EFET[1] Response to ACER PC-07- Public Consultation on Draft Framework Guidelines On Interoperability Rules and Data Exchange for the European Gas Transmission Network

QUESTIONNAIRE

EFET Gas Committee
16th May 2012

[1] The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent and liquid wholesale markets, unhindered by national borders or other undue obstacles. EFET currently represents more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org.

These Framework Guidelines are a useful basis to establish an EU Interoperability Network Code that deals with some important issues that do not fall neatly into other EU Gas Network Codes.

Whether or not sufficient "**interoperability"** has been achieved can be tested by asking if the users of transmission systems in Europe face additional technical, commercial or operational barriers or risks compared with if the relevant networks used for the particular gas trade were efficiently operated by a single entity.

The objective is not complete harmonization, but rather to ensure that the market can operate efficiently, particularly regarding wholesale gas trade from one (physical or virtual) point in one transmission network to another.

Currently there are underlying differences in how TSOs approach the various aspects of cross-border capacity that are unlikely to be resolved by the EU CAM network code or the EU Balancing Network Code. These include:

- Differences in communicating the required pre and post information,
- Differences in calculating the capacity to, from and across interconnection points,
- Different extent to which operational imbalances are prevented from affecting trade,
- Different data protocols and formats for communication with shippers,
- Different timing of many aspects of operations from the simple definition of the gas day through to detailed nomination/re-nomination procedures, registering secondary capacity trades etc.
- Different conversion factor being applied even within the same system (e.g. for capacity compared with for balancing)
- Different ways of defining 'interruptible' and various aspects of how interruption is triggered,
- Different interpretations of firm capacity rights, including whether or not a TSO can refuse a bona fide nomination within the capacity booking other than in an emergency situation or as the result of a force majeure event.
- Different approaches to gas quality requirements and the potential effects on gas capacity availability, risks, rights and obligations

Established gas traders and shippers have, of course, found ways round many of these barriers and have learnt to cope with some of the risks. TSOs themselves are increasingly helpful in providing 'combined' services or front-ends that seek to present an easier user interface. Most of these initiatives, however, involve an additional layer of complexity or, worse still, papering-over–the cracks to hide the differences and increase the level of unpredictable risk.

In most cases, a single operator (e.g. a joint venture ISO) across two or more connected systems would seek to find a single efficient approach to many of these issues, gaining improved efficiencies not only though economies of scale, but by reducing the operating costs and risks inherent in using multiple protocols and procedures for the essentially the same operation.

Improved interoperability is essential if the single market is to operate efficiently with well connected balancing zones established over the whole of Europe. The forthcoming Network

Code (and its Impact Assessment) should aim to help this process by looking forward to what will be necessary in 5-10 years time rather than relying solely on analysis the status quo.

Scope and application, implementation (Chapter 1 of the Framework Guidelines (the 'FG'))

1.1. Do you consider that the FG on interoperability and data exchange rules should harmonise these rules at EU level, as follows:
a) At interconnection points only?

The FG's provisions should harmonize the rules at Interconnection Points between EU member states and between TSO systems if they are operated separately within a Member State. It would be beneficial to ask the views of TSOs regarding what would be technically practical for implementation of interoperability guidelines at each of the Interconnector Points with non-EU States.

From a system user's perspective, there are advantages in having a consistent approach for all communication protocols, processes and procedures between the user and the 'national' TSO regarding all their operations within the EU. Core data exchange issues relating to capacity at Interconnection Points should also require the use of standard data formats and content to be specified in the Network Code.

b) Including interconnection points and where appropriate points connecting TSOs' systems to the ones of DSOs, SSOs and LSOs (to the extent cross-border trade is involved or market integration is at stake)?

Even though the 3rd Energy Package provisions are addressed to the TSOs, we believe that if DSOs, SSOs & LSOs cooperate in applying the same rules, it would enhance the FG's application and help to facilitate greater interoperability.

The goal of the guidelines should be ambitious and should aim to harmonise interoperability and data exchange rules at interconnection points between TSOs, but also with DSOs, SSOs and LSOs as proposed in b) since they are integrant part of the gas market.
For example, harmonisation for data exchange will not be fully achieved if you have a unique format for TSOs but a different format for each storage operator.

We agree therefore that the FG and NC should also apply to points connecting TSOs with distribution networks, storages and LNG facilities. Looking to the future there needs to be a wide scope for the standardisation of communication and data exchange protocols. The Framework Guidelines should recognize, however, that implementation will need to be progressive. Ensuring that there is efficient interoperability with DSOs, LSOs and SSOs is important, but a pragmatic approach must be found to achieve this recognizing the implementation times involved and the need to keep the primary focus on the services provided by TSOs.

c) Other option? Please explain in detail and reason.

d) I don't know.

1.2. Do you consider that for any of the above options the level of harmonisation1 shall be (Section 1.b of the FG):
a. Full harmonisation: the same measure applies across the EU borders, defined in the network code?

We favour a very high level of harmonisation within the whole EU in order to achieve the creation of the single gas market.
Some issues in the FG are a higher priority and warrant 'full harmonisation', for example the units that are used or the data to be exchanged. These need to be handled through the application of the same rules (as defined in the network code) at all Interconnection Points to facilitate gas trading throughout Europe.

b. Harmonisation with built-in contingency: same principles/criteria are set with a possibility to deviate under justified circumstances?

We consider that a harmonization with built-in contingency would be more appropriate for other issues in the FG for example the Interconnection Agreements, the capacity calculation and certain aspects of gas quality. The principles and processes must be clearly set out and standardized but bearing in mind the different characteristics of adjacent systems as well as their markets' liquidity the importance of different components of an agreement or calculation or quality specification may well differ from one region to another.

c. No additional harmonisation, meaning rules are set at national level, if they deemed necessary by the national authorities, which may include either NRAs or the government?

1.3. Shall any of the issues raised in the FG (Interconnection Agreement, Harmonisation of units, Gas Quality, Odorisation, Data exchange, Capacity calculation) get a different scope from the general scope as proposed in section 1.b. of the FG (and as addressed in the previous question)? Please answer by filling in the following table, ticking the box corresponding to the relevant foreseen scope.

The level of harmonisation is difficult to separate from the geographic installation scope of the Framework Guidelines. For example it has already been well established that it is impossible to impose a single gas quality specification that would be wide enough to accommodate all future possible gas supplies to Europe, while at the same time being narrow enough to ensure the optimum quality for burning gas in the wide range of possible appliances and application or for use as a feedstock or for optimal storage.

Given the different physical supply possibilities, the optimal gas quality range at entry points to the EU may well be different in different parts of Europe. Similarly the optimal specification for the end consumer may well depend on the type of use and the types of appliances in the region. In this sense, 'full harmonisation' is technically unrealistic even if the enormous costs involved could be justified. On the other hand, if the geographical scope were only the interconnection points within the EU then there would be a very strong argument indeed for 'full harmonisation' as, for example, EASEE-gas set out several years ago, and has been supported by EFET as a key principle at the H-gas international wholesale level within the EU.

Overall, business as usual is not acceptable, 'full' harmonisation is necessary for units, conversion rules and data exchange, and possibly for Odorisation depending on the resolution

of current issues. A very high level of harmonisation between TSOs is essential for interconnection agreements and for capacity calculation, but if these are extended to inter-governmental agreements or arrangements between TSOs and SSOs, DSOs and LSOs then only partial harmonisation (standardised principles, local implementation) should be required for those case.

	IAs	*Units*	*Gas Quality*	*Odorisation*	*Data Exchange*	*Capacity Calculation*
Full harmonization						
Partial harmonization						
Business as usual						

1.4. What additional measures could you envisage to improve the implementation of the network code? Please reason your answer.

The proposed measures are reasonable for the implementation of the code provided that sufficient time shall be allowed for shippers to adapt their practices and implement the necessary procedures and IT systems.

2. Interconnection Agreements

2.1. Do you think that a common template and a standard Interconnection Agreement will efficiently solve the interoperability problems regarding Interconnection Agreements and/or improve their development and implementation?
a. Yes.

A common template for Interconnection Agreement will be a useful tool to help TSOs to elaborate and implement IAs between them. Provided that the common template obliges sufficiently high standards to be implemented and the standard Interconnection Agreement will be the default between the adjacent TSOs, in case they fail to reach an agreement within a specific period, these measures are considered sufficient.
The details of Interconnection Agreements are primarily a matter for TSOs, but shippers need to be kept informed of the scope of these agreements and consulted if any issues would have commercial consequences for shippers.

Operational balancing (i.e. dealing with minor system operational imbalances that are not normally the result of shipper actions so that they do not interfere with genuine trading activities) is an essential aspect of interoperability in the future single market. Arrangements between TSOs need to be transparent and the limits of such arrangements clearly known so that market participants are not exposed to unknown or undue risks. Whether these are separate

agreement or are included in the IA is not important, provided that the arrangements for operational balancing are in place at all interconnection points between traded areas/points or balancing zones.

In summary, a common template should provide a scope of contents. TSO's should have the opportunity to develop individually their IA's on bilateral bases and the NRA's have to approve the IA's. In cases where TSOs do not come to an agreement a standard IA as default contract should be applied.

b. No.

c. I don't know.

d. Would you propose additional measures as to those proposed? Please reason your answer.

We also believe that special concern is needed about the interconnection agreements with TSOs of non-EU member states, since they are not subject to EU regulation.

e. Would you propose different measures as to those proposed? Please reason your answer.

2.2. Do you think that a dispute settlement procedure as laid down in the text will efficiently contribute to solving the interoperability problems of network users regarding Interconnection Agreements and their content?
a. Yes.

As in any other agreement either party should be entitled to request arbitration. The relevant NRAs probably have the deepest insight in the issues and are therefore predestinated to solve these. Further consideration will be needed for agreements with non-EU member states if these rules are to be followed by them.

b. No.

c. I don't know.

d. Would you propose additional measures as to those proposed? Please reason your answer.

e. Would you propose different measures as to those proposed? Please reason your answer.

2.3. Do you think that a stronger NRA involvement in the approval of the Interconnection Agreements could be beneficial? Please explain in detail and reason.
a. Yes.

We think that stronger involvement of the NRAs on interconnection topics, which could be seen as too technical issues, can help to solve potential disputes between TSOs and would also help to ensure that NRAs are better informed about the cross-border issues that TSOs are having addressing. As the key players in the regional regulatory environment NRA's should principally approve the IAs and check their compatibility with these EU Interoperability requirements.

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b. No.

c. I don't know

3. Harmonisation of Units

3.1. Do you think that there is a need for harmonisation of units?
a. Yes.

Various unit references add risk, complexity and costs to the daily activities of shippers. Harmonization of units is very important as it enhances communication between the participants whilst contributing positively to the management of measurements.

b. No, conversion is sufficient in all cases.

c. I don't know.

d. Would you propose additional measures as to those proposed? Please reason your answer.

e. Would you propose different measures as to those proposed? Please reason your answer.

Whilst established traders would prefer to trade with the same type of units, the current situation does not appear to be a major barrier that prevents trading opportunities within the more liquid markets.

The use of non-standardised units, however, introduces unnecessary operational risk and could therefore discourage new entrants or limit cross-border trading activity. For instance, the conversion of different volume units is not always accurate or done in the same way by different TSOs. These differences in accuracy mean that shippers run the risk of being out of balance.

3.2. What is the value added of harmonising units for energy, pressure, volume and gross calorific value?
a. Easier technical communication among TSOs.

b. Easier commercial communication between TSOs and network users.

c. Both.

Harmonization of units principally eases the communication among TSOs and between TSOs with other involved parties. As it is referred to 3.1 above, using the same units throughout the EU helps both the technical and the commercial communication between TSOs and system users and contributes to efficient market functioning, while removing a barrier for new entrants and reducing operational risk.

We also question whether TSOs wouldbe able to fulfill their future obligations to cooperate fully across borders to provide consistent capacity products if the units relating to the capacity or the gas flows are different on either side of the border or if the conversion factors used by the TSOs are inconsistent.In summary, from a shipper's perspective, TSOs may continue to make measurements and gather physical data by whatever means and in whatever units they prefer. The conversion of the measured data and communication of information about the physical networks, however, must be in consistent units across the EU.

d. No value added.

e. I don't know.

f. Other views. Please reason your answer.

3.3. Shall harmonisation be extended to other units? Please reason your answer.

Currently, the lack of harmonisation of other units is not the biggest barrier to cross-border trades. Established traders find ways to deal with conversion from one unit to another. Nevertheless, we are in favour of full harmonisation of units (especially any units underlying capacity bookings, nominations and balancing) across Europe. We believe that harmonisation of underlying units is not difficult to achieve, that it will improve commercial communication between TSOs and network users, that it will reduce risk and that it will remove a small entry barrier.

Harmonisation should include all units that are used for capacity, nominations, gas flows, gas quality or balancing. Whilst extending beyond that is not necessary from a network user perspective, it would be helpful to have official naming conventions for other units and an official conversion table.

4. Gas Quality

4.1. Please provide your assessment on the present proposal; in particular assess the provisions on ENTSOG gas quality monitoring, dispute settlement and TSO cooperation. Would these measures address sufficiently the issues that are at stake? Please reason your answer.

There should be greater clarity that once gas has been accepted into a TSO's system then the control of gas quality within the TSO system is the responsibility of the TSO. TSOs should aim to ensure that bona fide nominations within the EU are not rejected by an adjacent TSO for reasons of gas quality, and if this situation were to arise then the shippers or traders who are affected by the reduction in available capacity must be fully financially compensated by the TSO.

Considering the likely evolution of gas supplies to Europe in the mid -to long- term, managing gas quality may require more active measures. The first step is to ensure greater transparency of information about actual gas quality. At least the actual cv or Wobbe should already be published by TSOs under the gas regulation EC/715/2009, but compliance on this is very limited. It is important that information provision by TSOs on the actual gas flows and gas qualities is made available otherwise it will not be possible to ensure that such measures will be designed and implemented in the best way to prevent undue restrictions on supplies of indigenous or imported gas or to share, when appropriate, the costs of managing gas quality.

With greater clarity on the responsibility of TSOs, the measures proposed in the FG would be sufficient to remove trading barriers resulting from gas quality differences. As the TSOs are responsible for the gas flows in the systems they manage, the resolution of these issues depends on the success of their openness and their cooperation. As a result, it is very important to establish a procedure of TSO gas quality data publication and cooperation, aiming among others at minimizing the gas quality deviations. To this scope, a relevant information platform (with valid and timely information on the fluctuation of gas quality) would be a useful, too.

The consolidation of market areas and grids results in the need to convert various gas qualities which has been solved differently in the member states. In order to ensure equal market conditions across borders not only gas qualities but also the rules to convert them should be addressed.

With gas supplied from an increasingly diverse number of sources – in particular LNG and renewable gas, TSOs are forced to handle a wider variety of different gas qualities. In this context, TSOs and regulators are faced with having to decide to whom and how to allocate those costs. Once gas is already within the EU transmission system the gas quality is in a comingled stream and individual shippers cannot be identified with particular gas quality changes at the interface with the next TSO. EASEEgas voluntary standards on gas quality are used by most EU TSOs and the European Commission is currently studying whether a single gas quality parameter range, at least within the EU H-gas Transmission systems, can be adopted on a legally binding basis.

Gas quality can also be approached as a regional issue which is managed through TSOs cooperation, according to local constraints. Considering the likely evolution of gas supplies to Europe in the mid- to long- term, managing gas quality may require more active regulatory measures. Such measures should be designed and implemented so as to strike a balance between: on the one hand, enabling investment in gas conversion facilities or in the evolution of a network's technical specifications, where and when needed; and on the other hand, not distorting competition between gas supply sources and incentives to develop gas assets. Overall, this should deliver the least cost solution to gas consumers.

4.2. Do you consider that a technically viable solution to gas quality issues that is financially reasonable will most likely result from:
a. Bilateral solution between concerned stakeholders.
b. Solutions to be developed cross-border by TSOs, to be approved by NRAs and cost-sharing mechanism to be established.

We consider that a solution developed cross-border by the TSOs and approved by the NRAs, following a market consultation, would be more appropriate. At this case, a cost-sharing mechanism between the adjacent TSOs could be established.

c. The establishment of a general measure in the Framework Guidelines, setting a comprehensive list of technical solutions to select from.
d. I don't know.
e. Other option. Please reason your answer.

Improved information provision by TSOs about the quality of actual gas flows is essential to find the best solutions. Items a. and b. above are likely to be the kind of solutions to solve gas quality issues. For instance, Fluxys will invest in a nitrogen plant to blend nitrogen with gas coming from the Continent to satisfy the UK specifications which requires a lower Wobbe index. The issue in this particular case is who will bear the investment cost for the nitrogen plant. Should it be socialized among all users of Fluxys' grid or does that result in cross-subsidies:

- Amongst shippers active on the Belgian market between the ones using the Interconnector and the others
- And also between shippers in the UK and in Belgium because there is no cost-sharing mechanism.

In cases like this if no agreement on cost repartition is found amongst the national regulators of the Member States involved, then ACER should arbitrate.

If there had been a clear obligation on, say, the downstream TSO to accept gas within, say, the EAEE-gas specification, then the primary responsibility for finding the optimal solution would also be clear, and the costs would be easier to minimise and to allocate.

Flow commitments obtained through annual public (market- based) tender or well-designed locational balancing products could be solutions to handle gas quality and avoid investment in rarely used facilities. But shippers who supply these services must be paid for them at a market price and the agreements between TSOs and shippers for any service must be transparent.

5. Odorisation

5.1. Please provide your assessment on the present proposal. Would the measure proposed address sufficiently the issues that are at stake? Please reason your answer.

Odorisation can be a major hurdle that prevents cross-border trade. It is important that odorisation shall not prevent cross-border flows. The measure proposed should be made more explicit, for example: TSOs shall implement non-odorised gas on all high pressure transmission infrastructure unless there is an lower cost alternative to free-up cross-border gas flows.

In North Western Europe odorisation is an issue between France and its neighboring countries Germany and Belgium due to the fact that GRTgaz odorise gas in the transmission grid whereas in Germany and Belgium only DSOs execute odorisation. As a result regular physical cross border transports from France are currently not possible. We acknowledge that the necessary Investments in odorisation facilities from French DSOs or in de-odorisation facilities at coupling points will be costly Therefore an ex ante cost-benefit analysis is essential.

Because the odorisation problem is a local one with regional consequences, implementation should be made through bilateral agreements that take into account the special needs and characteristics of the adjacent systems. In case of failure to agree within a specific time frame, the Code's provisions on the issue will be applied.

6. Data exchange

6.1. Please provide your assessment on the present proposal. Would the measures proposed address sufficiently the issues that are at stake? Please reason your answer.

Data exchange is crucial for gas trading. The more data communicated then the more cross-border trading is made efficiently. Harmonization of the data format and data content is also necessary to avoid undue discrimination between traders.

Compatibility between the current provisions and that of the CAM FG and Network Code is needed regarding the data itself as well as the communication processes. Furthermore, it should be made clear to the TSOs that whatever information is at their disposal they should communicate it to the shippers, so that all the market participants will have the same information at the same time as the TSOs.

6.2. Regarding the content of this chapter,
a. Data exchange shall be limited to the communication format.

b. Data exchange shall define both format and content, at least regarding the following points:

Capacity bookings (real and estimations), gas flows (real and estimations), actual gas quality, maintenance periods (scheduled and the data required for nomination and re-nomination processes must all have standardized and clearly defined format and content.

The open standard for Data exchange should define format, content and communication (messaging) protocol to standardize at maximum the processes to be implemented, minimize the implementation efforts by potentially offering a reference non-exclusive software implementation. Full trade details can be made available up to the proportion as required by the guidelines on interoperability. Such data format must be maximally based on existing market data standards as currently in place for the energy community (Commodity product Markup Language – CpML)

Please reason your answer.

Information disclosure on real time is essential for the EU market functioning, its liquidity and integration. Both the format and content needs to be standardized if data processing is to be practical and the efficiency benefits realized.

c. I don't know.

d. Other option. Please reason your answer.

6.3. ENTSOG may support the exchange of data with a handbook of voluntary rules. Please share your views about such a solution.

The current situation is that a lot of different systems for data exchanges co-exist across Europe, with huge differences in term of formats, contents and security process. This is why EFET is in favour of a full harmonisation process for data exchange with a standardised messaging protocol: the format of this protocol must be harmonised, but the content should be more flexible and adapted to the context.

The EFET CpML standards used by more than 100 trading companies or the EDIGAS protocol used by several TSOs (including GRT Gaz, Fluxys, GTS, OGE, Gas Connect) could be used as this standard protocol. Furthermore, we have a strong preference that the same format for Data exchange is used also by SSOs and LSOs to ensure their integration into a fully interoperable EU gas market.

Defining the philosophy of the communication content and process (exchange protocol & format, implementation guidelines etc.) would be helpful. Voluntary rules lead to interpetation and implementation variants, which increase the operational issues of such a process exponentially (e.g. difficulties in connecting the implemented process variants to TSOs, operation burden to foresee recolnciliations between the different variants, etc.).It is crucial to lay down all of these rules (process, content, data format and messaging/comunication topics) in strict mandatory guidance.

Another source of fragmentation and inefficiency is in the implementation of a single standard, since different versions can be used concurrently causing incompatiblities between implementation of the 'same' standard between TSOs. We recommended, therefore, that a specific version of the standard is required and that the upgrade to newer versions are managed with sufficient consideration given to the consistent adoption across the community.

Finally a comment on 'mapping'. Currently the majority of TSOs have separate systems and justify the need to operate different data formats due to constraints of their specific system requirements. This has led to a situation in which all Traders have to imlpement mappings from their internal systems to the formats used by each individual TSO, giving the total number of mapping as the total number of traders mutiplied by the total numbere of TSOs! If on the otherhand traders and TSOs all mapped their internal systems to the same single standard each organisation would only need to implement one interface thus saving much initial and on-going technical effort and removing a major technical barrier to market entry.

7. Capacity calculation – The Agency view is that discrepancy between the maximum capacities on either side of an interconnection point, as well as any unused potential to maximise capacity offered may cause barriers to trade.

7.1. Please provide your assessment on the present proposal. Would the measures proposed address the issues that are at stake?

While we understand and support the need to establish common minimum requirements for the calculation of the maximum available capacity offered to the market it could be leading TSOs to be extremely conservative limiting the capacity at interconnector points and running the risk of under/overestimating the common parameters as each border has their own technical limitations. Some clear definitions of what 'capacity' is being calculated would be helpful.

Cooperation between adjacent TSOs must go far beyond reducing the discrepancies between the maximum capacities on either sides of an interconnection point. For example, the TSOs should identify what would need to be done to increase the capacity so that it is the same on either side of the border. The overall benchmark, however, is that TSOs must also jointly calculate the capacities that an equivalent ISO (responsible for the optimal operation of both systems) would be able to offer to the market.

To achieve the right result, the proposal needs to focus more on the requirements for a joint calculation of capacity from the trading point in one system to the next. Using a single model with one full set of agreed assumptions (e.g. by an Independent System Operator) would lead to a single consistent assessment and calculation of capacity. The level of harmonisation of capacity calculation should aim to reproduce what an ISO would do if they had responsibility for

both systems and an obligation to maximise the capacity that could be offered to the market at the interconnection point.

Currently the methodology to calculate maximum physical available capacity at one interconnection point may differ between TSOs on each side of a given border due to technical assumptions (such as calorific value, temperature, pressure, etc.) and the status and assumptions (e.g. on security of supply) of the transmission networks connected through that IP. As a starting point it would help to resolve these differences and be beneficial to the market by having a transparent process in which TSOs publish their underlying assumptions.

The objective of harmonisation must be addressed to ensure TSOs efficiently maximise the provision of available capacity at all times rather than encouraging a 'lowest common denominator' approach

7.2. Would you propose additional measures as to those proposed? Please reason your answer.

7.3. Would you propose different measures as to those proposed? Please reason your answer.

Measure 7 a) could be complemented by including the same transparency requirements for interruptible and additional capacity. It is indeed especially important for network users to understand how and when interruptible capacity could be interrupted, and if interruption process are aligned on both side of a border.

We also strongly advocate a standardised interruptible capacity product to be adopted throughout Europe, however, we are unclear whether or not this is in the scope of these Framework Guidelines.

8. Cross-border cooperation

8.1. Please provide your assessment on the present proposal.

Cross-border cooperation is essential for the EU gas market integration, and the proposal is in line with this general target. However, due to the fact that this scheme is a dynamic one, regular reviews shall be made in order to adjust the practices and move towards the benchmark of ISO operation. An efficiency test on TSO cooperation, benchmarking against a theoretical ISO approach with appropriate penalties and incentives could be a useful addition.

8.2. Do you have any other suggestions concerning cross-border cooperation? Please reason your answer.
The benchmark should always be whether or not co-operation has achieved the level of service to users that would be offered by an efficient ISO.

The NRAs or the Agency should be obliged to accompany a clearly defined development process of cross border cooperation. If there are any delays in this process the NRA's have to apply appropriate measures.

9. Please share below any further comments concerning the Framework Guideline on Interoperability and Data Exchange Rules.

All proposals in these Framework Guidelines that improve interoperability are welcomed, whether by bringing simplifications that reduce risk (harmonisation of units for instance) or by tackling major hurdles to cross-border trade such as odorisation. But there are other interoperability issues that may have been missed. It might be wise to write the Framework Guideline in such a way that it allows for small but important interoperability issues to be raised during the Network Code development process. One major issue, however, need to be flagged up immediately:

Harmonisation of nomination and renomination seems to have disappeared from these FG on interoperability. The lack of harmonization related to the nomination procedure as a whole (deadlines for nomination & renomination by shippers and confirmation by TSO) is an obstacle to the efficient functioning of the market, as it affects the efficient allocation and use of capacity with a direct impact on the efficiency of the gas market. Under the current non-harmonised systems, shippers are exposed to imbalance charges because of two types of inconsistencies in nomination procedures between gas systems. Firstly, it is impossible to re-nominate within day in certain gas systems; this makes it impossible for shippers to optimise their position beyond day-ahead nominations[2]. In addition, the timeline of the different steps in the Nomination/Gate closure/Re-nomination/Confirmation process can diverge from one TSO to the other. Whilst these issues are regional, they may have knock-on implications on a European scale.

We believe that a lack of harmonisation of nomination steps and times holds back the efficient functioning of the European gas market in particular by creating operational risk and reducing commercial opportunities for cross-border trading. We fully support the establishment of harmonised timelines for Day-Ahead and Within-Day Nomination/Re-nomination/Confirmation procedures. Common deadlines for nomination/re-nomination across the different borders to maximise the use of capacity are of particular importance; they should allow shippers to have time to process trades made after the closure of day-ahead markets, and just before starting the capacity re-nomination period and before gate closure of the power markets. This timing should consider the oversubscription and buy-back scheme planned on the congestion management procedures as firm re-nominations will only be allowed 90% up and 10% down of the contracted capacity.

Whilst it is helpful that at a high level an outline standardised timeline is now proposed in the Balancing Network Code this does not cover all the nomination procedures, nor does it provide the detailed level of harmonisation that is required for full interoperability. It is essential that these issues are fully addressed. To the extent that this proves not to be the case in the balancing network code then the topic will need to be included in this interoperability Framework Guideline.

[2] For instance, while in Austria, re-nominations within day are allowed, it is not possible to re-nominate the entry nomination to Italy after 16:30 the day before. This creates an important loss of flexibility to optimise positions and comply with balancing requirements.