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Rules and Information provision for balancing portfolios

GTE+ Transparency Workshop

Balancing in Germany

The Physics: Control/System energy

- Control energy is procured by balancing network operator and is used for controlling and steering the network.

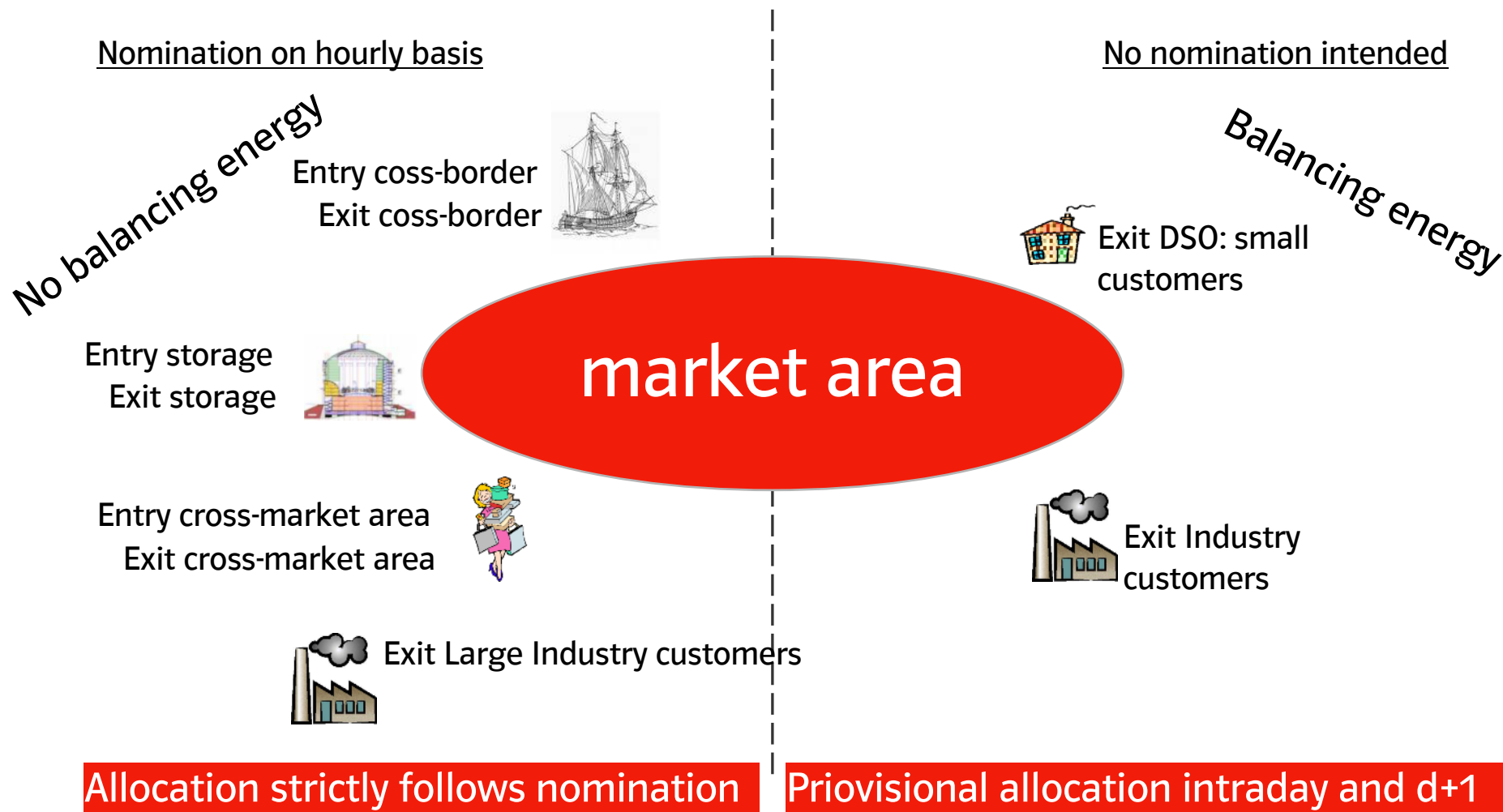
The Account: Balancing energy

- Balancing energy is provided by balancing network operator to balance differences between In and Offtake of each balancing group account.

Summary: New German balancing system

- Daily based balancing regime
- No tolerance limits
- Central procurement of system and balancing energy by TSO in a market-based and non-discriminatory way
- Asymmetric prices for balancing energy on base of references price at liquid trading points (D.A. Prices for TTF, ZEE, NBP and NCG)
- No ex-post balancing
- Facilitated supply of household and small/medium customers due to ex-post allocation as base load
- Comprehensive obligations for publication / information provision to balancing account managers
- Conditions set by the NRA

Nomination / Allocation



Main effects

Balancing network operator:

- Enhanced obligation for system stability within its balancing zone
- Enhanced obligations for publication and information
- Intraday structuring and procurement of balancing energy and control/system energy for the balancing zone

Distribution network operator:

- Enhanced requirement for intraday data and load profiles for household customers

Comprehensive Publications

Far reaching publication obligation and information provision by balancing network operator

- Balancing energy prices for the past 12 month
- Daily refernece prices of the named liquid hubs, which are basis for calculating balancing energy
- Intra-day Allocation Information for each balancing group account
- Use and prices for system energy used
 - Internal system energy (linepack / linepack of adjacent TSO/DSO)
 - External system energy (tender)

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Backup

Core aspects of the new German balancing regime as introduced by the German regulator (1)

- On 28 May 2008 the German regulator published basic parameters for a new balancing regime which shall commence in October 2008. The core features of the new regime are:
 - Change over from an hourly to daily balancing regime for all physical and virtual entry and exit points.
 - Any deviation of the daily volumes will be settled on asymmetric market prices. The market prices will be determined according to reference prices on liquid trading points which are TTF, NBP, Zeebrugge and E.ON GT virtual point

Negative Balancing price:

0,9 * Reference price (2nd MIN TTF, NBP, Zeebrugge, EGT VP)

Positive Balancing price:

1,1 * Reference price (2nd MAX TTF, NBP, Zeebrugge, EGT VP)

Reference price: the second highest / lowest price of these trading points

Core aspects of the new German balancing regime as introduced by the German regulator (2)

- Introduction of an incentive scheme system on hourly basis in order to avoid the abuse of balancing services.
- For the evaluation of the hourly deviations in-feeding/off-taking-points are assigned to three different groups. Given tolerances and allocation procedures differs within these groups and should reflect the certain characteristics in terms of forecast and intraday data availability. Between certain groups a limited option for reassignment exists.
- Allocation procedure for household consumers (allocated as forecasted) should diminish forecast risks and relive the distribution of these customer group.
- The off-take of household customers and certain industrial customer is ex-post allocated as base load. The outcome of this is that solely the daily amount of gas has to be forecasted and the in-feed is nominated as base-load. The procurement for these customer groups are facilitated.
- A transparent system of allocation should optimize the planning for network user.

Core aspects of the new German balancing regime as introduced by the German regulator (3)

- Enhanced obligation for publication by the balancing network operator at a machine-readable format
- No correction of caloric value
- No ex-post-balancing, certain exceptions till 1 April 2009
- Procurement of balancing energy by the balancing network operator in a market-based, consistent and non-discriminatory manner
- Distribution network operators who cannot fulfill their obligations for data requirements are blacklisted in the internet.

Group of customers

Large industrial customers > 300 MWh/h

- Daily balancing
- Allocated as measured
- In-feeding should balance the off-taking
- Tolerance limit +/- 2%*
- Charge for every hourly deviation
- Customers have the option to be reassigned to the customer group < 300 MWh/h**
- Exempt from the balancing allocation

Large/medium industrial customers < 300 MWh/h

- Daily balancing
- Daily amount of consumed gas of industrial consumers is ex-post allocated as base load
- in-feeding as base load
- Tolerance limit +/- 15 % of hourly average*
- Charge for hourly deviation above the allowed tolerance limit of +/- 15%
- Customers have the option to be reassigned to the customer group > 300 MWh/h
- Obligated to the balancing allocation

Household customers

- Daily balancing
- Ex-ante allocation as base load on basis of D-1 bzw. D-2
- In-feeding as base load
- No tolerance band
- Basically not relevant
- clearly defined customer group
- Obligated to the balancing allocation

*) exception: OFC-measurement; **) exception: balancing network operator refuses assignment due to effects in system stability