



## **POSITION PAPER**

### **on the ACER Framework Guidelines on Gas Balancing in Transmission Systems**

GEODE, the European Association of power and gas distributors, appreciates the opportunity to comment on the ACER's draft Framework Guidelines on Gas Balancing in Transmission Systems across Europe (version of 12 April 2011).

GEODE's major concern is the clarification of the role and the responsibilities of the DSOs in the Gas balancing System. DSOs are not explicitly included in the process of network codes but also in the Framework Guidelines. It should be clarified that not all market roles and functionalities of the DSOs must be harmonised to design a uniform European balancing system.

In this respect, it is important to emphasize that GEODE does not wish to prevent a harmonised European market, but just wishes to safeguard the legitimate interests of the distribution system operators. Also in a regulated system, the interests between TSO and DSO are not always the same.

#### **I. Harmonisation of market roles / the role of DSOs**

Major concerns are expressed that the market roles and responsibilities of distribution system operators, which indeed are very different in the individual Member States, shall be harmonised by establishing uniform balancing rules across Europe. In this context, it is clear (which is also the explicit position of GEODE) that the FG/NC on Gas Balancing must put procedures into place that will lead to a certain harmonisation of the balancing regime. This applies particularly to the information requirements of the shippers (scope of data, data quality and periods for data transmission), the procurement of TSO Balancing Gas as well as the pricing of the shippers' imbalances. It also applies to general standardizations such as balancing periods (daily balancing) and the common gas day.



The market roles and responsibilities held by distributors need not be harmonized if they do not adversely affect the balancing regime in general. Naturally, it must be ensured that the shipper receives its information from the TSO. Who, for instance, will gather such information and will be in charge of the collection and aggregation of data, has got nothing to do with the actual balancing regime, though. Examples in this respect are systems established in Great Britain, the Netherlands, Germany and Spain.

## **II. Remarks on Section 6**

- (1) The obligations in the FG concerning the transmission of consumption data for metered customers and, particularly, the required daily updates of forecasts for non-metered customers are too concrete for the FG.

This means considerable expenses on the one hand for the system operators, who must then roll out the load profiles several times a day and on the other hand for the shippers, who have to react to the load profile forecasts. We would therefore like to challenge the sense as well as the purpose of this regulation.

It would be sufficient to provide for the principle that the shipper may obtain sufficient information to keep his portfolio in balance and avoid imbalance charges. The concrete requirements should be left to the Netcode. Only in this way, TSOs together with the DSOs may find cost-efficient and system-appropriate solutions. This applies especially to non-metered customers, since these are nearly exclusively cooking gas customers, especially in Southern Europe.

At least, the possibility that the regulators may provide for a gradual and phased implementation and propose alternative solutions on the basis of a cost-benefit-analysis should be included in the FG. However, it must be explicitly clarified that the costs incurred for the DSOs will be approved via the national use-of-system-charges regulatory systems without delay.

- (2) The experience with the German system ("allocated as nominated") has led to a secure supply of households and has been a decisive cornerstone for more competition in the German gas market. GEODE strongly supports therefore the exception in para Section 6, para 6.

The FG should therefore, at all costs, allow for certain flexibility for such system facilitations, the details of which the national regulators could decide upon.

- (3) Requiring ENSOG to cooperate with the DSOs is considered a first very good step to ensure a better coordination between the TSOs and DSOs (para 5). Just for systematic issues: The systematic position of this requirement is not quite fortunate. The position of the current para 5 should be moved to after para 6.



GEODE considers, this coordination requirement should, however, not only concern the TSO information obligation provisions under Article 6, but be added as a general principle under Article 1. In so doing, the FG complies better with the legal basis in the gas regulation 715/2009.

Regarding para 5 it should be clarified that the TSO will be required to find with the DSO joint solutions for the data transmission respectively for all sectors that actually and regally concern the TSO. Moreover, it is also necessary to clarify who will decide on differing positions in case there is no mutual cooperation. We propose that the regulators should have the final decision in case of different opinions.

### **III. Remarks to Section 3**

GEODE welcomes Section 3.1 para. 1, according to which the TSOs should develop standardised short-term and long-term balancing products.

GEODE suggests explicitly adding, that the products and conditions must contribute to the market participation of smaller shippers and shipper-cooperations. Only different market players in a sufficient number guarantee a real competitive trading market without oligopolistic structures.

### **IV. Remarks on Section 5**

According to the draft, imbalance charges shall be based on the daily “marginal sell price or the marginal buy price”(cf. Section 5.1. para. 5 in conjunction with Article 1.4) and borne by those shippers who where out of balance.

In this respect, GEODE is calling for a clarification that is not possible to trace back and allocated the entire daily aggregate system costs to the individual difference portfolios of individual shippers. Thus, particularly smaller portfolio traders will be disadvantaged since they do not have the same portfolio diversification as the large portfolios of established traders.

Furthermore, the formation of imbalance charges should be based upon the average monthly prices for the procurement of TSO balancing energy. Otherwise the cost-allocation will be accidental, because in many cases the actual costs are incurred with a considerable delay or even a few days before.

### **V. Remarks on Section 1 and 2**

Regarding the offering of the linepack in TSO and DSO-networks (only) by the TSOs, it must be clarified, that the DSOs must be compensated by the TSOs or must be able to sell their linepack directly to the shippers.



## **VI. Remarks on Section 8**

The implementation period of 12 months is too short, since the necessary system and IT developments may just be contracted after all details have been finally clarified and become legally binding. In view of the year 2015, such a short implementation period is not required.

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