

EASEE-gas

European Association for the Streamlining of Energy Exchange - gas

Common Business Practice

Number: 2003-002/03

Subject: Harmonisation of the Nomination and Matching Process

Approved: 22/11/2013

EASEE-gas CBP 2003-002/03 was approved by the EASEE-gas Executive Committee on 04/06/2013 and formally ratified according to EASEE-gas Rule 9.6 on 22/11/2013.

Summary

This Common Business Practice describes recommendations for the part of the process which relates specifically to (re-)nominations and involves Shippers and System Operators.

About EASEE-gas

The European Association for the Streamlining of Energy Exchange-gas (EASEE-gas) was created by six founding members on March 14th, 2002. EASEE-gas's aim is to support the creation of an efficient and effective European gas market through the development and promotion of common business practices (CBPs) that intend to simplify and streamline business processes between the stakeholders.

The creation of EASEE-gas is a project that is fully supported by the European Commission and by the European Regulators through the so-called Madrid Forum. It was achieved through the work of a dedicated Task Force supported by EFET, Eurogas, Eurelectric, GEODE, GTE, OGP and the Edigas group.

The association is fundamentally based on company membership and voluntary contribution towards the development of common business practices.

Full membership in EASEE-gas is open to all companies, European or other, that are involved in the European gas business, from producers to end users, and to companies that are their service providers. Companies can subscribe to full membership in one or more of the eight gas industry segments.

Associate membership in EASEE-gas is open to government agencies, e.g. regulators, through to organisations such as gas business trade associations and to individuals that may contribute to the benefit of EASEE-gas. Associate members do not pay annual fees, nor do they have voting rights.

The development of common business practices within EASEE-gas is organised through working groups under the supervision of an executive committee that is representative of the various gas industry segments. Participation in the working groups is limited to members only.

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Common Business Practice 2003-002/03 "Harmonisation of the Nomination and Matching Process"

This following Common Business Practice CBP has been approved by EASEE-gas for use in gas business transactions across interface points¹ and constitutes recommendations for the part of the process which relates specifically to (re-)nominations and involves Shippers on one hand, and System Operators² – SOs on the other hand. This CBP reflects minimum requirements in line with the Network Codes, in the areas referred to in Article 8(6) of the Regulation (EC) 715/2009³. This CBP does not exclude additional provisions between individual parties.

Gas Day

Gas Day means the period from 5:00 to 5:00 UTC for winter time and from 4:00 to 4:00 UTC when daylight saving time is applied.⁴

Nomination scheme

General remarks

Nomination deadlines mentioned in this CBP document imply the use of electronic communication between all involved parties. As far as communication between Shippers and SOs is concerned, at present the most commonly used way is by using the EDIG@S protocol (CBP 2003-003) based on a common data network (CBP 2007-002) and a message transmission protocol (CBP 2007-001). However, back-up provisions have to be foreseen in case of communication problems.

For any given Gas Day, it is agreed that (re-)nominations can be sent at all times but not earlier than 6 months before the concerned Gas Day. However, only the last valid (re-)nomination that was received by the SO communication system before a (re-)nomination deadline will be taken into account. The time reference used in the nomination scheme is 'Coordinated Universal Time' (UTC⁵), as defined and recommended by the International Radio Consultative Committee (IRCC), a predecessor organization of the ITU-T, and maintained by the 'Bureau International des Poids et Mesures' (BIPM). (*CCIR Recommendation 460-4, or ITU-T Recommendation X.680 (7/94), contains the full definition.*)

The flow described in this document has to be understood as the quantity of gas in energy per hour or per day (CBP 2003-001) related to the Nomination and Matching Process.

¹ For the purpose of this CBP, interface points are defined as the points where gas sale/purchase/trade/transfer may be taking place

² For the purpose of this CBP, the System Operator includes, at least, Transmission System Operators, LNG Terminal Operators, Storage System Operators, and Interconnector Operators but excludes the Distribution System Operators.

³ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0036:0054:en:PDF>

⁴ NC CAM – Article 1.2

⁵ UTC is equivalent to mean solar time at the prime meridian (0° longitude), formerly expressed in GMT.

Initiating SO and Matching SO

The Initiating SO is the System Operator initiating the matching process by sending relevant data to the Matching SO.

The Matching SO is the System Operator performing the matching process and sending the result of such process to the Initiating SO.

Handling mismatches - 'Lesser rule' principle

Flow shall be determined at both sides of an interface point on an identical basis. Therefore, during the process of validating and confirming (re-)nominations, the so called 'lesser rule' principle is recommended to be applied, meaning that in case of different quantities but for a same flow direction between a delivering and a receiving Shipper at the two sides of an interface point, and in case neither of the Shippers adjusts its position, the higher of the two values will be reduced by the Matching SO to the lower value in order to avoid a discontinuity over the interface point.

Nomination scheme – deadlines

Shipper Deadline = 13:00 UTC, 12:00 UTC when daylight saving time is applied (Gas Day D-1)

Deadline for Shippers to submit nominations to their respective SOs for use on Gas Day D.

SO Deadline = 15:00 UTC, 14:00 UTC when daylight saving time is applied (Gas Day D-1)

Deadline for SOs to send a 'Confirmation Notice' to their respective Shippers having submitted nominations before the Shipper Deadline. The Confirmation Notice will confirm to the Shipper the (hourly or daily) quantities of gas that will be scheduled to flow on Gas Day D. This implies that between the Shipper Deadline and the SO Deadline, the Initiating SO sends to the Matching SO information with regard to the processed quantities and to the nominated quantities when required. The processed quantities will take into account the Shipper's nominations, contractual provisions (including constraints) between the Shipper and the SO. The confirmed quantities will take into account the processed quantities and the 'lesser rule'. The calculation of the confirmed quantities will be done by the Matching SO between the Shipper Deadline and the SO Deadline. The confirmed quantities as well as the processed quantities will be sent during this period by the Matching SO to the Initiating SO. There is only one unique nomination cycle D-1. After this cycle there's a continuous re-nomination cycle every hour until three (3) hours before the end of the Gas Day D.

Re-nominations scheme

As a general principle and as a minimum requirement, Shippers may submit re-nominations within the re-nomination period which starts immediately after the SO Deadline and ends not earlier than three (3) hours before the end of the Gas Day D.

The SO shall start a re-nomination cycle at the start of every hour within the re-nomination period.

Furthermore, the number of messages should be limited to the necessary information to be exchanged. As long as there is no new information, no additional message should be sent. However, in order to get a confirmation that a message has been received by the counterparty, an electronic acknowledgement should be foreseen.

SOs shall send the Confirmation Notice to confirm the rescheduled quantities for the Gas Day D to the respective Shippers as soon as possible but not later than two (2) hours

150 from the start of each re-nomination cycle and before any gas flow change is due to come
151 into effect.

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153 **Message content and message rejection**

154 All messages exchanged between the Shippers and the SOs shall include, at least:

- 155 - the identification of the sender and recipient,
- 156 - the identification of the concerned interface point(s),
- 157 - the identification of a nomination contract reference (optional),
- 158 - the concerned period defined as a Gas Day,
- 159 - the direction of the gas flow,
- 160 - the identification of the start and end time of gas flow,
- 161 - information with regard to the receiving or delivering Shippers in the adjacent system
162 in order to allow for a matching process.

163 Information with regard to Shippers in an adjacent system can be submitted in a coded way
164 in order to ease the technical and operational processing of the Shippers' information.
165 Issuing of codes will be administered by the relevant SO.

166 All messages, being issued by the Shippers to the SOs shall also include the requested
167 quantity in energy per hour or per day.

168 All messages, being issued by the SOs to the Shippers, shall be composed of two basic sets
169 of information regarding the quantity in energy per hour or per day:

- 170 • A first block of information relates to the Shipper in relationship with its SO and will
171 provide the confirmed quantities of gas that will be scheduled by the SO, including
172 the delivering or receiving Shippers in the adjacent system.
- 173 • A second block of information relates to information in relation to the Shipper, as
174 received by the SO from the adjacent SO in relationship with its delivering or
175 receiving Shippers towards said Shipper. This block will provide the processed
176 quantities of gas that the adjacent SO is able or requesting to flow towards or from
177 the Shipper for each delivering or receiving Shipper.

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179 All messages exchanged between the SOs shall include, at least:

- 180 - the identification of the sender and recipient,
- 181 - the identification of the concerned interface point(s),
- 182 - the identification of a interconnection agreement reference (optional),
- 183 - the concerned period defined as a Gas Day,
- 184 - the direction of the gas flow,
- 185 - the identification of the start and end time of gas flow,
- 186 - the processed quantity in energy per hour or per day that the SO is able to flow on
187 its interface point side,
- 188 - the nominated quantity in energy per hour or per day as requested by the Shippers
189 on its interface point side (optional),

190 - information with regard to the receiving or delivering Shippers in both systems in
191 order to allow for a matching process.

192 All messages sent by the Matching SO to the Initiating SO after the matching process shall
193 also include the confirmed quantity in energy per hour or per day.

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195 A SO may reject a (re-)nomination as soon as reasonably possible and no later than 2 (two)
196 hours after the (re-)nomination deadline:

197 • if the message does not comply with the requirements as to its content.

198 A SO may either reject, or amend a (re-)nomination as soon as reasonably possible and no
199 later than 2 (two) hours after the (re-)nomination deadline in the following cases:

- 200 • in the case of daily nominations it results in a negative implied nomination flow rate;
- 201 • and/or it exceeds the Shipper's allocated capacity;
- 202 • and/or in the case of hourly nominations it results in an expected gas flow change
203 before the end of the (re-)nomination cycle;
- 204 • and/or in accordance with National Rules or legally binding agreements between the
205 SO and the shipper.

206 In case of rejection, the SO shall provide an electronic rejection message with rejection
207 reason(s).

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210 **Timing**

211 This CBP should be implemented at the earliest technically and contractually possible
212 date, but not later than 1st January 2015.

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