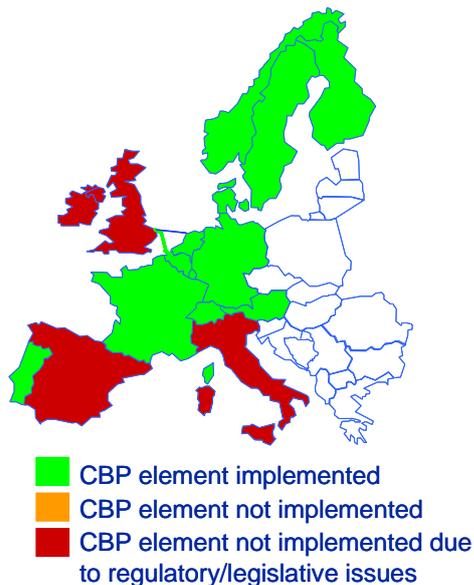
Most markets are using normal m³. However, Italy, UK and Ireland are using standard m³.

Italy and Great Britain indicates legislative changes are required initially then contractual changes and systems changes to follow.

Ireland & Northern Ireland indicate that Network Code changes are required.

- CBP element implemented
- CBP element not implemented
- CBP element not implemented due to regulatory/legislative issues

4.1.3 Combustion Energy: kWh ref. temp 25C, and GCV: kWh/nm³ with ref. temp of 25C



All markets using kWh, but UK, Ireland, Italy and Spain are using a reference temperature of 15C.

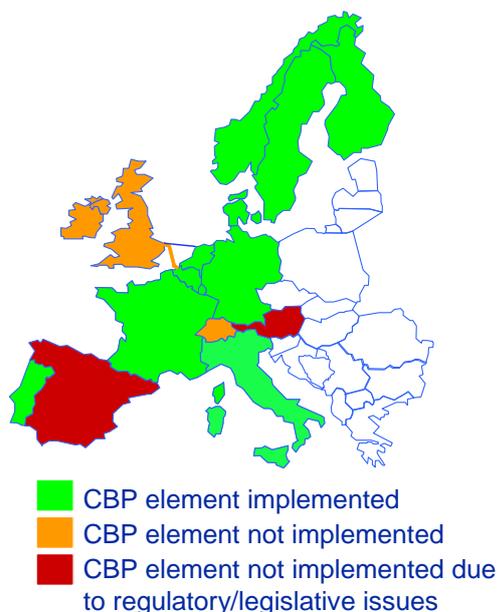
In all such cases regulatory/ legislative changes are required initially, then contractual changes and systems changes are needed to comply.

Netherlands has implemented the CBP for the nomination and matching process, but another unit is commonly used between shippers and GTS

4.2 CBP 2003-002/01 Nomination & Matching Process

For the CBP on Nomination & Matching Process the implementation date was 1st October 2005. There were six elements relating to use of co-ordinated Universal Time, matching, use of the 'Lesser Rule' for matching, matching messages, deadlines for initial nominations and for within-day renominations.

4.2.1 Use of co-ordinated Universal Time



Most markets appear to be using Coordinated Universal Time.

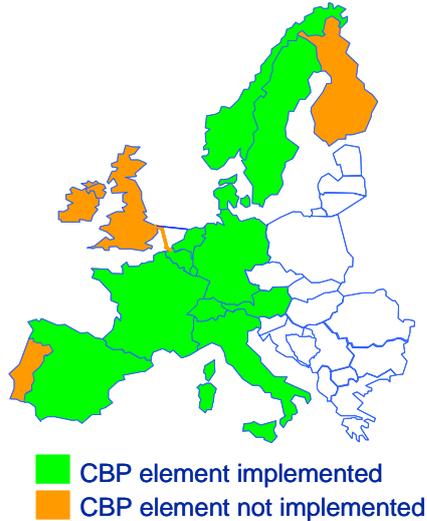
UK & Ireland require Network Code changes.

Austria indicated that legislative and regulatory changes are required.

Switzerland indicated that systems and financial issues are preventing implementation.

Spain did not state what the barriers to implementation may be.

4.2.2 Lesser Rule applies to matching and Messages to contain matching shipper.



Most markets use the 'Lesser Rule' for matching

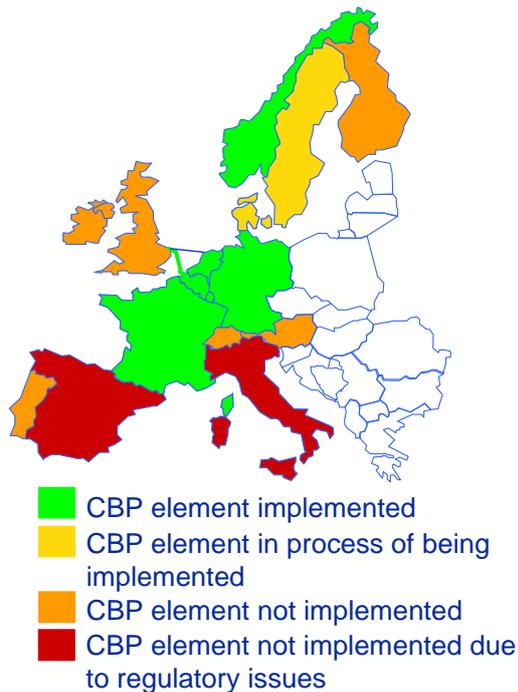
Finland only has single source from Russia, so has no need for matching.

The Network Code in Great Britain does not include matching; agents act for the shippers at interfaces.

Ireland, Northern Ireland, Interconnector (UK) and Portugal use matching but not with the Lesser Rule in all cases.

All would require changes to the Network Code and/or Interconnection Agreements.

4.2.3 Deadlines for initial nominations



The central & northern European markets are to a great extent using or currently implementing the suggested procedures for initial nominations.

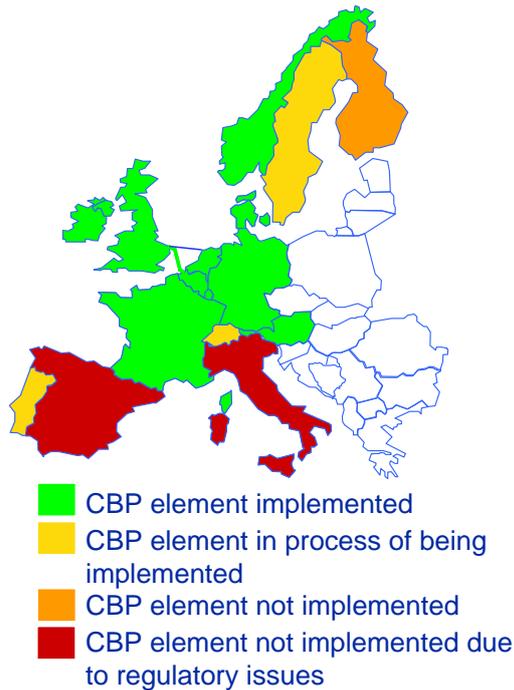
Finland only has a single source, so deadlines are agreed bilaterally.

Denmark and Sweden are working to implement the CBP in the near future

In Italy the regulator drives the Network Code modification process, so a regulatory change is needed to fully implement the CBP.

Most others have quoted Interconnection Agreements and Network Code changes as barriers to implementation, although no specific barriers were mentioned in respect to Spain and Portugal.

4.2.4 Renomination rules for Gas Day D



Generally well adopted in North Western Europe.

Deadlines agreed bilaterally in Finland

Sweden and Portugal working to implement CBP in near future.

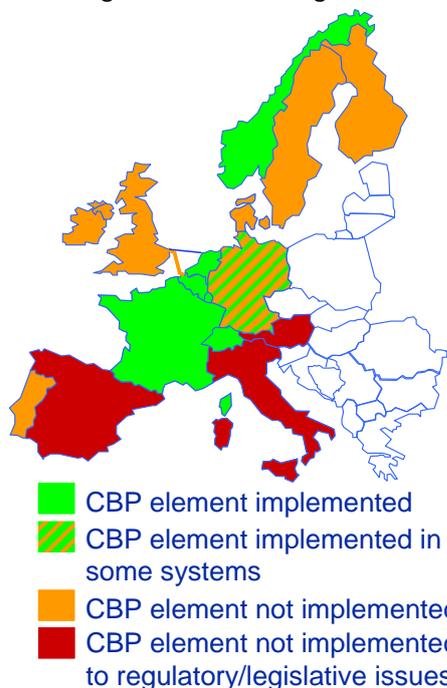
It is partly implemented in Switzerland, other than transit gas to Italy where the Interconnection Agreement is a issue.

In Italy a Network Code change required, but regulator drives the mod process.

No specific barriers mentioned for Spain.

4.3 CBP 2003-003/01 Edig@s

The original CBP on Edig@s recommends its use but has no implementation date.



Generally well adopted in North Western Europe.

Deadlines agreed bilaterally in Finland

Sweden and Portugal working to implement CBP in near future.

It is partly implemented in Switzerland, other than transit gas to Italy where the Interconnection Agreement is a issue.

In Italy a Network Code change required, but regulator drives the mod process.

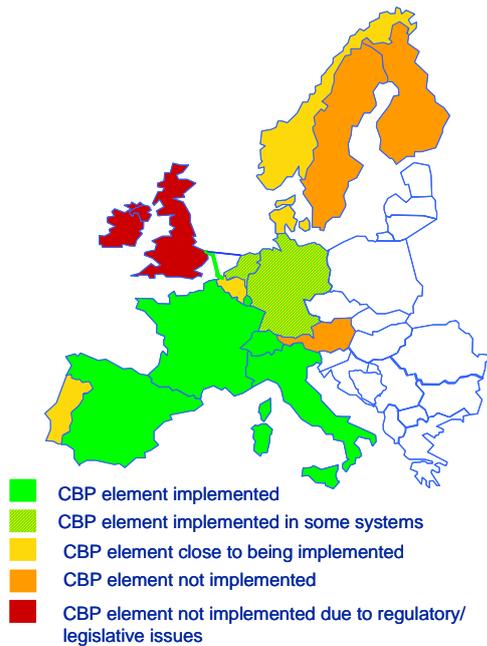
No specific barriers mentioned for Spain.

4.4 CBP 2005-001/01 Harmonisation of Gas Quality

The CBP on Gas quality had a number of elements including Sulphur, Carbon Dioxide, Water Dewpoint and Hydrocarbon Dewpoint to be implemented by October 2006 and a number of others, such as Wobbe Index, Relative Density and Oxygen content to be implemented by October 2010.

4.4.1 Harmonisation of S, CO₂, WDP, HCDP

These elements have an implementation date of 1st October 2006.



In most systems the CBP has been implemented, partly implemented or is in the process of being implemented

Finland has a single source so it is not necessary to comply at the moment

In Sweden, the old limits are close to the recommended limits and now needs agreement with Denmark.

Belgium, Denmark and Norway are in process of implementing all the limits

In Germany some systems have adopted the limits ahead of new DVGW spec.

Austria requires changes to OVGW by the regulator.

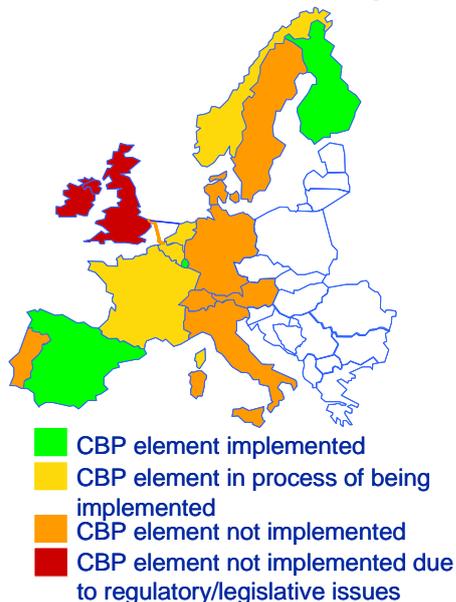
In the Netherlands, the limits have been adopted at some interconnection points but legacy problems are slowing down implementation at others.

Great Britain and Portugal require legislation to change technical specs. In GB it is under Government review.

The specifications in Ireland & Northern Ireland are dependent on changes to the GB spec.

4.4.2 Harmonisation of Wobbe, RD and Oxygen

These elements have an implementation date of 1st October 2010. The Oxygen content is under review within EASEE-gas and a revised CBP will be issued in 2008.



Most systems are either making progress towards the 2010 deadline or are waiting for the results of the CEN study before implementing changes.

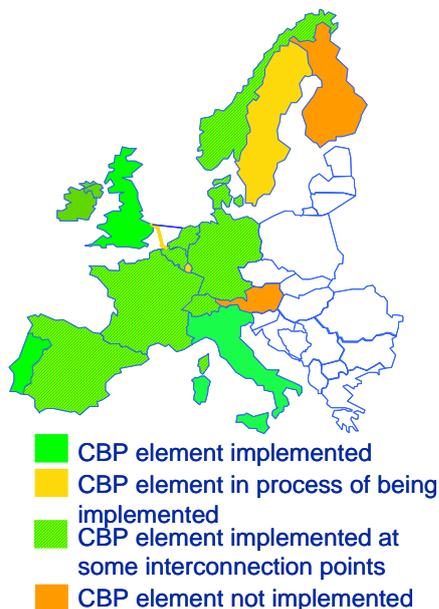
Great Britain also has a Government review to conclude and the Irish and Northern Ireland systems are linked directly to the GB spec.

In Portugal changes are required to interconnection agreements with Spain

Sweden gave no indication of progress or barriers

4.5 CBP 2005-002/01 Interconnection Agreements

This CBP recommends that Interconnection Agreements contain certain elements as a minimum and had a recommended implementation date of October 2007.



Most systems either had relevant IAs or were in the process of implementing them.

In many cases IAs are in place at some interconnection points but not all and internal resource is the biggest issue to get around them all.

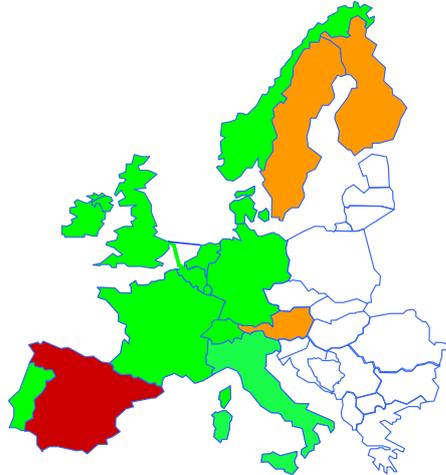
In Finland, the single supplier from Russia means a bilateral agreement exists

Ireland and Northern Ireland have IAs that almost comply.

Austria gave no indication of progress.

4.6 CBP 2005-003/01 Constraints

This CBP recommends how to handle Constraints between neighbouring transmission systems and had a recommended implementation date of October 2006.



- CBP element implemented
- CBP element not implemented
- CBP element not implemented due to regulatory/legislative issues

Most systems comply with the constraint procedures.

Finland and Sweden have no downstream interconnections, so have no need for this CBP.

Austria and Spain gave no indication of the barriers to implementation.

Ireland and Northern Ireland have implemented the process at the GB connection point, but not with beach entry points.

Spain claims regulatory/ legislative issues are preventing implementation

APPENDIX 1 – 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 2007	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/

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EASEE-gas was set up in 2002 to develop and promote the simplification and streamlining of both the physical transfer and the trading of gas across Europe. 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.

Full membership is open to any company involved in the European gas industry, from producers to end users, and to companies that are their service providers. Full members can join one or more of the eight Gas Industry Segments depending where they operate in the gas chain.

Associate membership in EASEE-gas is open to government agencies, regulators, trade associations, consumer groups and to individuals that may contribute to the benefit of EASEE-gas. Associate members do not pay annual fees, and do not have voting rights.

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