

The background features a large, stylized white arrow pointing to the right, set against a blurred image of a gas burner with blue and orange flames. The overall color palette is light blue and white.

European Framework Guidelines on gas balancing

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Transmission workgroup, 3 November 2011

Where are we now

- **2010 to March 2011:** ERGEG work on pilot FG
- **12th April to 18th October:** ACER Framework Guideline development
- **Stakeholder engagement:** Expert Group, public workshops, consultation processes, bilateral meetings, discussions and informal written comment from EC
- **Next steps:**
 - ENTSOG consultation on project plan
 - European Commission to initiate Network Code development process
 - Comitology

The vision

Balancing regimes – key to market design (not just technical rules)



Facilitating a single market

- **Remove barriers to cross-border trade** created by different balancing arrangements
- **Reduce fragmentation of the market** by looking at ways to merge balancing zones
- **Promote the development of regional markets** by encouraging the use of interconnectors (and gas from cross-borders) in balancing



Develop liquid traded market

- **Facilitate new entry** by ensuring balancing arrangements are non-discriminatory;
- **Promote market liquidity at emerging gas hubs**
 - by encouraging shipper trading across timescales;
 - by having market arrangements for TSO procurement of balancing gas



Suitable for all parts of Europe

- **Provides a coherent set of rules**, which
 - lead to a common vision of balancing arrangements;
 - can be implemented in network codes and is enforceable by NRAs;
 - take account of the different degree of market development across Europe (need for interim steps)

Problem identification

- Lack of access to relevant information, flexible gas and network capacity reduces shippers' ability to balance efficiently
- Fragmentation of balancing zones may create barriers to cross-border trade
- Some imbalance charges do not provide the right incentives to shippers and are potentially discriminatory
- Non-market based methods for TSO procurement of balancing services reduce market liquidity
- All of this results in TSOs doing most of the balancing instead of the market

Key elements of Framework Guideline

- Network users to balance their portfolio, reduced role for TSOs
- TSO to procure balancing services on the wholesale market as far as possible
- Harmonised daily balancing period as far as possible
- Information provision as much as is cost-effective

Public Consultation

- 57 responses received
- Generally **very supportive** (almost all responses complemented ACER on their document)
- Most comments focused on detail
- Responses and evaluation published on ACER website

Changes to FG as result of consultation

- No wholesale change, but clarification of application of interim steps
- Balancing platforms can also be used where locational and temporal products are not available on the wholesale market
- Clarify criteria for within-day obligations and their approval process; need for sufficient information
- Allows for more frequent information provision subject to cost-benefit analysis
- Clarification of role of DSOs

Challenges for network code process

- Purpose of “network code” is to flesh out the specific requirements in a form appropriate to pass Comitology and be annexed to Regulation
- ENTSOG will have 12 months to deliver
 - Needs to be well organised and to access appropriate expertise
- Engagement with DSOs will be important as well as other stakeholders

**GB stakeholder engagement has been very good,
please keep this up!**

The background of the slide is a composite image. On the left, there are rows of solar panels under a bright sun. On the right, a hand is shown holding a white document. In the bottom left corner, a blue gas burner is visible. The overall theme is energy and customer service.

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Promoting choice and value
for all gas and electricity customers