



„Balancing Update“
Redesigning the Austrian gas balancing system

Presentation of the stakeholder process („Kick-off information“)

29.06.2018

1. Background, objectives, consultation results

2. Presentation of the stakeholder process

3. Organizational aspects

Background and starting point

What has happened so far...

- > E-Control initiated in early 2018 the public consultation of a draft concept paper „Redesigning the Austrian gas balancing system”¹
- > Integral elements of the proposed concept:
 - Integrated and centralized balancing of transmission and distribution level
 - Daily balancing with full daily cash out and financial settlement of any imbalances
 - Combination of optimized utilization of network linepack and mechanisms to safeguard security of supply
 - Etc.
- > 32 responses of market participants and their associations have been received within the consultation period; if not explicitly stated differently by the author, these responses are published on the E-Control web site²

¹ Link: https://www.e-control.at/documents/20903/443907/20180302+Konsultationsunterlage+Bilanzierungsmodell+180301+ECA_EN.pdf/41a9823c-66e4-167c-3aaa-f42367185d85

² Link: https://www.e-control.at/documents/20903/0/2018-06-04+Stellungnahmen_Bilanzierungsmodell/7908b10c-4ce4-bcc3-e6ba-f0b9b5d8b6fd

Main objectives and received responses

Qualitative summary

Main objectives (E-Control)

Integrated balancing zone (including transmission and distribution) with a single clearing entity

Daily balancing regime with centralized balancing and full daily cash-out of balance groups

Within day incentive mechanism that optimizes linepack use by way of within day obligations (WDOs)

Frequent information provision with respect to allocations and hourly updates of market area information

Swift and efficient financial settlement that uses established processes

Balancing neutrality by means of a daily calculated neutrality charge

Centralized ex post clearing of distribution level differences

Mechanism for curtailing BGs with imbalances if market-based measures are insufficient;

Transparent commercial network balancing



Consultation responses (Excerpt)

System operators question need for change and institutional setup; broad support of network users

Support of network users but also marked criticism of system operators (in particular storage operators)

Substantially diverging views related to necessity for WDOs; proposed parameters are questioned critically; concerns of network users

Positive responses of network users; criticisms brought forward by network operators with reference to demanding (change) processes

Currently established process is considered positive/sufficient; clear market need for more frequent settlement not recognized

Network users see daily calculation (not settlement) positively; some criticism from system operators (in particular network operators)

In general supported; however concerns related to applicable price

In general supported; however some concerns related to methodology

Only little response received; some concerns of system operators related to calorific value methodology

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Establishment of a stakeholder process

Structured and transparent discussion of the balancing concept

- > In line with received responses and the procedural E-Control requirements for such a discussion and change process, the detailed assessment of consultation responses and further refinement of the consulted concept shall be part of a public stakeholder process
- > This presentation aims to outline the structure and scope of the stakeholder process:
 - Definition of discussion topics/fields
 - Essential issues and questions to be addressed
 - Discussion/working format
 - Etc.

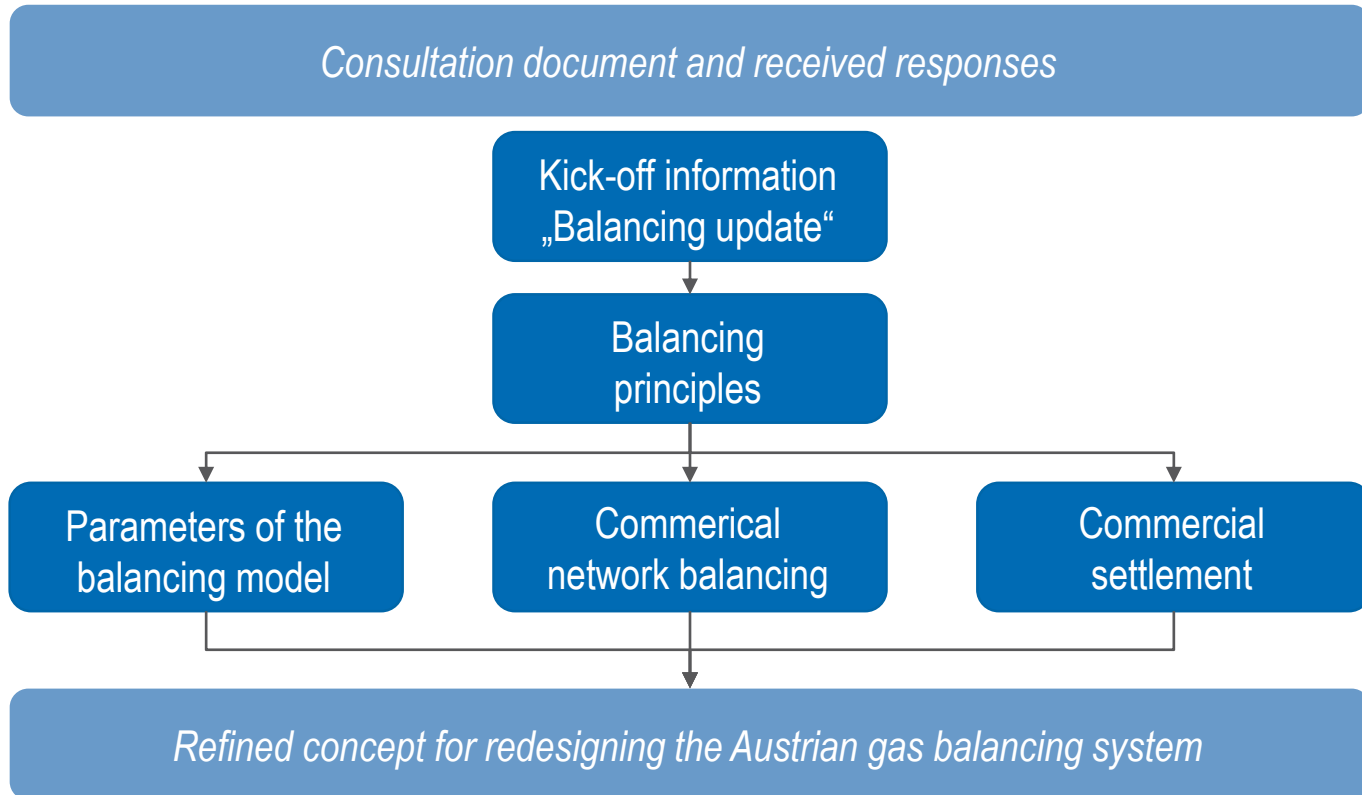
Overview of the stakeholder process

Structured discussion of relevant questions and issues

Status Quo

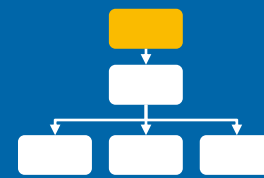


Objective



Kick-off information „Balancing Update“

Start of a transparent process



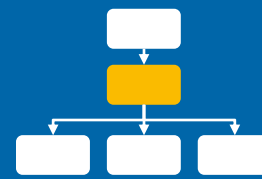
> Objective:

- Outline of the topics/fields to be discussed, including:
 - Brief presentation of concept objectives
 - Major results of the consultation
 - Essential issues and questions to be addressed in the course of the stakeholder process
- Clarification of organizational matters of the stakeholder process

= this presentation

Balancing principles

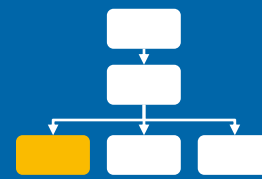
Defining the cornerstones of the concept



- > Objectives:
 - Establishment of a joint understanding of central terms, mechanisms and effects (disregarding potentially diverging assessments thereof)
 - Discussion and clarification of major design questions (prerequisite for subsequent detail definitions) against the background of legal requirements
- > Topics/issues:
 - Integrated balancing with full daily cash out
 - Necessity of and principles for within day obligations (WDOs)
 - Concentration of balancing-related activities at clearing entity
 - Fundamentals of information provision
- > Moderation: E-Control
- > Involvement/contributions: TSOs/AGGM regarding necessity of within day obligations
- > Format: Workshops with a limited number of participants to ensure an efficient discussion

Parameters of the balancing model

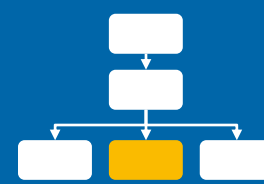
Definition of relevant parameters



- > Objectives:
 - Refinement and specification of defined principles (see previous slide) through relevant balancing parameters
 - Establishment of a joint understanding of these parameters' framework conditions
- > Topics/issues:
 - Scope, tolerances and limits for within day obligations (if necessary)
 - Helper/causer mechanism related to the daily cash out
 - Parameters and deadlines related to information provision
- > Moderation: E-Control
- > Involvement/contributions: AGGM regarding limits/parameters of within day obligations
- > Format: Workshops with a limited number of participants to ensure an efficient discussion

Commerical network balancing

Definition of the model incl. improved treatment of calorific value differences

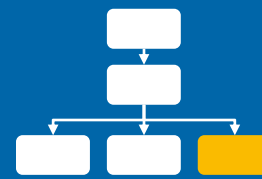


- > Objectives:
 - Refinement and specification of mechanisms and parameters for the commercial balancing of networks
 - Discussion and development of an improved concept for treatment of potential calorific value differences between natural gas and renewable gases within the balancing framework¹
- > Topics/issues:
 - Determination of calorific value
 - Allocation components of the network balancing
 - Invoicing components of the network balancing incl. applicable prices
- > Moderation: E-Control
- > Involvement/contributions: AGGM (calorific values) and AGCS (network balancing model design)
- > Format: Workshops with a limited number of participants to ensure an efficient discussion

¹ For further details please see supplementary notes to amendment 2018 of Gas-Market-Model-Ordinance (Annex 2, Point 3): <https://www.e-control.at/documents/20903/388512/20180503+ErI%C3%A4uterungen+zur+Novelle+2018+der+GMMO-VO+2012.pdf/377de2a0-7418-2dba-878c-d7bc62e3acd8>

Commercial settlement

Definition of relevant processes and mechanisms



- > Objectives:
 - Refinement and specification of the processes related to the commercial settlement of balancing mechanisms
- > Topics/issues:
 - Neutrality principles and neutrality charge
 - Ex-post clearing of distribution level differences (reconciliation)
 - Invoicing process (financial clearing)
- > Moderation: E-Control
- > Involvement/contributions: AGCS
- > Format: Workshops with a limited number of participants to ensure an efficient discussion

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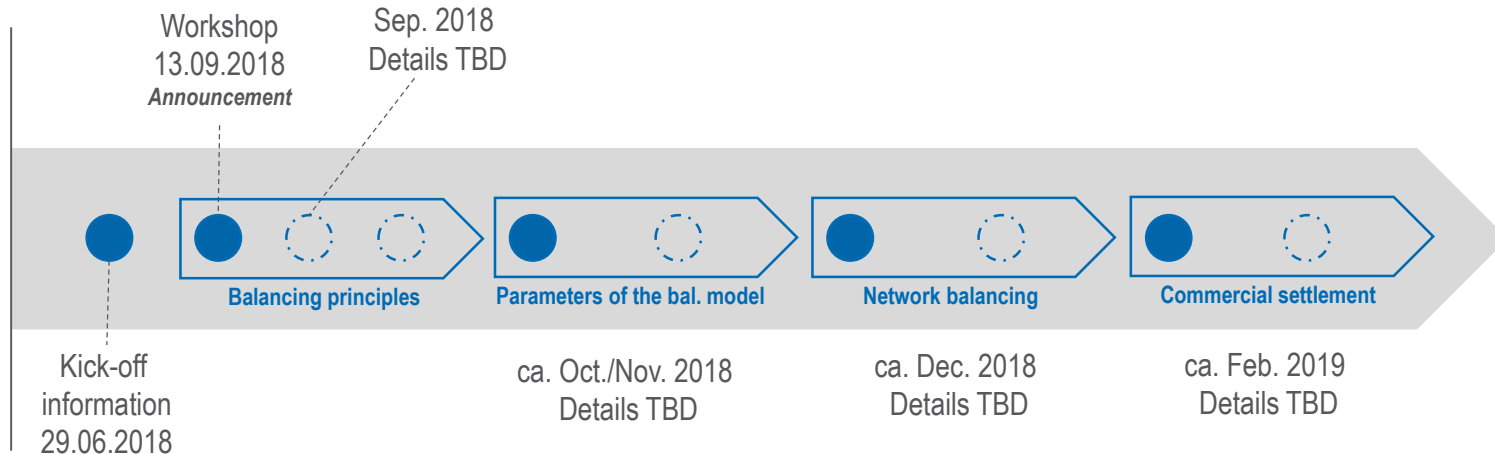
- > Organisation of workshops
 - To be done by E-Control
 - Workshop dates will be communicated with sufficient lead time (to the extent possible)
 - Number of workshops within one topic subject to development of discussions
 - Efficient discussions due to limitation of participants
- > Language: primarily German; however also English contributions are welcomed
- > Transparency
 - Materials to be discussed during workshops will be published prior to the meetings
 - After the workshops short communications summarizing the discussion and results will be published
 - Consolidated results will be published by means of a refined concept (also in English language)
 - Based on this concept a further market consultation is planned

Timing of the stakeholder process

Structured discussion along the relevant themes

Status quo:
Consultation document
and received responses

Objective:
Refined concept paper
Q1/Q2 2019



*New area of E-Control web site specifically related to redesigning
of the Austrian gas balancing system and the related stakeholder process*

Direct link:

<https://www.e-control.at/en/marktteilnehmer/gas/weiterentwicklung-bilanzierungsmodell>

Dedicated mailbox:

bilanzierungsmodell@e-control.at

