

# ENTSOOG and selected tasks

## Visit to Brussels

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# Where it started and ENTSOG's role

## Initial situation of European Gas Business: Trading barriers

- Heterogeneous gas businesses throughout Europe (competition, supply, ...)
- High level of market protection (entrance barriers)
- Different legislative environments
- Little trading volume
- Huge gas price spreads between countries
- Lack of transparency

## ENTSOG's role:

- Facilitate and enhance cooperation of national gas TSOs across Europe
- Promote completion and functioning of the internal European energy market and cross-border gas trading
- Ensure optimal management, coordinated operation and sound technical evolution of the natural gas transmission network



# ENTSOG



ENTSOG was created on 1 Dec 2009 and is now comprised of:

**44 TSO Members and 2 Associated Partners from 26 European countries**

**4 Observers from EU affiliate countries:**

- GA-MA AD (FYROM)
- Gassco AS (Norway)
- Swissgas AS (Switzerland)
- Ukrtransgaz (Ukraine)







# ENTSOG European Gas System Map





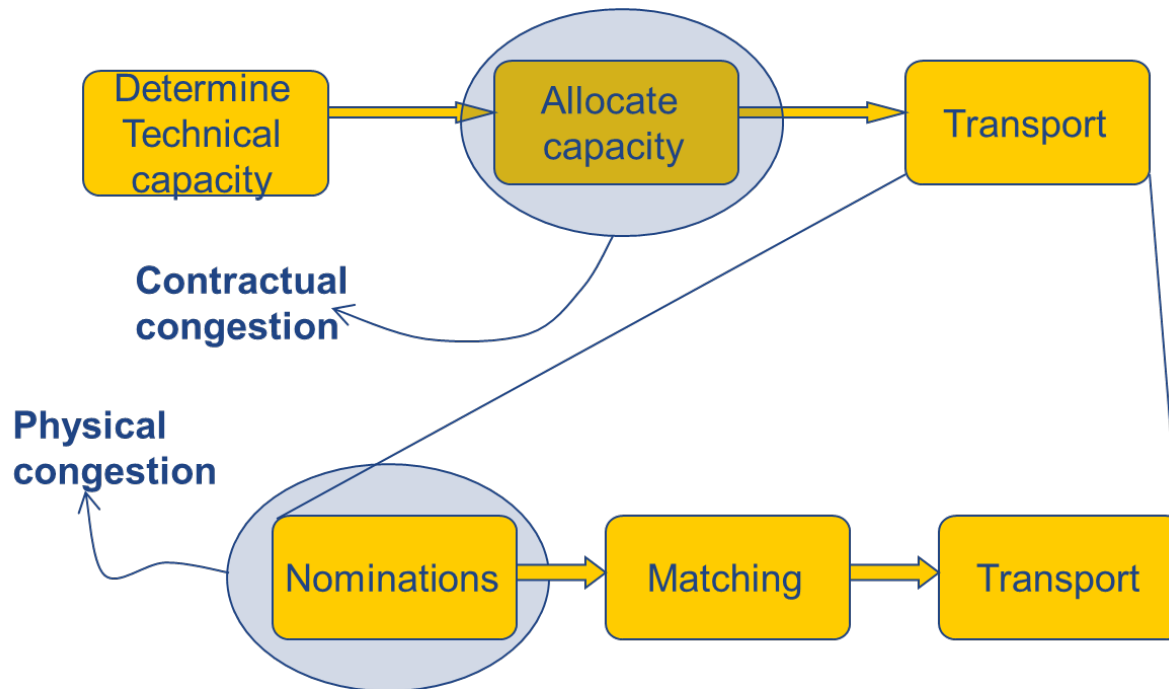
# Congestion Management Procedures



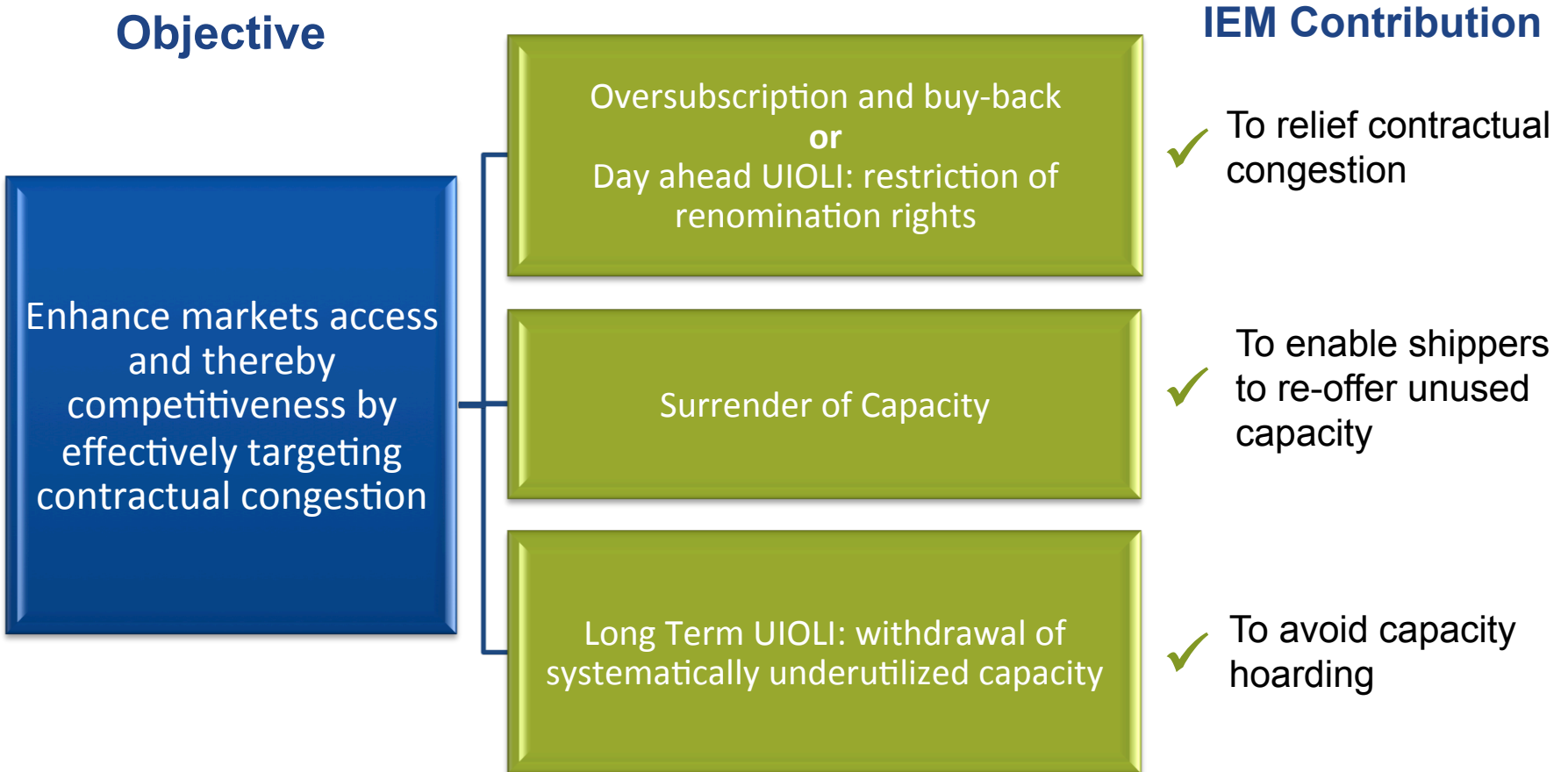
# Congestion Management

## > What is congestion?

- “contractual congestion’ means a situation where the level of firm capacity demand exceeds the technical capacity;”



# Congestion Management Procedures (CMP)



# CMP – Congestion Management Procedures

## 1. *Oversubscription and buy-back*

Make capacity available on top of technical firm

Buy back capacity if firm delivery is not guaranteed

The buy back procedure should be market based (e.g. auction)

The TSO has incentives to offer this capacity

## 2. *Day ahead UIOLI: restriction of renomination rights*

Capacity available depending on the initial nomination

> 20% and < 80% renom limit down=10%, up=90%

< 20% or > 80% renom limit = 50% of remaining

Day ahead UIOLI obligatory as of 1-10-2016 if Oversubscription & Buy Back doesn't sufficiently alleviate contractual congestion. Ultimately the chosen measure must be evaluated as being effective



A green L-shaped graphic in the top-left corner.

# CMP – Congestion Management Procedures

## ***3. Surrender of Capacity***

If a shipper surrenders contracted capacity the TSO shall reallocate that capacity. The shippers retains rights and obligations until re-allocated. This means secondary capacity can be re-offered via the primary platform.

## ***4. Long Term UIOLI: withdrawal of systematically underutilised capacity***

Anti-hoarding measure. The shipper loses its contract partially or completely after re-allocation by the TSO. To be decided upon by the national regulatory authority

# CMP – Implementation Status 2/2015



number of TSOs	additional capacity by CMP measures	Oversubscription and buy-back scheme or Firm day-ahead UIOLI mechanism*	Surrender of contracted capacity	Long-term UIOLI	Comments
29	Green	Green	Green	Green	Including exemption as per NRA decision under point 2.2.3(6)*
1	Green	Green	Green	Yellow	LT UIOLI: delayed implementation in accordance with NRA
3	Green	Yellow	Green	Green	OS+BB: implementation in 2015
1	Green	Yellow	Green	Green	OS+BB: NRA has not approved proposed scheme yet
1	Green	Yellow	Yellow	Green	OS+BB + SoC: implementation in 2015
1	Yellow	Yellow	Yellow	Yellow	OS+BB + LT UIOLI: implementation in 2015
3	Orange	Orange	Orange	Orange	OS+BB + SoC + LT UIOLI: implementation in 2015
8	Grey	Grey	Grey	Grey	

Legend	
Green	implemented
Yellow	in process of implementation (NRA decision pending)
Grey	not applicable, as regards scope, impl. date or derogation under Article 49 of Gas Directive
Orange	not implemented

\* The firm day-ahead UIOLI mechanism should be implemented as of 1 July 2016, where ACER's congestion monitoring report shows that there is over demand for firm capacity products that are offered in the next three years or where no firm capacity is offered at all.





# ACER's contractual congestion report

## Purpose of report:

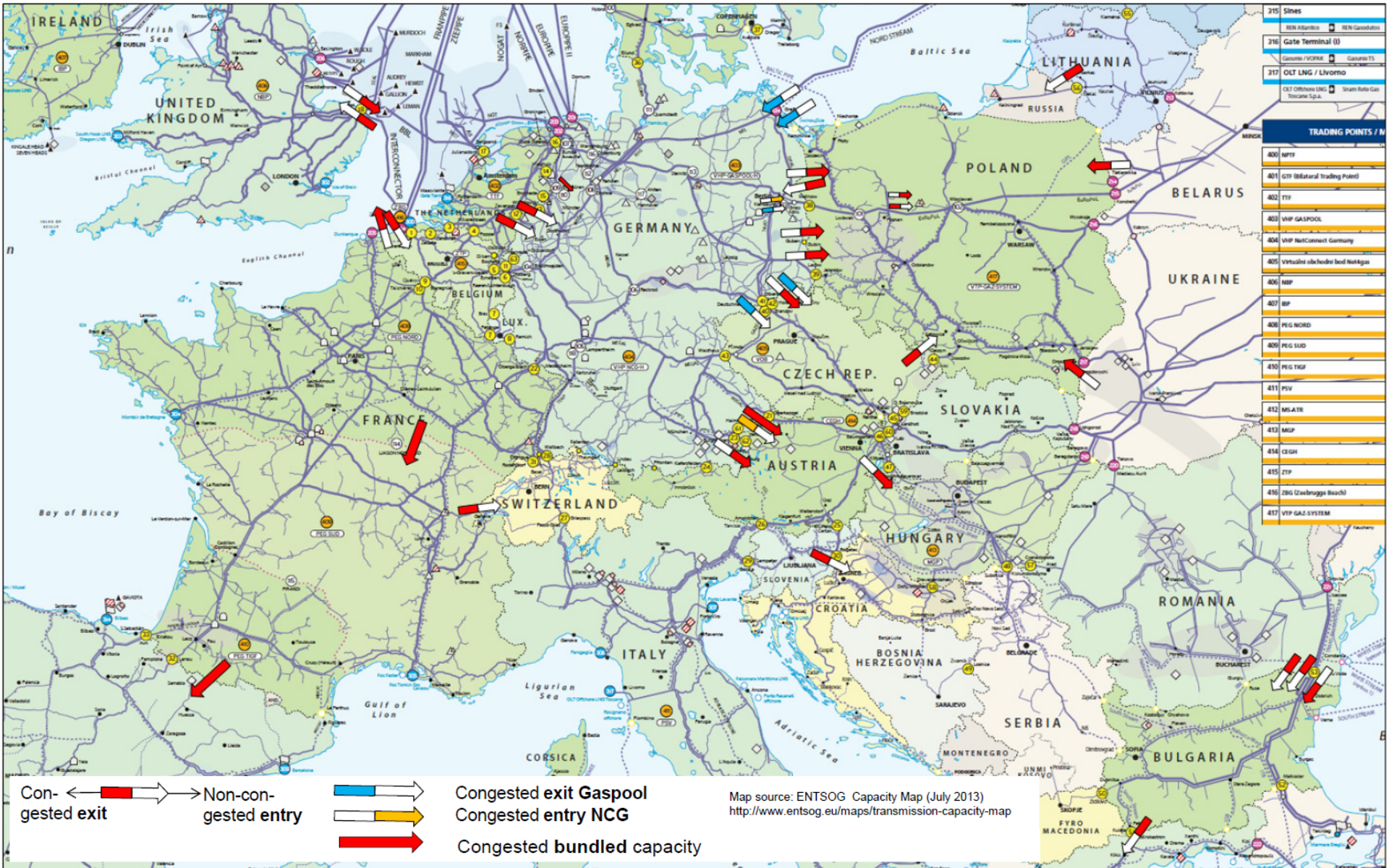
- Identification of contractual congestions at EU IPs

## Main results for 2014:

- 15% of 257 IP-sides are contractually congested, especially in SSE-Europe and in the South region
- 59% of contractual congestion due to non-offer of firm capacity products with runtime => 1 month
- 23% / 18% of contractual congestion signalled by auction premium for monthly / yearly capacity products
- CMP measures increasingly applied within Europe (no results for LT UIOLI implementation yet)

*Contractual congestion is still an issue within the EU, although its extend has declined over the past years due to effective congestion management procedures in place at many IPs.*

# Map of contractually congested IPs







# ACER's contractual congestion report



## ENTSOLOG initial view on Report

- Contractual Congestion is still an issue at some IPs, although its extent has declined significantly over the past years.
- Good collaboration between ACER and ENTSOG regarding the data for the report
- Possibility for TSOs to check the data before use in the report improves quality and ensures consensus on what is factual

## ENTSOLOG supports ACER suggestions to improve future CMP reports

- By clarifying the definition of Contractual Congestion
- By assessing congestion also at zonal borders in addition to IP (side) level.
- ENTSOG to continuously improve TP for example by creating together with ACER an agreed CMP scope list by adapting the NC CAM IP scope list.

*ENTSOLOG aims to maintain the close collaboration with ACER for future reports*

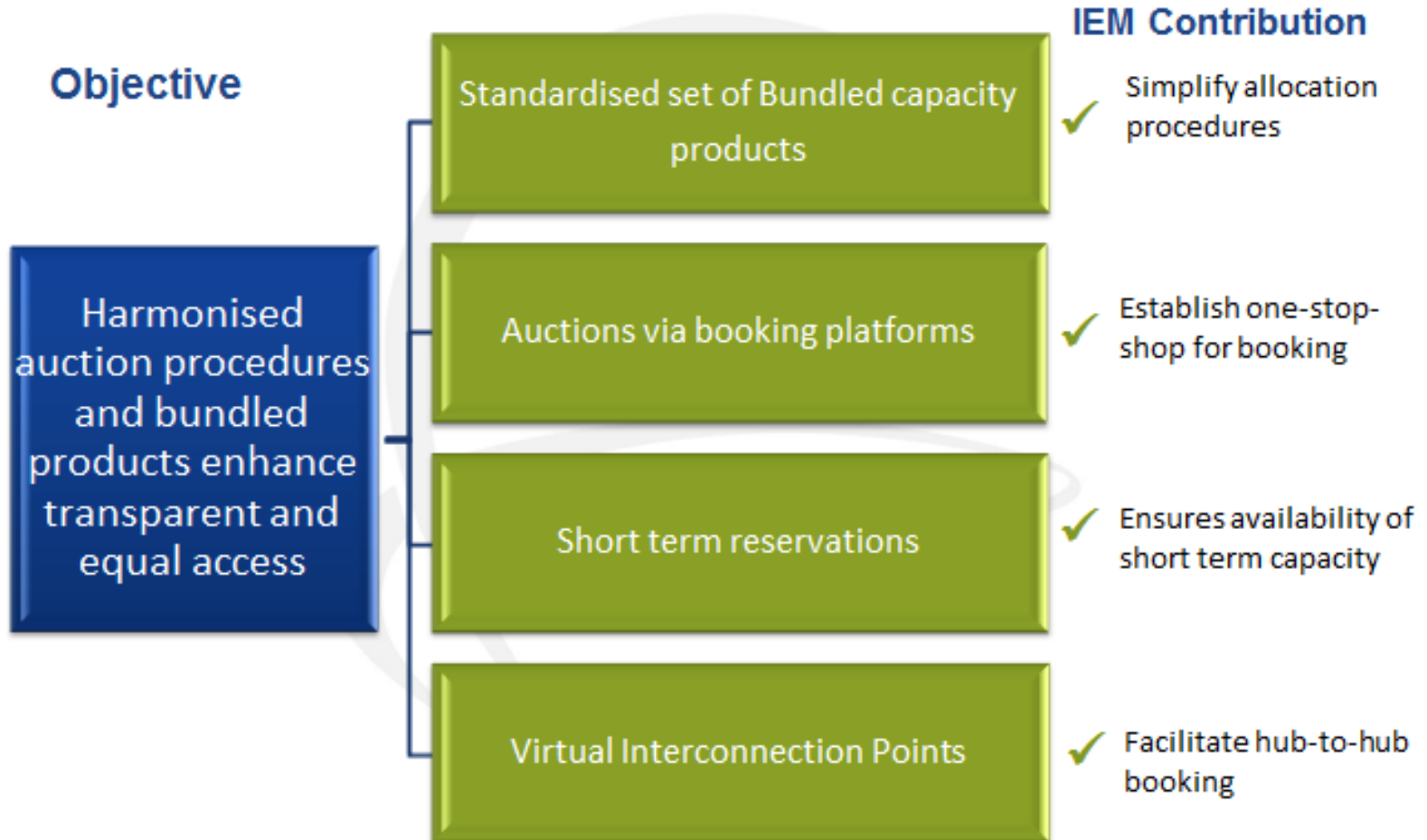




# Capacity Allocation Mechanism



# Capacity Allocation Mechanisms (CAM NC)

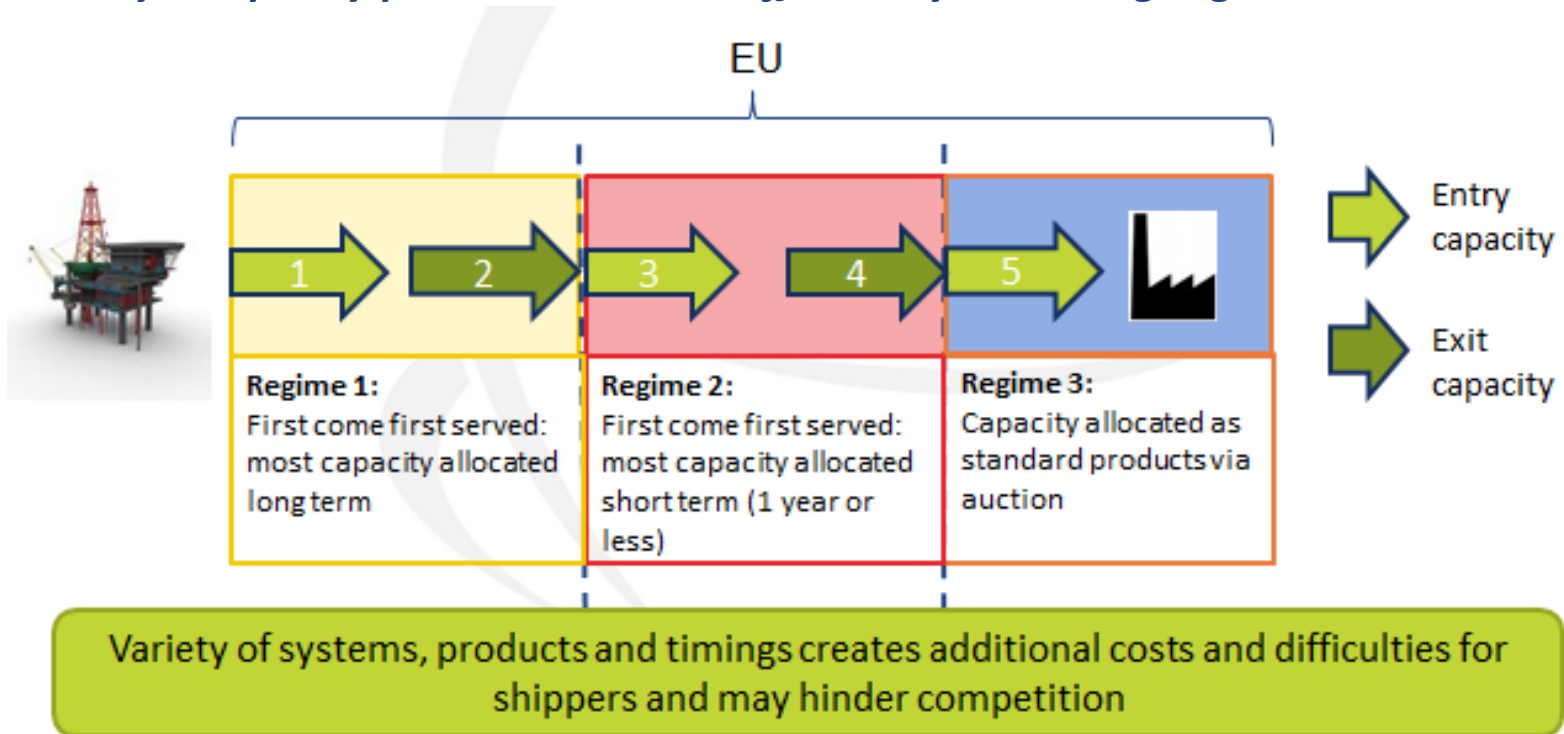


# Key concepts in the CAM NC

- > *Auctions as the mechanism for capacity allocation*
  - *Regulated tariff as reserve price*
  - *Capacity allocation only at predetermined dates*
  
- > *Standardised product set*
  - *Year, quarter, month, day, within-day*
  
- > *Short term capacity reservation of at least 10%*
  - *Aims to facilitate new entrants access*
  - *All network users pay for unsold capacity*
  
- > *Bundled cross border contracts*
  - *Not applicable to existing contracts*
  - *Elimination of flange trading*
  
- > *Merging of IPs connecting the same TSO systems into a “Virtual Interconnection Point”*
  
- > *Capacity offered via joint booking platform(s)*

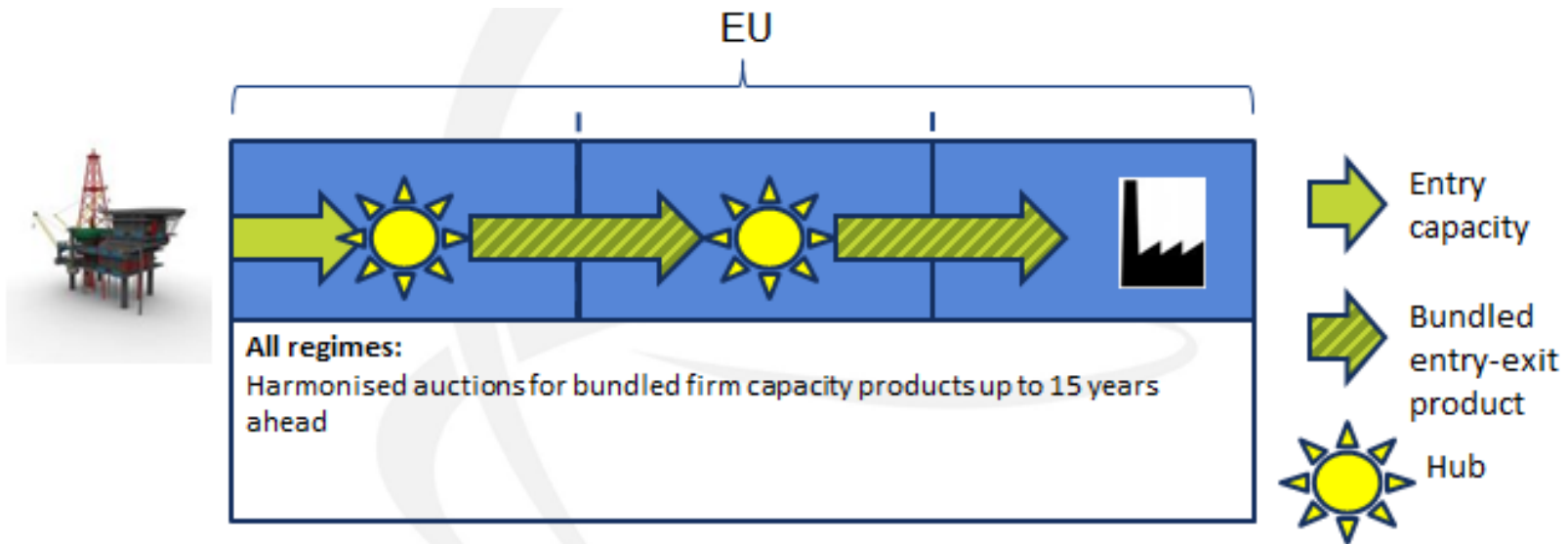
# Bundling of capacities: Before

- > Largely unbundled world with different capacity allocation systems and different capacity products
- > Example of a transit route: in this example the shipper would currently need to buy 5 capacity products under 3 different systems to get gas to market



# Bundling of capacities: After

- > *Harmonised allocation systems, i.e. auctions and standard capacity products*
- > *Most gas bought and sold at hubs*

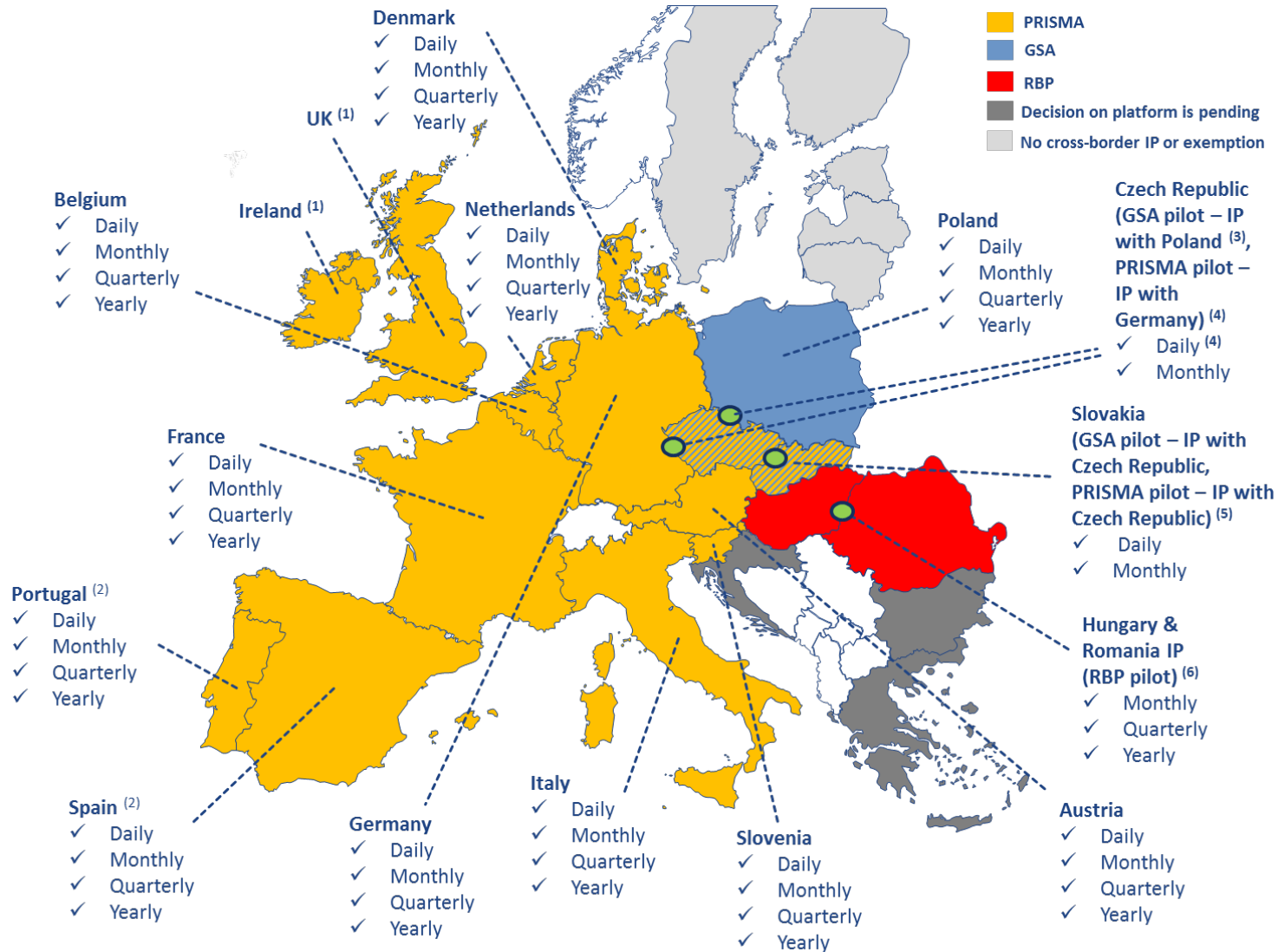


When the CAM NC is implemented network users will be able to buy standard capacity products that are bundled and allocated via harmonised auctions across the EU.



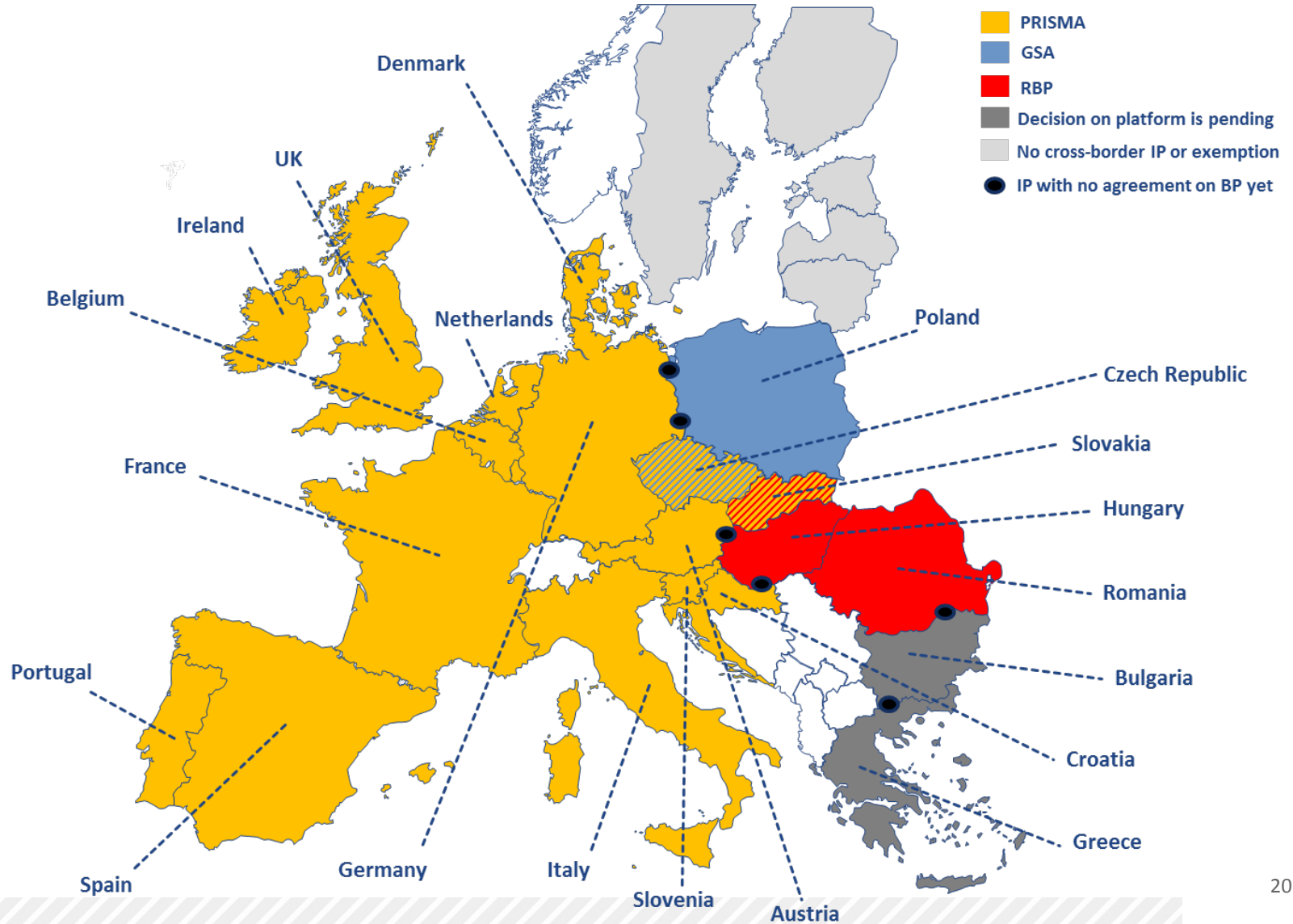


# CAM standard products range - 08/2015





# Booking platforms usage - 11/2015



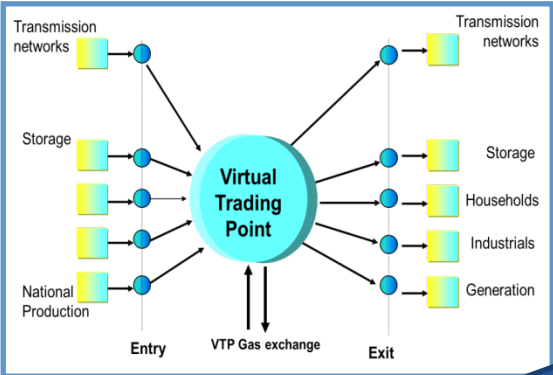


# Balancing

# Balancing: what is it?



“the creative simplification”



\* Pipes, network, compressors, gas

assets

**Balancing**

The glue that keeps everything functioning



\* Simple commercial model  
\* sufficiently close to physical reality

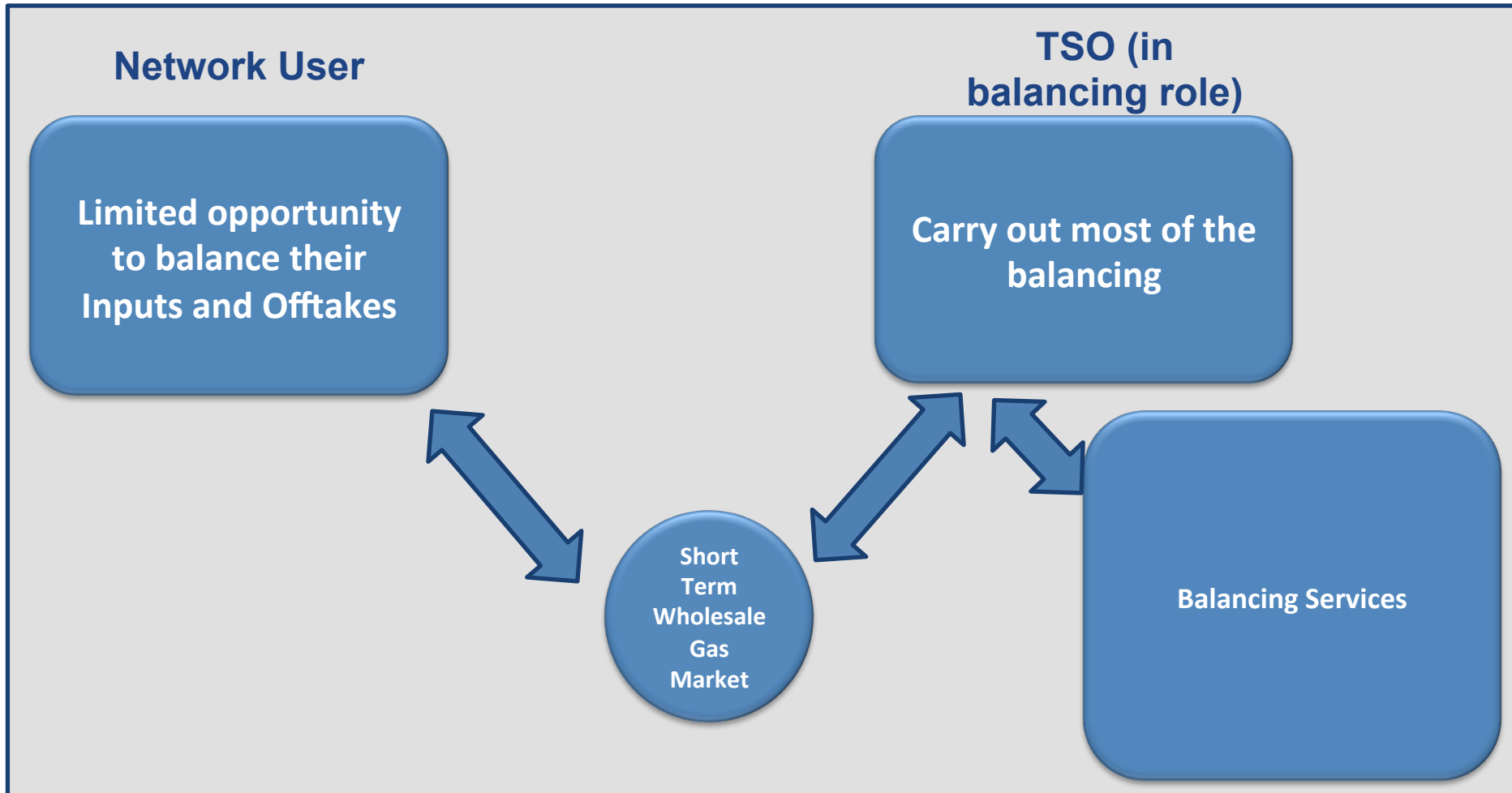
“rules”

... just sticky enough to keep the layers together but not so sticky that it disallows some commercial freedom

... ultimately market player risk manifests itself in the cashout regime



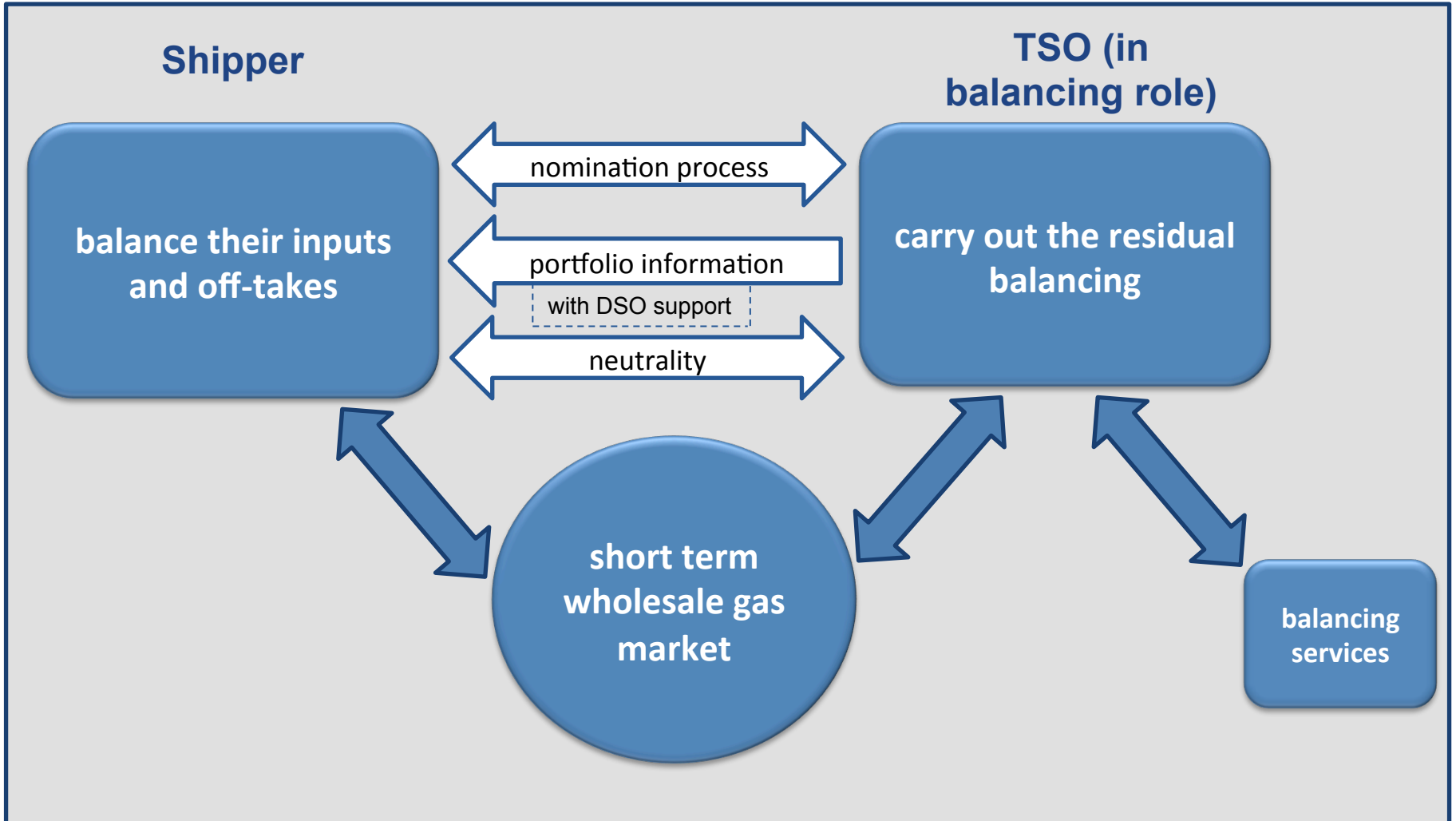
# Limited market development







# Delivering the “Balancing Target Model”





# Transparency Platform

## 1. Transparency guidelines (Reg. (EC) 715/2009, Chapter 3 of Annex 1)

- Definition of the technical information necessary for network users to gain effective access to the system
- Definition of all relevant points for transparency requirements
- Definition of the information to be published at all relevant points and the time schedule according to which that information shall be published

## 2. Congestion Management Procedure

- Amendment of Transparency Guidelines by CMP Commission Decision of 24<sup>th</sup> august 2012 (2012/490/EU)
- TSOs obliged to publish data on a Union-wide central platform, established by ENTSOG
- New data to be published (CMP data)



# Transparency Platform 2.0

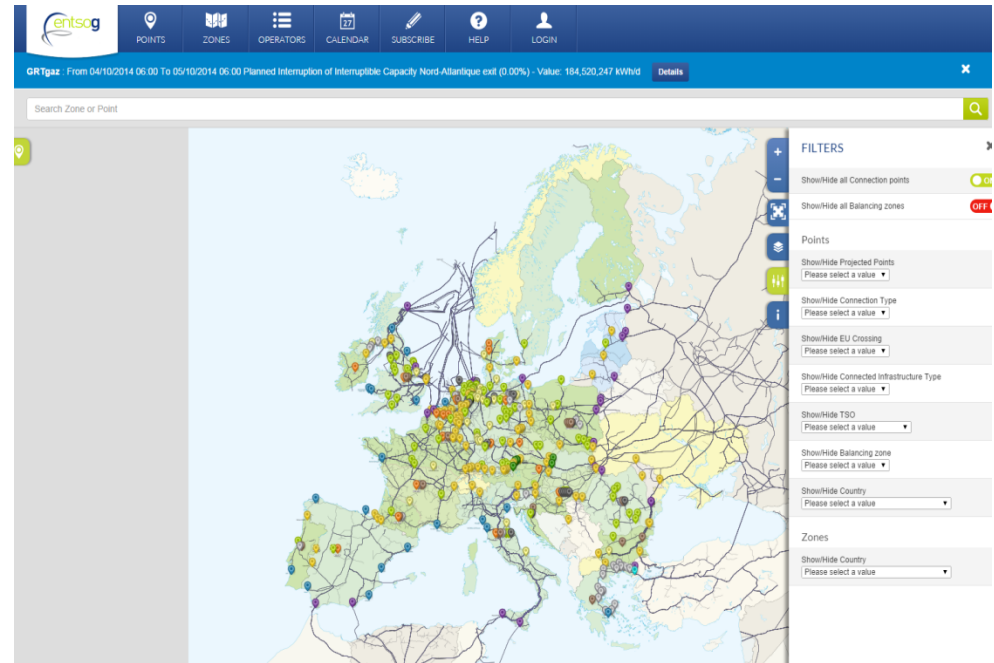


## *The new Transparency Platform...*

- > launched 1<sup>st</sup> Oct 2014
- > new tools and features
- > new design and upgraded user friendliness

## *Highlights:*

- ✓ Improved data quality
- ✓ Improved display of information
- ✓ Graphical displays
- ✓ Timestamps
- ✓ Easy access to CMP data
- ✓ Standard format of data



Link to ENTSG's new  
Transparency Platform :  
<https://transparency.entsog.eu/>



# Thank You for Your Attention

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