FUNC Issue on data exchange at VTPs and Storage Facilities

Public consultation report – Summary of responses

1. Subject and scope

The purpose of this document is to present a summary of the main results from the public consultation on the FUNC issue on data exchange at VTPs and Storage Facilities carried out by ENTSOG and ACER in June 2018.

You can find more information on the consultation and reported issue here. Next steps in the process are explained at the end of this document.

2. Methodology

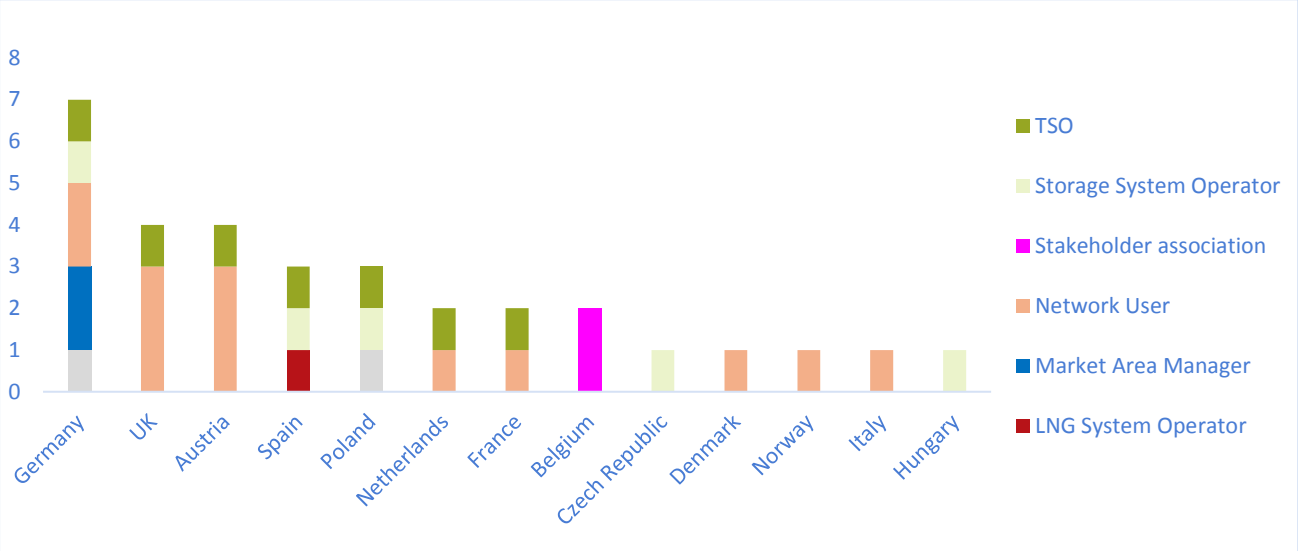
For each of the questions, a numerical summary of the answers is presented and the main arguments illustrated by quoting some of the stakeholders. This report is complemented by the publication of the non-confidential answers.

3. Main results

3.1. Participants per Country

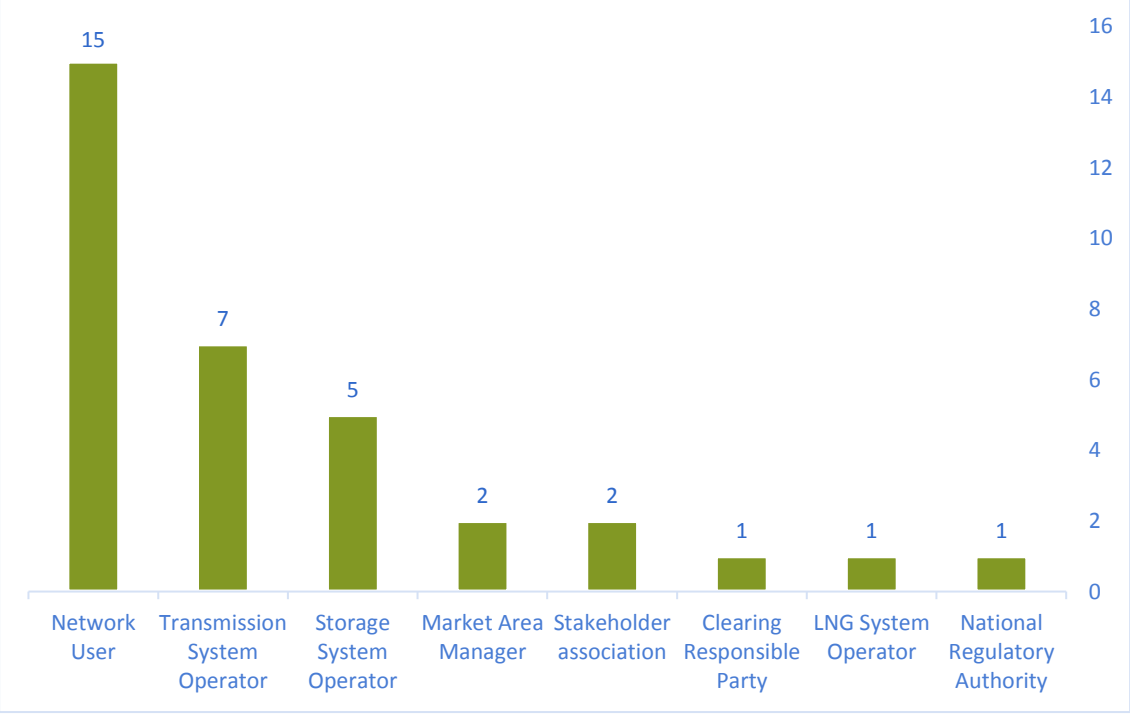
30[1] Participants from 13 countries participated in the public consultation on the FUNC issue. Germany (7), Austria (4) and the UK (4) were the countries with the highest numbers of participants. The chart below illustrates the full country list.
7 of them indicated that their answers can be published but the organisation name should remain anonymous.

[1] One participant from Spain answered in his role as combined System Operator including the roles of a TSO, SSO and LNG Operator, please consider that in the following charts they are considered in their 3 indicated roles.



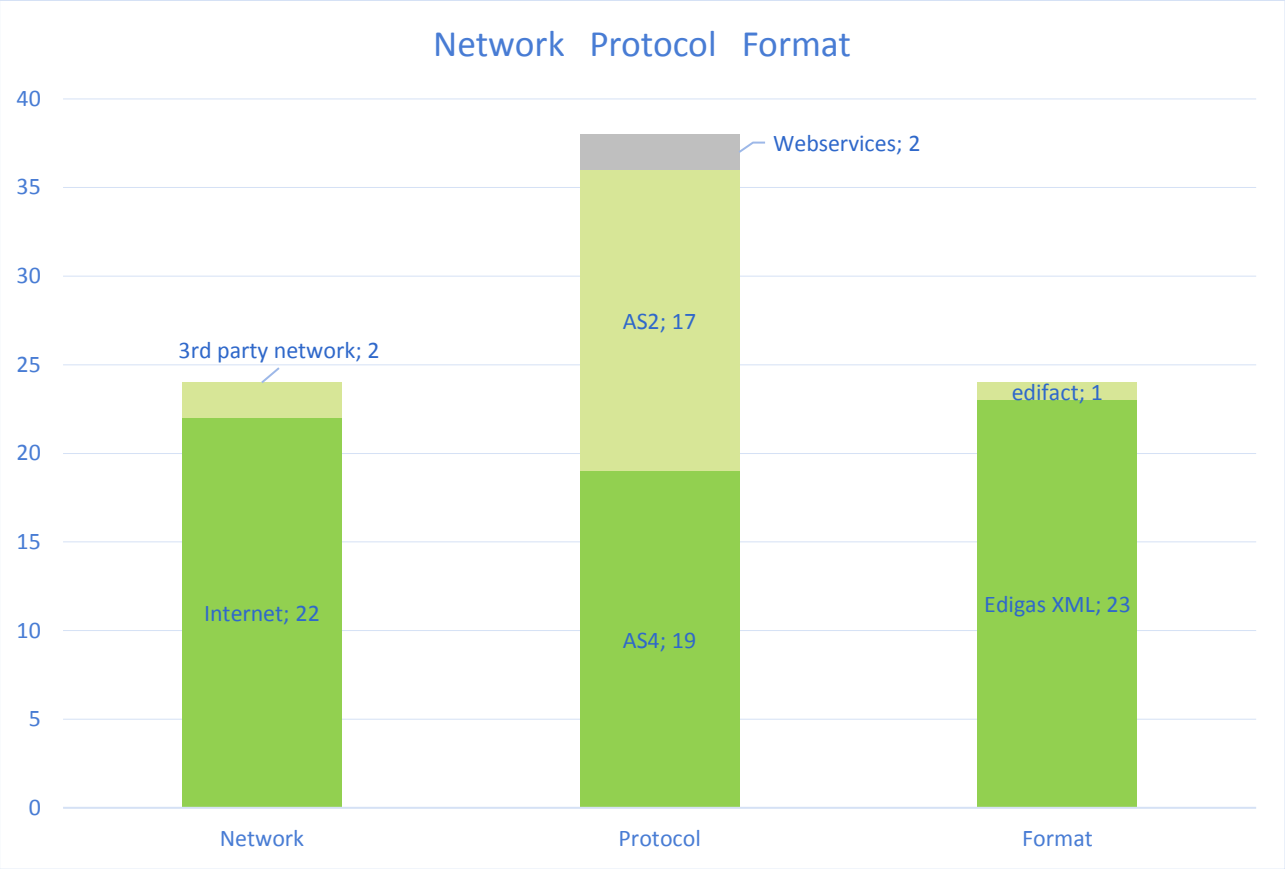
The chart above represents also the distribution of each role per country.
Please note that due to confidentiality requests the category of some stakeholders has been hidden.

3.2. Participants per sector



The most represented sectors were Network Users followed by Transmission and Storage System Operators. The role indicated as "other" is Clearing Responsible Party. Please note Enagas is represented in the roles as TSO, SSO and LNG System Operator.

3.3. Data Exchange involving VTPs



- Network: 22 Participants indicated "Internet" as the network they are using for data exchange while 1 Network User (Centrica UK) and 1 TSO (National Grid) are using a 3rd party network.
- Protocol[2]: AS4 was indicated by 20 participants, followed by AS2 with 17 participants.
- AS4 is used by:
  - Network Users: 3 from UK, 2 from AT and UK, one Network User from DK, FR, NL, IT, NO
  - TSOs: 1 TSO from FR, PL, NL and AT
  - SSOs: 1 SSO from PL
  - NRA: 1 NRA

[2] Please note that a company can have more than one protocol in place

- Clearing Responsible Party: 1

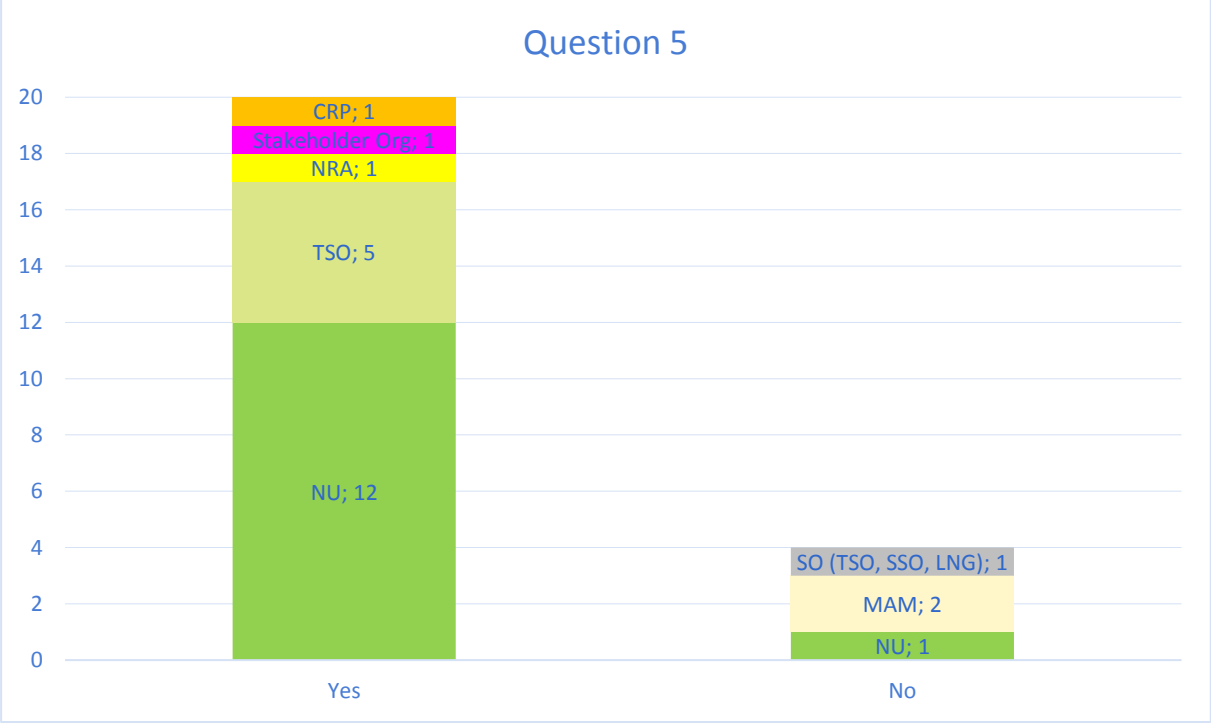
- AS2 is used by:
  - Network Users: 12 – 3 from AT and UK, 2 from DE, 1 from DK, FR, IT and NL
  - TSOs: 1 from DE and 1 from FR
  - Market Area Managers: 2 from DE
  - Clearing Responsible Party: 1

Webservices are used by Terega (TSO from FR) and Enagas (TSO, SSO and LNG Operator from Spain). 2 Network Users, one Market Area Manager and one clearing responsible party are still using email in addition to the above-mentioned protocols.

- Format: The Format used by 23 participants is Edig@s XML while 2 Network Users, one Market Area Manager and a Clearing Responsible Party are using Edifact in parallel to Edig@s XML.

3.4. Data Exchange involving VTPs – Question 5

Do you believe that the lack of harmonisation in the communication of trade notifications to VTP operators is a technical barrier for the completion of the internal market?



- **Yes:** 20 participants believe that this is a technical barrier for the competition of the internal market.

Following comments have been provided:

- RWE Supply and Trading (RWEST, Network User from the UK) indicated a difference between trade nominations and trade notifications and stated that data exchange for

trade nominations should be consistent with the DE solutions used for Interconnection Points

"At some hubs (e.g. Germany, Austria and Netherlands) transactions at the VTP take the form of trade nominations which are treated similarly to nominations at IPs, whilst at other hubs (e.g. the UK and Italy) they take the form of trade notifications. Where transactions at the VTP take the form of trade nominations, we see considerable merit in harmonising the data exchange solution and making this consistent with that which is mandated at IPs through the EU Interoperability Network Code (INT NC). To the extent this differs from the data exchange solution used for capacity at IPs, this increases the risk that errors and inconsistencies could incorrectly represent a shippers imbalance position (and hence the imbalance of the system). […]there is a stronger case for the harmonization of data exchange for 'trade nominations' than for 'trade notifications' […]."

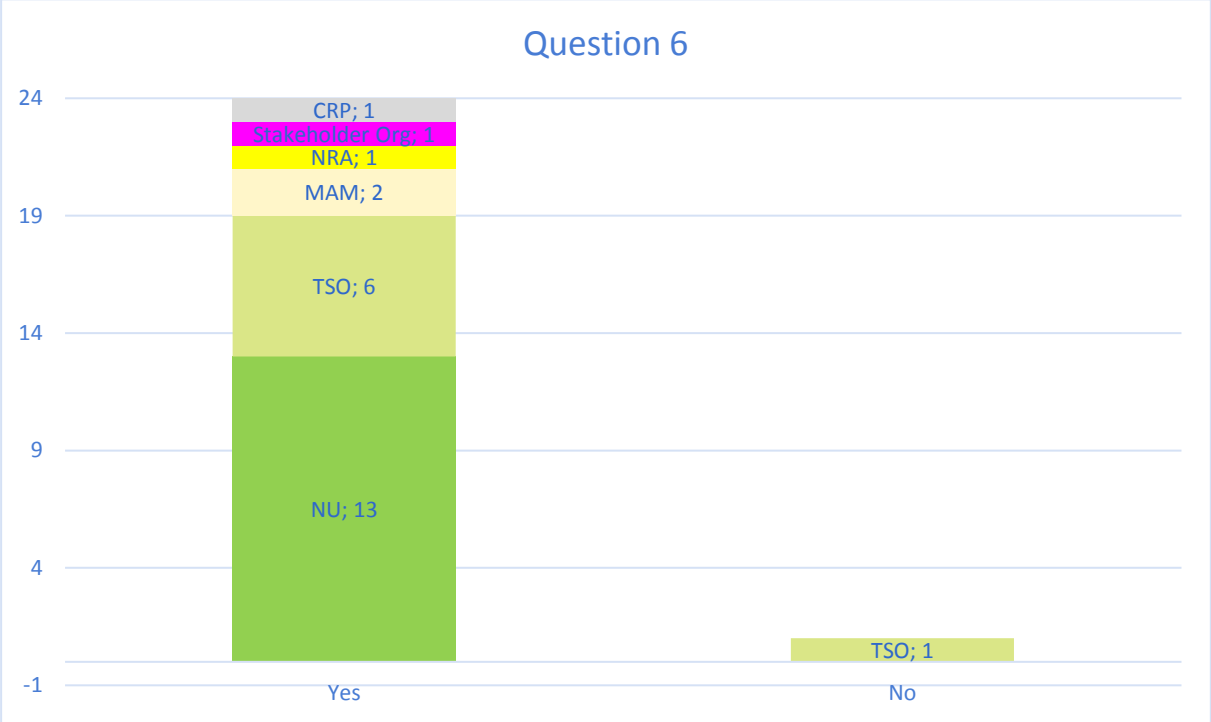
Equinor (Network User from Norway), Gasterra (Network User from the Netherlands), EASEE-gas (European Stakeholder Organisation). Linz AG (Network User from Austria) and a Clearing responsible party stated that one standard for the format and protocol used for the communication to the VTP operators will reduce the implementation and operational costs on the IT side.

- **No:** 4 participants do not believe that this is a technical barrier for the competition of the internal market.
  - Enagas stated that *"[….]. The harmonization of data exchange including VTP therefore would favour the market as long as it remains flexible enough to cover the needs of the various profiles of network users (Data exchange solutions as defined by Article 21 of INT NC), in particular: - Making available Interactive solutions for small market players, that would allow their operation in different gas market without costly IT developments."*

Remark from National Grid: *"Our answer is neither 'yes' nor 'no'. We have no knowledge about the extent to which this reported issue on the Functionality Platform prevails more widely in the EU. From a GB perspective, we have experienced very little interest from GB shippers to date in adopting the CDES as a means of nominating at the IPs. "*

3.5. Data Exchange involving VTPs – Question 6

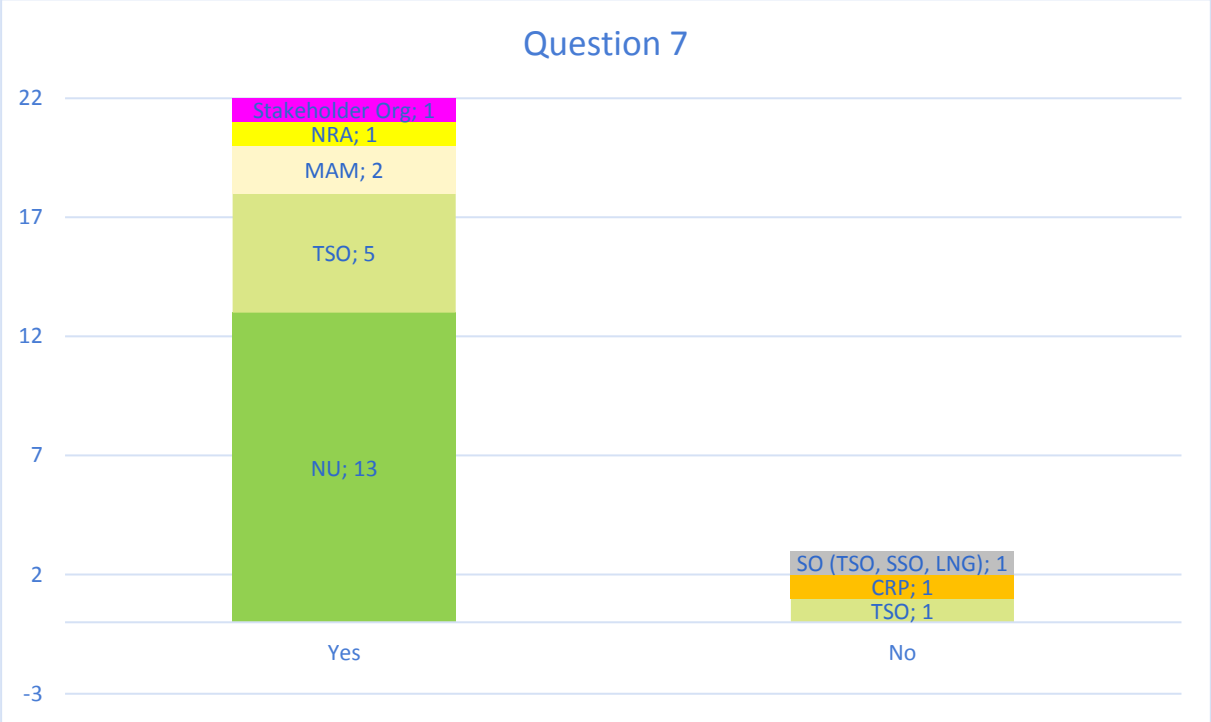
Potential solutions for data exchange involving VTPs: Proposed solution: "European solution" - Make the INT NC apply to Virtual Trading Points



- **Yes:** 24 participants are supporting the proposed solution by making the INC NC applicable to VTPs.
  - Linz AG and one Network User from Germany ask for an earlier implementation date than 2020
  - *"Equinor The best would be that all connection points, VTP's and storages are harmonized also considering allocation and processes connected to balancing. This would reduce the cost and decrease the risk."*
  - A Clearing Responsible Party indicated the format and not the protocol as a possible issue: *"We have to note that Germany despite they want to stick to AS2 is not the greatest problem since AS4 and AS2 are pretty similar in case of security (especially if AS2 is upgraded on the encryption). We see much bigger problems in countries that refuse standard protocol or usage of EDIgas at VTPs, e.g. Italy/Spain/UK. If that moves Operators from these countries towards AS2/4 then it is strongly requested*
  - Enagas stated that *"The network users should not experience more difficulties to operate in a certain market just because this market the VTP is operated by a VTP operator that is not a TSO due to the multiplicity of TSOs in one country. For this reason, with respect to the communications with network users, the same rules should apply to VTP operators and TSOs."*
- **No**: National Grid is not able to support the proposed solution at this stage stating that *"[…] The contributions of a broader range of EU market participants to this consultation will, we hope, go some way to demonstrating whether doing so is necessary for effective EU gas market integration."*

3.6. Data Exchange involving VTPs – Question 7

Would the proposed solution ensure an appropriate degree of harmonisation?



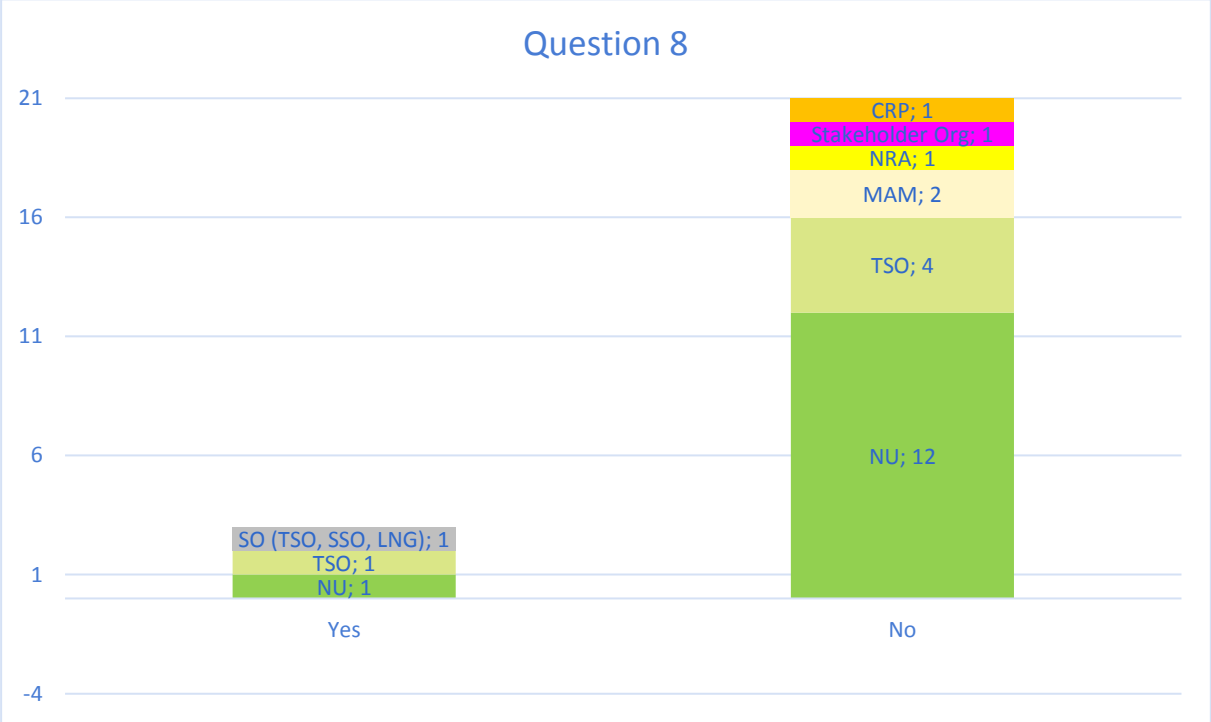
- **Yes:** 22 participants agree that this proposal will ensure an appropriate degree of harmonisation stating that
  - *"This solution would be a big step in respect of harmonisation"* (Network User from Germany)

- **No:** 3 participants disagree to this proposal at this stage since they don't have sufficient evidence from EU market participants (National Grid), a Clearing Responsible Party interpreted the INT NC in the way that format Edig@s XML is not mandatory which will ensure a partial harmonisation only[3]. Enagas agrees with the NC extension to VTPs and VTP operators, but cannot agree with an interpretation of it that would imply the mandatory implementation of one CDES to be selected by ENTSOG.

3.7. Data Exchange involving VTPs – Question 8

Is there any other solution that should be considered for the reported issue?

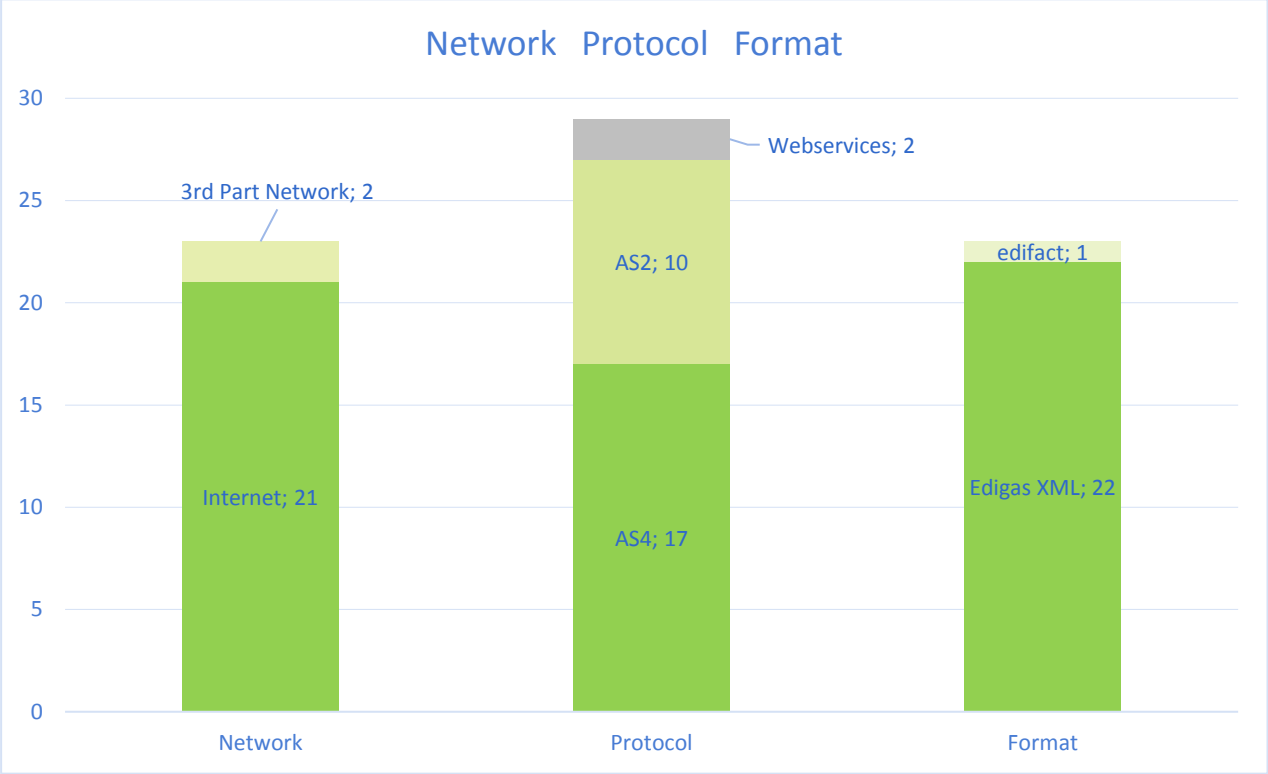
[3] The INT NC prescribes the use of Edig@s XML for document-based and integrated data exchange solutions.



- **Yes:** 3 Participants consider other solution for the reported issue
  - Enagas: *"VTP operators to be considered under the scope of INT NC, but clarifying that this does not imply the implementation of any specific data exchange solutions beyond the limitations set by article 21."*
  - National Grid: *"[…] it may be more appropriate to adopt the proposed solution but make its application conditional upon a NRA decision[..]The solution could be implemented as drafted, but with a proviso that if a TSO consults its shippers and obtains written consent from its NRA that the proposed solution is not appropriate for that particular member state then the TSO is relieved of its obligation to extend the solution that it has in place at its IPs to its VTP(s). Alternatively, the 'national voluntary solution' contemplated for storage facilities in Q13 could be applied for VTPs. This would be easier to implement because it would not require a change to the Interoperability Code, only to the CNOT documentation for Nominations Matching."*
  - Uniper (Network User of Germany) requests for exchange of net trading position (aggregated trades per counterparty), no individual transactions.
- **No:** 21 see no other solution to be considered for this issue, one Market Area Manager stated that the proposed solution allows no voluntary implementation. Equinor stated that there has to be a legal demand for it.

3.8. Data exchange at Storage Facilities – Question 9

What Network / Protocol / Format do you use today for transportation nomination to the TSO connection points to Storage Facilities?

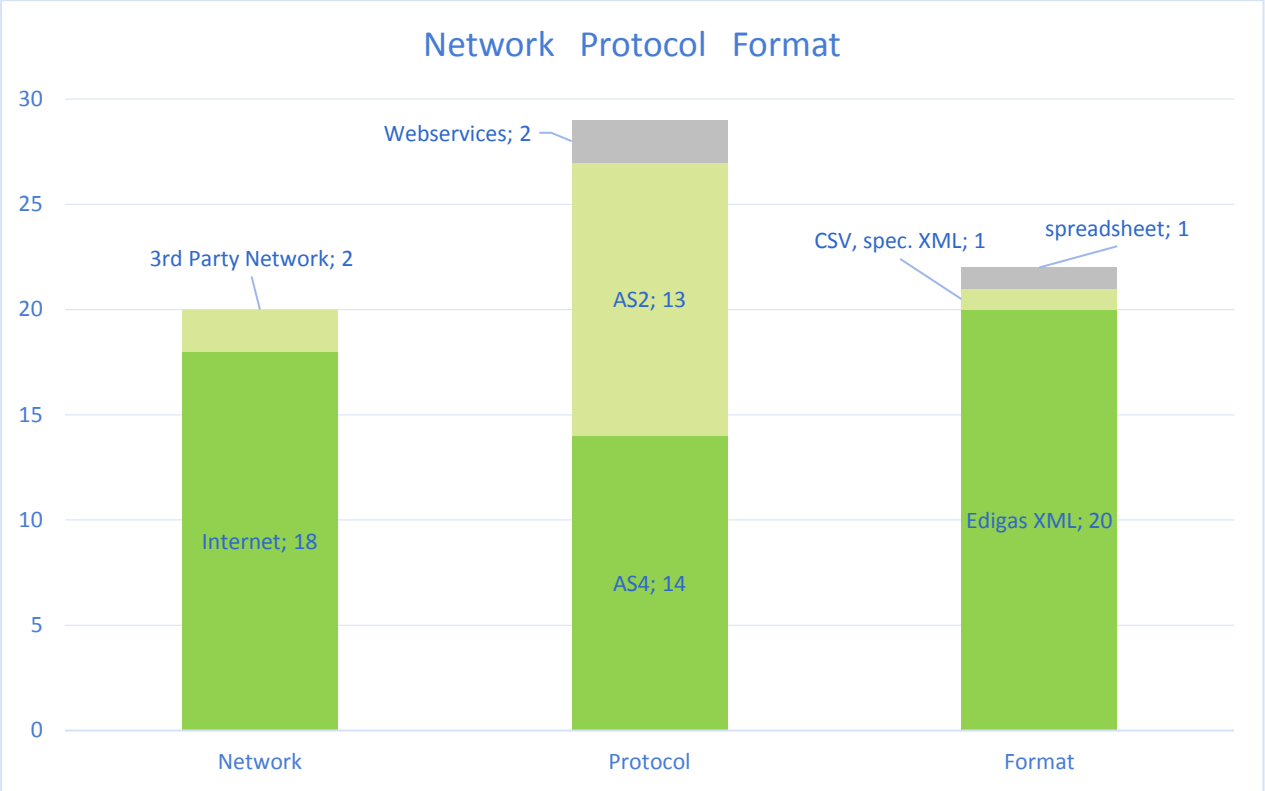


- Network: 21 Participants indicated "Internet" as the network they are using for data exchange while 1 Network User (Centrica UK) and 1 TSO National Grid are using a 3rd party network.
- Protocol[4]: AS4 was indicated by 17 participants, followed by AS2 (9 participants) and Webservices (Terega and one Storage System Operator).
- Format: The Format used by 23 participants is Edig@s XML while ENI (Network User from Italy) is using Edifact in parallel to Edig@s XML.

[4] Please note that a company can have more than one protocol in place

3.9. Data exchange at Storage Operators – Question 10

What Network / Protocol / Format do you use today for transportation for nomination to the Storage Operators?

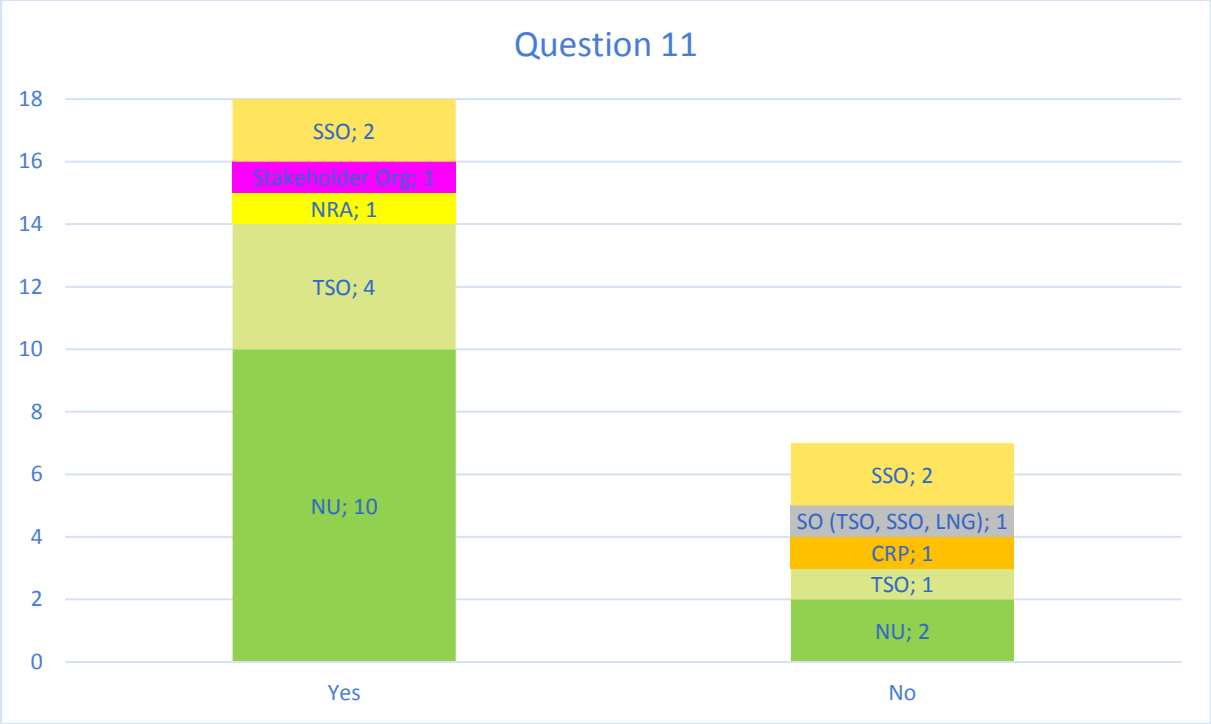


- Network: 18 Participants indicated "Internet" as the network they are using for data exchange while 1 Network User (Centrica UK) and 1 TSO (National Grid) are using a 3rd party network.
- Protocol[4]: AS4 was indicated by 14 participants, followed by AS2 (13 participants) and Webservices (Enagas and Terega). Equinor and one Network User from Germany are still using email in addition to the above-mentioned protocols.
- Format: The Format used by 20 participants is Edig@s XML while Equinor is using email and Terega CSV and specific XML in parallel to Edig@s XML.

Innogy (Storage System Operator from CZ) stated that they are using a web application through a VTP operator.

3.10. Data exchange involving Storage Operators – Question 11

Do you believe that the lack of harmonisation in the communication of nominations to storage points is a technical barrier for the completion of the internal market?



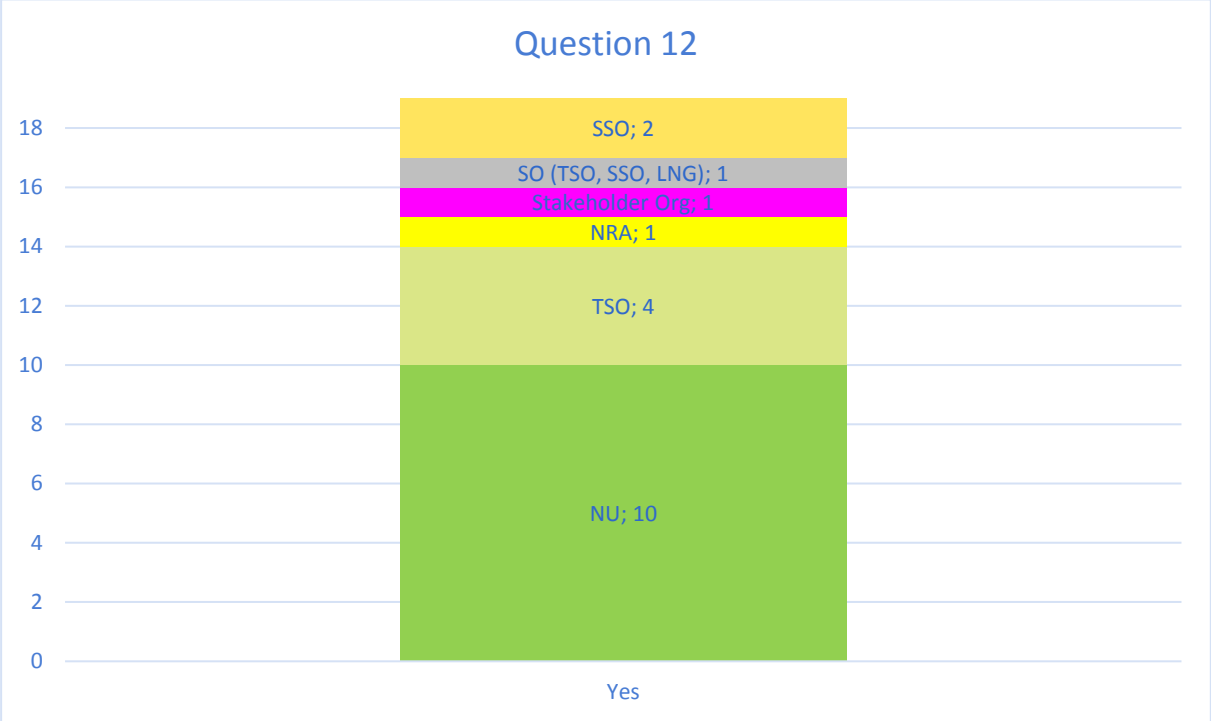
- **Yes:** 18 Participants answered this question with "yes"
  - EASEE-Gas, Equinor mentioned the cost efficiency, less error occurrence when using harmonised communication.
  - Open Grid Europe (TSO from Germany) stated that the current situation using AS2 is acceptable but future developments should be implemented in the sense of complete harmonisation of the market.
  - RWEST reasoned: *"In our opinion applying them just to network users' nominations at IPs would create confusion as network users not active at IPs would be allowed to continue submitting nominations via existing national data exchange solutions, whereas network users active at IPs would not be. This would perpetuate systems proliferation for both TSOs and network users. [….] As a large energy trader operating in multiple markets, we have been forced to deal with this and find solutions which allow us to continue trading effectively. However, these solutions are by no means as efficient as they could be."*

- **No:** 7 Participants do not believe that the lack of harmonisation in the communication of nominations to storage points is a technical barrier for the completion of the internal market
  - Enagas stated: *", [..]different data exchange solutions (among the three options covered by INT NC) may be the optimum for different types of network users. A proper level of harmonization is given by the NC Article 21 – one or more of the three proposed solutions are to be implemented. Besides, keeping the data exchange requirements within the range*

provided by Article 21 of INT NC would ensure the security of data exchange, that being critical to any kind of gas-business communications – not limited to TSO-network user or TSO-TSO communications"

3.11. Data exchange involving Storage Operators– Question 12

Would you also benefit from harmonization at other points requiring nominations as per BAL NC Article 18? (This question was relevant if the participants answered the previous one with "yes")



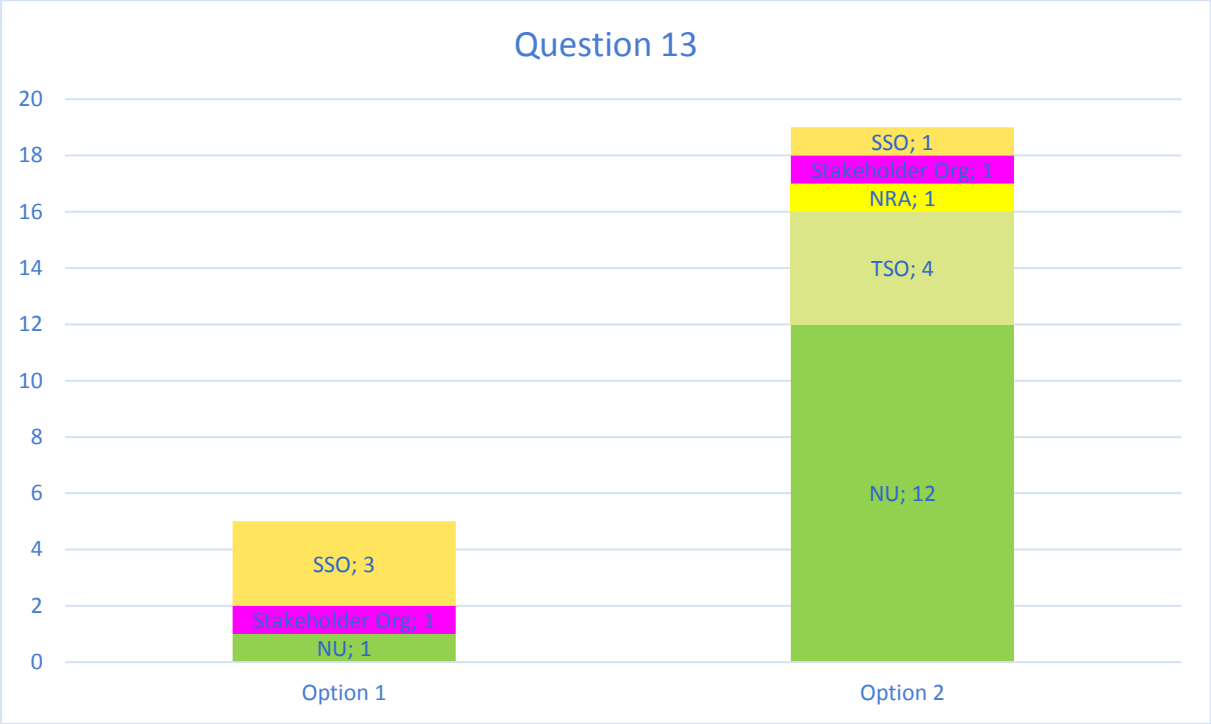
- **Yes:** 19 Participants (10 NUs, 4 TSO, 1 SO, 2 SSOs, 1 NRA, 1 Stakeholder Organisation) answered this question with "yes"
  - *"Equinor would support a total harmonisation of all point where gas is flowing (IP's, national connection points, End-user connection points, storage points, VTP's and LNG points)."*

3.12. Potential solutions for Storage Facilities – Question 13

Option 1 "National voluntary solution": Rescoping of the ENTSOG CNOT to include nominations to storage facilities, LNG terminals and other points subject to nominations (BAL NC article 18) and recommend a CDES for such data exchange requirements

Option 2 "Fully-fledged binding European solution": Rescoping of the ENTSOG CNOT as stated above. Depending on the outcome of the relevant impact assessment, amending the

gas regulation (in the course of 2020 gas legislative package discussion) to extend INT NC obligations for TSOs in Chapter V to other system operators involved in points subject to nominations according to BAL NC Art 18 (e.g. SSOs, LSOs, etc).



- **Option 1:** 5 Participants supported Option 1
- **Option 2:** 19 Participants supported Option 2

3.13. Data exchange at Storage Facilities– Question 14

Could you explain your choice for the potential solution

Option 1 “National voluntary solution”

Option 2 "Fully-fledged binding European solution"

- **Option 1 comments**
  - GIE stated*: “Within GIE, most of SSOs are <u>not</u> in favour to implement a fully-fledged binding EU solution. Rationale:*

    a. Some SSOs are already implementing/offering this either on a voluntary basis or via the transmission connection agreement

    b. It's better to wait and give some time for SSOs before taking any decision on binding EU solution.

    Based on a very recent GIE IT audit, 7 SSOs indicated that they should have AS4 accounts next years (GIE predict in 2019).”
  - Innogy stated: *“The AS4 protocol can be offered to shippers for storage nominations in a matter of months, if there is demand for it, i.e. the process of creating a binding European solution is unnecessarily lengthy and burdensome given the action required. Also, a national solution is a better fit for the purpose because it can reflect local specifics, such*

a standard use of a local VTP platform for storage and transmission nominations instead of a direct use of AS4 protocol."

- **Option 2 comments**
  - VNG (Network User from Germany) stated: *"A fully binding European solution helps to harmonize the market."*
  - ENI stated: *"A binding European solution, which defines a structured nomination process applicable for all Storage Operators, could be considered a good approach for harmonizing the messages exchanged between shippers and SSOs; however we believe this has to be limited only to Storage System Operators."*

3.14. Data exchange at Storage Facilities– Question 15

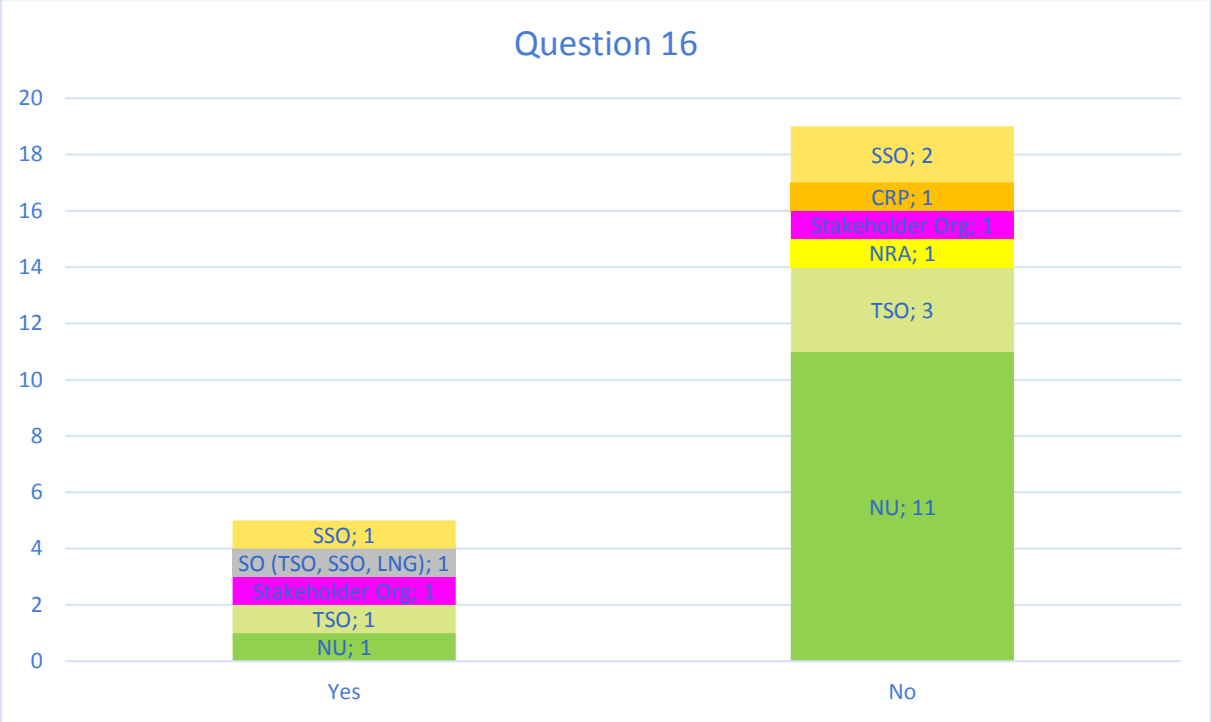
What is your view on the effectiveness of each of the proposed solutions? Please provide your view on the effectiveness of each solution

- **Option 1 comments**
  - EASEE-Gas: *"If neighbouring NRAs make sure that interpretation and implementation in the neighbouring member states is the same, this will be the most efficient and timely solution"*
  - GTS (TSO from the Netherlands): *"We are against this solution as it gives every country the possibility to implement their own solution. No harmonization."*
  - Innogy: *"More effective, may reflect national specifics. However, the issue will be most effectively solved by the market."*
  - RWEST, Linz AG and OGE stated that this solution is ineffective, does not guarantee a full harmonisation and would be a long-term development.
  - One Network User from Austria stated that this would not be a change to the present situation since many SSOs offer already AS4 and Edig@s communication.

- **Option 2 comments**
  - RWEST stated that this solution would be the *"Most effective and efficient for market functioning provided that clear guidance is given, compliance is taken seriously and an appropriate implementation period is agreed" and other respondents agreed with this sentiment.*
  - Shell UK (Network User from the UK): *"Brings all countries and counterparties into line making it easier for shippers to set up all communications"*
  - Enagas: *"[…] only the Option 2 would ensure a real harmonization of the data exchange facilitating data exchange for network users, otherwise they will have to keep other protocols and formats for non-TSO communications, giving no added value to the NC's attempt for harmonization."*

3.15. Data exchange at Storage Facilities – Question 16

Is there any other solution that should be considered for the reported issue?



- **Yes:** 5 Participants indicated another solution for the reported issue.
  - GTS: *"Make the INT NC apply to Storage operators (just as for VTPs)"*
  - One German Network User stated *"Keep the current effective system of being able to use AS/2"*
  - Enagas: *"The data exchange towards any kind of infrastructure operator could be centralized through the TSO, that would be a service provider taking the messages from the network users in the harmonized formats and protocols, and communicating them to other kind of infrastructure operators."*
  - GIE: *"Since a number of SSOs are in the process of implementing AS4, it would be advisable to wait before taking any decision on the binding EU solution. The issue can be revisited in 2019."*
  - Innogy: *"No binding legislation or recommendation is needed. Some SSOs are already implementing/offering AS4 either on a voluntary basis or via the transmission connection agreement. The issue will be most probably solved by the market sooner than through any legislative or recommendation process. "*

- **No:** 19 Participants indicated no other solution for the reported issue.

4. Next Steps

Taking into account the input to this consultation, ACER and ENTSOG will keep working on this issue and will communicate a draft joint solution by 25 September 2018. This communication will also set out how stakeholders will continue to be engaged in respect of this topic.,