

ERGEG Gas Focus Group/Storage TF
Guidelines for Good Practice for Gas Storage System Operators
(GGPSSO)

Questionnaire for SSOs

8 February 2006

Introduction

On 15 September 2005, during the 10th Madrid Forum, ERGEG presented the preliminary results of its first monitoring exercise on the implementation of the GGPSSO. The Forum asked ERGEG to produce a follow-up report for the 11th Madrid Forum, to be held in May 2006. On 7 December 2005, ERGEG published the final results of its report on "Monitoring the implementation of the GGPSSO". In parallel, ERGEG proposed to undertake a second monitoring exercise assessing the effectiveness of the GGPSSO, and the functioning of the market for storage services.

The objective of this questionnaire is to collect information from SSOs to assist in monitoring the implementation of the GGPSSO as requested by the European Commission.

The deadline for the completion of the questionnaire is **8 March 2006**.

In order to ensure that all interested parties are consulted, ERGEG members will be required to prepare a contribution to be included in the report. Storage users will be consulted from May 2006, to gather their feedback on the implementation of the GGPSSO requirements after 1 April 2006. Their views will be particularly important in assessing implementation of the GGPSSO.

ERGEG intends to publish an initial report on the implementation of the GGPSSO in May 2006 and it expects to present its findings at the next Madrid Forum. ERGEG will issue a final report on implementation after it has an opportunity to consider responses to its initial report.

To help ensure transparency, responses to the questionnaire and other documents associated with the GGPSSO will be published on the ERGEG website. Any requests to keep information confidential will be considered in accordance with the relevant section of the GGPSSO that deals with the publication of the information. If you want any information to be treated as confidential this should be objectively justified and outlined clearly – taking into account the requirements of the GGPSSO. Any information that is to be treated as confidential should be placed in a separate appendix.

Please note that in order to allow for maximum common understanding of data, the answers provided by SSOs will be reviewed by the national regulatory authority.

Given that ERGEG's initial report will be published in May, SSOs may provide an addendum to their original submission if there are any significant changes to the information that they provide, between 8 March and 5 April. This will ensure that the report is as up to date as possible and avoid misrepresenting the position of the SSOs, taking into account that the deadline for implementing some of the GGPSSO requirements is 1 April 2006.

Gerard van Lawick
Member of Staff
Netherlands Competition Authority (NMa) / Office of Energy Regulation
P.O. Box 16326 2500 BH The Hague, The Netherlands
T: +31 70 330 3520
F: +31 70 330 3370
E: g.p.vanlawick@nmanet.nl
I: www.dte.nl

Willem van der Wal
Senior Member of Staff
Netherlands Competition Authority (NMa) / Office of Energy Regulation
P.O. Box 16326 2500 BH The Hague, The Netherlands
T: +31 70 330 1715
F: +31 70 330 3370
E: w.j.j.vanderwal@nmanet.nl
I: www.dte.nl

Questionnaire

1 General

1.1 Business name of respondent: holders of the Alkmaar opslagvergunning

Note: The Alkmaar Piek Gas Installation is not a storage facility as defined in the 2nd Gas directive, and thus the GGPSSO do not directly apply. However, the holders of the Alkmaar opslagvergunning will endeavour to comply with GGPSSO to the extent practicable.

2 Roles and responsibilities of Storage System Operators

2.1 Has the standard storage contract/storage code been developed in proper consultation with users (e.g. bilateral contacts, open consultation process, with some sort of public announcement, consultation process supervised by relevant national regulatory authority or other)? Please specify when users were last consulted (relating to GGPSSO 1.2.b):

Initial publication in 2001 covered in gas press, list of potentially interested parties drawn up from response to this publication. List has grown larger every year and each party is contacted by e-mail to inform on each substantial update to the website. Standard contract was published on the website in Feb 2002 and has been developed in consultation with Market Parties. General presentation and consultations have been offered every year since 2002, all responding parties have requested individual consultation sessions. Last consultation process ran in 2Q 2005, prior to publication of storage services up to 1/4/2007.

PGI was built to deliver L-Gas at very high rates (1.5 million Nm³/hr) at very short notice in order to meet winter peaks and network interruptions. PGI takes approximately 14 days to completely empty the working gas of 500 million Nm³. The minimum production flow rate is 100,000 Nm³/hr. Injection is achieved with a single gas fired compressor. It takes approximately 110 days to replace the working gas. Each time the compressor is shut down a large volume of natural gas must be vented to the atmosphere. For this reason the compressor is not used in stop-start mode, injection is continuous at a steady rate for an extended single period between April and October in any year. Substantial investment in electric compression, drying trains, metering etc would be required to convert the facility to provide a service that the traded market would find attractive. Since there is only very limited interest in TPA from PGI at this time the respondent does not plan to make such investment.

The respondent is investigating with Market Parties investment in new flexible H-Gas facilities both onshore and offshore, which could result over the next ten years in an incremental 3-5 bcm working gas and 1-2 million Nm³/hr of delivery.

3 Necessary TPA services

3.1 If the figure for “available capacity” for your storage facility¹ is “0”, please specify until when (relating to GGPSSO 3.1):

¹ Storage facility means a facility used for the stocking of natural gas and owned and/or operated by a natural gas undertaking, including the part of LNG facilities used for storage but excluding the portion used for production operations, and excluding facilities reserved exclusively for transmission system operators in carrying out their functions (Article 2.9 of Directive 2003/55/EC).

- 3.2 There may be some available capacity now (date of reference 8 March 2006). However, all the capacity may have been booked in advance, which means that sometimes in the future, there will be no capacity available. If this is the case, please specify when and for how long (relating to GGPSSO 3.1):**

Note: All capacity is contracted to Gasunie Trade and Supply B.V. under an agreement signed in 1996 which led to the construction of the facility. The capacity is required by Gasunie Trade and Supply B.V 100% for production purposes. Gasunie has been releasing unused capacity from year to year to be remarketed to third parties. Currently available capacity offered on website is released until 01/04/07. At all times there has been between 6 months and 3 years notice of the capacity being available for purchase, giving adequate time for customers to remarket as they wish.

- 3.3 Please provide the link to your web pages presenting the commercial terms that you apply and in particular services offered (both the Directive² and the GGPSSO 6.4.a&b provide that this information is to be published). If you wish to be more specific, please use the space below (relating to GGPSSO 3.3):**

www.alkmaargasstorage.nl

- 3.4 Do you offer the following services on the primary market (GGPSSO 3.3, 3.5, 3.7):**

	yes	No
(a) bundled services (SBU) of space and injectability/deliverability	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(b) unbundled services supplementing SBUs at least for available storage capacity at the beginning of the storage year ³	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(c) long-term (>1 year) services	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(d) short-term (<1 year) services ⁴	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(e) interruptible services ⁵	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(f) a service which includes an obligation for the SSO to allocate the gas which has been nominated	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(g) injection and withdrawal are possible at any time	<input type="checkbox"/>	<input checked="" type="checkbox"/>

- 3.5 If any of these services (please specify) has not been introduced, please explain why:**

(b), (d), (e) Prepared to discuss such services with Third Parties. There has been no request for these services from Third Parties.

(g) Injection and withdrawal are possible at any time for matching nominations. Technical constraints explained in 2.1 make this impossible in most instances for physical flow given the level of minimum flow and the non stop-start injection capacity.

- 3.6 Please specify if services offered have been developed with consultation of storage users to take into account market demand. When were users last consulted (relating to GGPSSO 3.4.a):**

Services offered are being developed in consultation with (potential) individual storage users during the consultation process and throughout the year. The last consultation process with individual storage users and interested parties through public invitation ran in 2Q 2005, prior to the publication of the storage services up to 1/4/2007.

² Article 19.3 of Directive 2003/55/EC of 26 June 2003 concerning common rules for the internal market in natural gas and repealing Directive 98/30/EC

³ You may provide an addendum before 5 April 2006.

⁴ You may provide an addendum before 5 April 2006.

⁵ You may provide an addendum before 5 April 2006.

4 Storage capacity allocation and congestion management

4.1 Please provide a description of the capacity allocation mechanism that you apply. Please specify if there is an order of priority and for which customers (relating to GGPSSO 4.1):

Open offer period with deadline, if overbooked then reduce pro-rata, if not all sold then in past years marketing has continued throughout the year on a first come first serve basis.

4.2 In case of contractual congestion, what kind of solution do you apply or plan to apply (GGPSSO 4.2)?

We will consult with user(s) and otherwise pro-rata. In the event of a liquid L-Gas market and an excess of demand for TPA services from PGI then an auction procedure might offer an alternative.

4.3 In case of physical congestion, what kind of solution do you apply or plan to apply (GGPSSO 4.2)?

Nominations would be reduced pro-rata.

4.4 In case of congestion, is there a system to balance the portion of storage capacity contracted under long-term contracts and short term contracts? Please specify the nature of these arrangements (GGPSSO 4.2.c):

No TPA customers at this time.

5 Confidentiality requirements

5.1 Are the following items explicitly mentioned in the code of conduct/compliance programme (relating to GGPSSO 5.1.b):

	<i>yes</i>	<i>no</i>
(a) prohibition on SSO staff passing commercially sensitive information to other parts of any affiliate of the company in advance of being provided to all market participants	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(b) databases related to storage operations kept separate	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(c) new IT systems for the storage business developed separately	<input checked="" type="checkbox"/>	<input type="checkbox"/>

5.2 Please specify if there are other important items in the code of conduct/compliance programme:

Trading affiliate has no access to confidential information about the operation of PGI. If new IT systems are needed, they will be developed separately

5.3 Is the code of conduct/compliance programme published? If yes, provide a copy / internet link:

	<i>yes</i>	<i>no</i>
	<input type="checkbox"/>	<input checked="" type="checkbox"/>

- 5.4 Is there a compliance officer supervising that the compliance programme is effectively implemented (GGPSSO 5.1.b)?

	<i>yes</i>	<i>no</i>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

- 5.5 If other arrangements are in place to protect the confidentiality of information, please provide details below (relating to GGPSSO 5.1):

BP publishes a code of conduct on the main bp.com website which substantially covers these aspects.
<http://www.bp.com/sectiongenericarticle.do?categoryId=9002300&contentId=3072076>

6 Transparency requirements

- 6.1 Please provide the link to the webpages presenting the information required by the GGPSSO in the transparency requirements (relating to GGPSSO 6.1):

www.alkmaargasstorage.nl

- 6.2 Please specify how the historical utilization rate is calculated (relating to GGPSSO 6.5.b):

Historical utilisation rate is published by NITG

- 6.3 If you have not published information as required by the GGPSSO about the aggregate use of storage, did you notify the relevant national regulatory authority (GGPSSO 6.3)?

	<i>yes</i>	<i>no</i>
	<input type="checkbox"/>	<input checked="" type="checkbox"/>

- 6.4 Please specify how many users – if any – requested, via a correspondence, that you do not publish information about the aggregate use of storage (period of reference: 15 March 2006 – 15 March 2007) (relating to GGPSSO 6.2)?

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7 Secondary markets

- 7.1 How many system users trade capacity rights on the secondary market (period of reference: 15 March 2005 – 8 March 2006⁶)?

No data available

⁶ You may provide an addendum before 5 April 2006.

7.2 Please indicate if you:

	<i>yes</i>	<i>no</i>
(a) allow for title transfer for both bundled and unbundled capacities (GGPSSO 9.1)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(b) allow the new owner to aggregate such storage capacity operationally (GGPSSO 9.1)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

7.3 Are registered users allowed to trade gas-in-store?

	<i>yes</i>	<i>no</i>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

7.4 Please provide a description of rules applicable for storage capacity trade on the secondary market vis-à-vis the SSO (GGPSSO 9.1):

As described on website

7.5 Please provide a copy of the clauses in the storage code/contract referring to or addressing secondary storage capacity trading explicitly (relating to GGPSSO 9.1):

Statement extracted from website;
 TPA customers are entitled to exchange inventory and to trade capacity, repackaged as they wish, although original obligations to the holders of the Alkmaar Gas Storage Licence remain intact.

Appendix

Definitions

Available storage capacity means the part of the technical storage capacity that is not contracted or held by storage users at that moment and still available to the storage users for firm and interruptible services, and is not excluded from TPA under Article 2(9) of the Gas Directive (Definition 1 of the GGPSSO)

Storage capacity is space (expressed in normal cubic meters or energy), injectability and deliverability (expressed in normal cubic meters or energy per time unit). All of them can be firm or interruptible (Definition 17 of the GGPSSO)

Storage facility means a facility used for the stocking of natural gas and owned and/or operated by a natural gas undertaking, including the part of LNG facilities used for storage but excluding the portion used for production operations, and excluding facilities reserved exclusively for transmission system operators in carrying out their functions (Definition 18 of the GGPSSO)

Technical storage capacity is the maximum storage capacity (injectability, deliverability and space) that the SSO can offer to storage users, excluding storage capacity for SSOs operational needs