

Public consultation

4 May 2012

Public consultation by the Energy Regulation Commission (CRE) on the evolution to the balancing systems of GRTgaz and TIGF

This public consultation is issued as part of the evolution of the balancing rules on the GRTgaz and TIGF transmission systems to achieve the target balancing system defined by CRE in its deliberation dated 1 December 2011, in compliance with the framework guidelines published by ACER¹ on 18 October 2011. ENTSOG² plans to transmit to ACER the network code on balancing in November 2012. A draft version of this code is currently under a public consultation launched by ENTSOG.

The framework guideline on balancing stipulates in particular that transmission system operators (TSO) must ensure physical system balancing. To fulfil this mission they intervene on the market at any time of day to purchase gas in the event of a shortfall or to sell surplus gas on their systems, maximising their use of within-day products. Moreover, in the target balancing system, shipper imbalances will be settled with a market based price that reflects the tension on TSO systems. The data sent to shippers with regard to their customers' consumption should enable them to reduce their volumes of imbalances.

This public consultation aims to obtain stakeholders' views on:

- GRTgaz's proposal to concentrate its market interventions for its system's balancing requirements on within-day products as of July 2012;
- The proposal by GrDF, Réseau GDS, Régaz, GRTgaz and TIGF to implement new procedures enabling TSOs to provide shippers with within-day consumption measurements for their daily metered customers connected to the GrDF, Régaz and Réseau GDS distribution systems. This system could be implemented as of 2014, given the necessary upgrading of information systems.

CRE would ask all interested parties to submit their answer hereafter, by 24 May 2012 at the latest. Following this public consultation, it will then issue a deliberation on these proposals, which are appended to this consultation note.

1. Concentration of GRTgaz interventions for balancing requirements on the within-day market

1.1. Reminder of the current system

GRTgaz is present daily on the Powernext platform to purchase or sell in order to manage part of the imbalances on its system. These transactions are conducted within the two following slots:

- Firstly, the day before the delivery date between 4.30pm and 4.45pm, via day-ahead products. The maximum intervention volume for this slot is 2000 MWh/d for the North zone and 1500 MWh/d for the South zone;
- Secondly, the same day between 3.45pm and 4.00pm, via within-day products. The maximum intervention volume for this slot is 5750 MWh/d for the North zone and 4000 MWh/d for the South zone.

¹ Agency for the Cooperation of Energy Regulators.

² European Network of Transmission System Operators for Gas.

When GRTgaz intervenes on the market to manage the balancing requirements of its system for a given working day, both on the day-ahead slot of the previous day and on the within-day slot of the current day, the imbalance settlement price P1³ is defined as the weighted average of day-ahead and within-day prices.

1.2. GRTgaz's proposal

GRTgaz proposes to concentrate all of its interventions on the within-day slot, with the exception of significant imbalances expected for the following day. The maximum intervention volumes proposed on the within-day slot correspond to the total of maximum volumes currently authorised on the two day-ahead and within-day slots, i.e. 7750 MWh/d for the North zone and 5500 MWh/d for the South zone. GRTgaz proposes to implement these changes as of 1 August 2012 at the earliest.

In general, the concentration of GRTgaz's intervention on the within-day market will result in the imbalance settlement price P1 being established exclusively on the basis of within-day prices. In the event of GRTgaz intervening on the day-ahead market, the share of the within-day price in the calculation of the price P1 will be increased to 79% (instead of the current 74%).

1.3. CRE's preliminary analysis

CRE observes that GRTgaz's proposal to maximise the use of within-day products to meet its system's balancing requirements complies with the target balancing system defined in its deliberation dated 1 December 2011 and with the framework guidelines on balancing. GRTgaz is able to make a better assessment of its balancing requirements during the day compared to the previous day and will consequently obtain an imbalance settlement price P1 that is more representative of the tension on the system over the day. At this stage, CRE is in favour of GRTgaz's proposal.

Question 1: Are you in favour of GRTgaz's proposal to concentrate its balancing interventions on the existing within-day slot as of 1 July 2012?

2. Transmission to shippers of the within-day consumption of their daily metered customers connected to the distribution systems

2.1. Proposal by GrDF, Réseau GDS, Régaz, GRTgaz and TIGF

GrDF, Régaz and Réseau GDS propose to provide GRTgaz and TIGF with data enabling them to notify shippers twice a day of the within-day consumption of their daily metered customers connected to the distribution systems. The annual aggregated consumption of these customers represents approximately 60 TWh. The system operators believe that this system could be rolled out in 2014.

The proposed system is as follows. Every day the DSOs provide the TSOs with:

- At 12pm, the measures of their daily metered customers' consumption between 6am and 10am;
- At 4pm, the measures of their daily metered customers' consumption between 6am and 2pm.

The TSOs subsequently pass this data onto their shippers, at 1pm and 5pm respectively.

The costs related to the implementation of this system have already been taken into account in the GrDF distribution tariff which will enter into force on 1 July 2012. As a result, this new system will not result in further tariff increase. Regarding Réseau GDS and Régaz, the implementation costs are low and will be covered by their new tariff set to enter into force in July 2013. If respondents were in favour of this system, it could be implemented to all DSOs,

As a reminder, by 2013, GRTgaz and TIGF will notify their shippers, hourly (or every four hours in certain cases for TIGF), of the consumption of customers directly connected to the transmission system.

³ The price P1 is calculated as the weighted average of day-ahead (26%) and within-day (74%) prices. The weighting allocated to each of these prices corresponds to the ratio between the maximum intervention volume on the product concerned and the total maximum intervention volumes for these two products.

With regard to profiled customers, in accordance with ACER's framework guidelines, the TSOS, in coordination with the DSOs, must make the consumption forecasts for these clients available to shippers every day for the following day and twice during the day. The operators plan to implement this system by 2014.

2.2. CRE's preliminary analysis

The framework guidelines provide that at the target, shipper imbalances will be settled every day at a balancing price based on the market. The framework guidelines and the draft version of the network code do not make any provision concerning the transmission of the TSO to the shippers of the offtakes of their daily metered customers that are not metered on the transmission system. At this stage, CRE believes that this change is necessary in order for shippers to receive a sufficient level of information on all their customers and is therefore in favour of the implementation of this system.

Question 2: Are you in favour of the implementation of a system to notify shippers twice a day of the within-day consumption of their daily metered customers connected to the distribution systems?

Question 3: Do you have any other comments on these issues?

3. Response to the public consultation

CRE asks all parties concerned to submit their contribution, on 24 May 2012 at the latest:

- By email to the following address: webmestre@cre.fr;
- Via the CRE website (www.cre.fr), in the section "Documents / Public consultations";
- By post to: 15, rue Pasquier - F-75379 Paris Cedex 08;
- By contacting the Gas Infrastructures and Networks Directorate: + 33.1.44.50.42.12
- By requesting a meeting with the Commission.

A summary of the contributions will be published by CRE, in accordance with the legal confidentiality requirements.

Please state in your contribution if you wish to **remain anonymous / have your response treated as confidential**. The parties concerned are asked to answer the following questions, justifying their responses.

Reminder of the questions:

Question 1: Are you in favour of GRTgaz's proposal to concentrate its balancing interventions on the existing within-day slot as of 1 august 2012 at the earliest?

Question 2: Are you in favour of the implementation of a system to notify shippers twice a day of the within-day consumption of their daily metered customers connected to the distribution systems?

Question 3: Do you have any other comments on these issues?

4. Appendices

Appendix 1: Proposal to change GRTgaz's interventions and within-day data on consumption on the target distribution systems in the short term

➔ *Proposal submitted by GRTgaz to CRE on 16 April 2012*

Appendix 2: Proposal by GrDF, Régaz and Réseau GDS on the data made available to transmission shippers over the gas day as part of the future target balancing system.

➔ *Proposal submitted by GrDF on 18 April 2012*

Appendix 3: Data made available to shippers for non-profiled distribution customers

➔ *Proposal submitted by TIGF to CRE on 17 April 2012*

Appendix 4: Framework Guidelines on Gas Balancing in Transmission Systems

➔ *Final version of the framework guidelines on balancing in gas transmission systems dated 18 October 2011 published on the ACER website.*

Links to the documents on the balancing systems currently in force (in French):

GRTgaz: <http://www.grtgaz.com/fr/accueil/acheminement/equilibrage/>

TIGF: <http://www.tigf.fr/nos-offres/transport/contrat-de-transport/conditions-generales-particulieres-et-operationnelles.html>