



ENTSOG Draft Network Code on Interoperability and Data Exchange Rules Public Consultation Questionnaire; GEODE advises on further action

GEODE, the Association of the Independent European Distribution System Operators, actively participated in the consultation of ENTSOG's draft Network Code on Interoperability and Data Exchange (*NC INT*) during the last months. In this context, **data exchange** turned out to be the **key issue for Distribution System Operators**. Regulation of data exchange will establish a 'common data exchange solution' for communication between TSOs as well as between TSOs and their counterparties.

As expected, the serious possibility exists that the NC INT will cover data exchange of DSOs, which will bring along new data formats and transport protocols. TSOs are obliged to implement the 'common data exchange solution' set out by ENTSOG within twelve month after entry into force of the NC INT. However, their data exchange with DSOs does not concern cross-border issues. This is especially important for exchange of information in relation to balancing which is subject to an already adopted Network Code by ENTSOG.

ENTSOG, the European Network of Transmission System Operators, developed its draft NC INT on behalf of the Agency for the Cooperation of Energy Regulators (ACER) which on the other hand was authorised by the European Commission (EC). On 20th March 2013, ENTSOG hosted a consultation workshop in Brussels on this topic, which GEODE attended as a precautionary measure. GEODE presented DSO's perspective on the topic already during that workshop. While ENTSOG – despite what they claim – mainly represents the interests of TSOs (their members), at this point of the process, stakeholders are called to submit statements regarding their interests.

Against this background, GEODE is expected to make at least a statement on behalf of its members. Additionally, **GEODE kindly requests its members to support this process** by submitting own statements to ENTSOG to demonstrate the relevance of the topic.

The **consultation process about the NC INT will end on 26 April 2013, at 17:00 UTC** (deadline). Until then, all interested parties are requested to submit their view on the draft NC INT presented by ENTSOG; stakeholders are called to give their feedback by filling in an online form. To attach sufficient importance to their legitimate matters, DSOs should preferably fill in the questionnaire themselves while GEODE will respond at the same time in the name of the association. You can answer questions only with



“Yes” or “No” or you can provide further statements in text form. Please find ENTSOG’s online form below.

http://www.surveymonkey.com/s/ENTSOG_DRAFT_INTNC_PUBLIC_CONSULTATION

Panos Panousos, Business Area Manager of ENTSOG, clarified on request that submitters do not have to answer the full questionnaire; to participate in the consultation process it is held **sufficient to answer those questions concerning the interests of particular stakeholders**. Any further questions regarding the draft Network Code or the Supporting Document can be sent to interoperability@entsog.eu. Besides, ENTSOG asks respondents to

- consider fully the draft Network Code, the Supporting Document for Public Consultation and the materials from the Stakeholder Joint Working Sessions (SJWSs);
- provide responses that are as focused and succinct as possible;
- provide full reasoning and supporting quantitative and/or qualitative evidence (where available) for responses; and
- copy the original text of the draft Network Code and indicate / describe relevant changes.

You can find the above mentioned documents and material online at ENTSOG’s website at:

<http://www.entsog.eu/publications/interoperability>

In the following you may find GEODE’s **draft response to the online questionnaire** which we will – subject to your approval – submit to ENTSOG before deadline. To express DSO’s voice in detail GEODE will send the document as a written statement to ENTSOG, too. At the same time GEODE’s answers might be helpful for the answers you will give on your own.



Draft and recommendation for Public Consultation Questionnaire

Legend: *italic*: textual amendments
~~strike through~~: to be removed from regulation
[-] / [+]: text fragment relocated

1. Contact Details

Please fill in your company's contact details here; GEODE will submit their response proposed herein indicating that it is an association.

GENERAL PROVISIONS

2. Do you agree with ENTSOG's proposal for General Provisions?

- Yes.
 Yes, but with minor refinements.
 No.

a) General Remarks

ACER's framework guidelines call for cooperation between transmission network operators and "stakeholders, including distribution system operators." Having DSOs identified as potential stakeholders, their role within NC INT stays insufficient and unclear. This especially applies to the scope of the 'common data exchange solution' (Art. 22 NC INT).

GEODE would like to point out that for the matter of regulation DSOs and TSOs by no means are comparable to each other, especially regarding IT-related solutions. Network operators differ in their field of duties as well as in their relevance to the common market; while TSOs necessarily constitute an integral part in the functioning of the European wholesale market, DSOs' role is limited to their predefined local relevance. At the same time DSOs in their absolute number (2200+ across Europe) are a multiple of the number of TSOs (ENTSOG counts 41 members and 7 non-members currently).

Market integration has a major impact on DSOs which in case of topics like data exchange are not compensated by the pursued goal. Even if provisions of the NC INT lead to an additional data exchange solution, GEODE expects attempts of obligated parties for one single European-wide solution in the end.



b) Considerations (previous to Art. 1)

Considerations are lacking constraints provided by Art. 8.6 (preliminaries) and by Art. 8.7 of Regulation (EC) No. 715/2009. Add to considerations:

“(3a) This Regulation is developed for cross-border network issues and market integration issues and shall be without prejudice to the Member States’ right to establish national network codes which do not affect cross-border trade, taking into account, if appropriate, regional special characteristics. “

c) Subject matter (Art. 1)

Subject shall be included in given legal framework:

“1. This Regulation establishes a network code which sets out provisions regarding interoperability between transmission networks and data exchange rules to apply to communication between transmission system operators and ~~where applicable~~ between a transmission system operator and other counterparties *for the purpose of cross-border trade.*

2. In the event of any conflict or inconsistency between the provisions of this Regulation and any provisions [+set out in another regulation] ~~related to and affecting~~ interoperability and data exchange [-] *as covered by this Regulation*, the terms of this Regulation shall prevail. “

d) Scope (Art. 2)

Especially terms of data exchange set out by this Regulation can interfere with coverage of another Network Code whenever its scope is beyond interconnection points. To clarify that exchange of information governed by other regulations in a well-balanced manner is not overruled by this Regulation, add new paragraph after clause No. 1:

“1a. In case market integration issues demand regulation of other parties than those subject to Regulation (EC) No. 715/2009 this Regulation will be without any precedence. Terms established by other Network Codes prevail wherever they are more specific particularly in means of scope, supervision by competent national regulatory authority, applicable law as well as National Rules or other (regional) special characteristics. “



DISPUTE RESOLUTION

3. Do you agree with ENTSOG's proposal for Dispute Resolution?

- Yes.
 Yes, but with minor refinements.
 No.

Regulation is limited to “adjacent transmission system operators” formally. Therefore, GEODE does not expect it to have an impact on DSOs.

FINAL PROVISIONS

4. Do you agree with ENTSOG's proposal for Final Provisions?

- Yes.
 Yes, but with minor refinements.
 No.

Implementation (Art. 29)

Counterparties depending on previous efforts of transmission system operators need predictability and legal certainty. Therefore, a step-by-step assignment and clear accountability should be established:

“2. As soon as reasonably practicable after the entry into force of this Regulation, each transmission system operator shall inform the concerned counterparties of its provisions *and implementation schedule* in order for the concerned such counterparties to consider the possible consequences on their activities and to enable them to adapt their practices ~~as necessary~~ *to those implemented due to this Regulation. Each party takes into account that implementation efforts of counterparties may differ depending on regional or otherwise special characteristics; implementation schedules shall be reasonable.*”

INTERCONNECTION AGREEMENTS

Scope of Article 4 ff. NC INT does probably not concern DSOs. It may concern network users though.



UNITS

In contrast to e.g. the 'common data exchange solution' (Art. 22 NC INT), chapter III explicitly allows for diversity of systems. Notwithstanding a 'common set of units' as set out in Art. 13 and Art. 14 NC INT, further use of other respectively 'additional' units will be preserved.

Structure of Art. 15 NC INT may serve as a pattern for chapters like data exchange.

GAS QUALITY

23. Do you agree with the proposed process and timeline for transmission system operators to handle possible physical flow barriers due to difference in gas quality specifications?

- Yes.
- Yes, but with minor refinements.
- No.

24. Do you agree with the proposed way of early involvement of national regulatory authorities in the process?

- Yes.
- Yes, but with minor refinements.
- No.

25. Do you agree with the proposal of Regulation to define minimum list of requirements for short term monitoring at EU level and shift the selection process of eligible users at the national level?

- Yes.
- Yes, but with minor refinements.
- No.

Short term monitoring on gas quality variation information exchange (Art. 19)

Possession of information leads to an expectable demand of other market participants. Whenever DSOs are deemed as 'eligible' to receive information, which GEODE generally supports, liability of DSOs should be restricted to the conditions of receiving. Otherwise duties arising out of the NC INT are de facto shifted to non-regulated subjects.



“3. Such information shall be provided on an indicative basis *and for internal use of ‘eligible’ parties* only, without any warranty given by the transmission system operator for any consequential loss or damage related to the use of this information. *Any transfer of information to third parties shall take place under those restrictions.*”

26. Would you find it useful to have access to real time information on WI and GCV on IPs?

- Yes.
- Yes, but with minor refinements.
- No.

27. Do you agree with the proposal of defining a stand-alone gas quality outlook, based on flow pattern scenario used by ENTSOG in TYNDP-process?

- Yes.
- Yes, but with minor refinements.
- No.

28. Do you agree that the report should focus on Wobbe index changes?

- Yes.
- Yes, but with minor refinements.
- No.

29. Do you find it useful to produce a long term gas quality outlook?

- Yes.
- Yes, but with minor refinements.
- No.

ODOURISATION

Even though odourisation may be an issue for those DSOs situated in member states where odourisation does not take place at the city or regional gate (i.e. at national borders), GEODE could not identify any affected member of the association at the time of writing.



Data Exchange

32. Do you agree with the proposed rules for data exchange in the Regulation?

- Yes.
 Yes, but with minor refinements.
 No.

a) Abstract

In its statement of 20th March 2013 GEODE already emphasized their view on the provisions on data exchange as set out by the NC INT. The legal framework of Regulation (EC) No. 715/2009 does not incorporate data exchange of DSOs since it is neither relevant for cross-border trading nor is it a valid market integration issue.

Besides, GEODE misses positive effects in the European harmonisation of data exchange beyond interconnection points. From the macro-economic perspective, harmonisation would lead to a replacement of existing and functioning data exchange solutions without benefit to the general objective; the other way round, harmonisation in the sense of full market integration would undermine the Member State's right to establish national network codes which do not affect cross-border trade. Existing solutions may cover special regional characteristics.

Additionally, provisions of the NC INT do not set out appropriate requirements for the implementation of data exchange rules by 2200+ DSOs across Europe. Those requirements differ largely from those of 41 TSOs. In general, data exchange is highly critical to all network operators but the impact of changes on DSOs is different from the impact thereof on TSOs which are usually involved in gas transport only whereas many DSOs run networks for gas and electricity, too. Efficiency requires convergence especially in IT solutions. Due to their size, DSOs usually don't operate their own IT development department. Thus, they rely on external services and those service providers normally serve more than one client. As a result new solutions have to be rolled out to many operators and have to be integrated into several different environments in a timely manner.

After all, GEODE regrets that the consultation process could not sufficiently clarify the question of applicability of the 'common data exchange solution' to DSOs. It is crucial for DSOs to know at least whether they are subject to it or not. If ENTSOG considers the 'common data exchange solution' as an addition to existing solutions, that should be taken into account in the provisions of the NC INT.



b) Legal framework (Art. 22 NC INT)

The scope of Art. 22ff. NC INT matters to DSOs since applicability to DSOs is not necessary for the functioning of the single European wholesale market as it is endeavoured by Regulation (EC) No. 715/2009.

To include the purpose of data exchange into general provisions, GEODE recommends modifying Art. 22 NC INT as follows, whereas the term 'interconnection point' refers to Art. 3 lit. i) NC INT:

“1. The appropriate degree of harmonisation of data exchange to support the completion and functioning of the European internal gas market, security of supply and appropriate access to the relevant information is to be set forth for the exchange of data and communication among transmission system operators as well as for the exchange of data and communication between a transmission system operator and his counterparties *at interconnection points.*”

Although there are putatively similar processes among TSOs as well as between DSOs and TSO, which are backed by electronic exchange of information (like balancing), in fact, they are treated differently as you may see in other regulations set out by ENTSOG (like Art. 43 NC Balancing). Therefore, the role of DSOs should be adjusted within general provisions:

“2. The common data exchange solutions foreseen under this Regulation cover all electronic exchanges of data arising from Regulation (EC) No. 715/2009 and regulations to supplement it. *The common data exchange solution does not apply to information exchange with downstream network operators of transmission system operators.* “

ENTSOG emphasized during the consultation workshop on 20th March 2013 that the 'common data exchange solution' will be an addition to existing solutions. This should be reflected in Art. 22 NC INT:

“3. ENTSOG shall coordinate and facilitate the implementation of the common data exchange solutions ~~foreseen under this Article~~ *for communication at interconnection points* and related data formats foreseen for the business processes as further detailed under this Chapter. *Implementation must not take effect to existing solutions implemented due to provisions in national network codes or implemented under supervision of competent national regulatory authorities which do not affect cross-border trade.*”



c) Implementation (Art. 25 NC INT)

The effects of the implementation schedule highly depend on the scope of data exchange within the NC INT. In case communication between TSO and DSO is subject to the 'common data exchange solution' the prolonged implementation schedule should regard regional special characteristics.

"2. Where data exchange solutions between counterparties and transmission system operators are in place at the coming into force of the Regulation and provided that the existing communication solutions are compatible with the business requirements set forth for the regulations developed under Regulation (EC) No. 715/2009, a different implementation schedule can be agreed between the transmission system operator and the concerned counterparties *or constituted by the competent national regulatory authority.* "

Additionally, the implementation depends on the development process set out in Art. 27 NC INT. Therefore, GEODE recommends adding a new paragraph to Art. 25 NC INT:

"2a. In case initial or newly added data exchange rules replace existing solutions or require technology subject to further development, concerned counterparties are entitled to a different implementation schedule which starts earliest after fully implementation of new technology among transmission system operators and grants those parties a reasonable amount of time for technology evolution. "

d) Technology evolution (Art. 26 NC INT)

Cooperation between TSOs represented by ENTSOG and concerned counterparties of data exchange needs to be ensured for the future.

"3. Where a change to the common data exchange solutions is considered necessary following the procedure foreseen under paragraph 2 of this Article, ENTSOG shall submit a proposal to ACER *after identifying stakeholders and consulting concerned counterparties.* "

e) IT specific requirements; development process (Art. 27 NC INT)

In the recent past DSOs could gather a lot of experience with adaption of data exchange rules. There are already existing and functioning systems in the different member states. Also joint measures between IT service providers, DSOs and competent national regulatory authorities have been taken to enhance implementation of necessary IT updates and to avoid common problems which occur in those undertakings regularly.



ENTSOG should respect commonly known principles of software development whenever changes are made:

“2a. ENTSOG will take into account commonly known principles of software development and deployment. “

In this context GEODE would like to highlight some best practices which were identified upon consultation of IT service providers for distribution networks. The following considerations regard data exchange solutions and have proven their value according to those companies:

- Data exchange rules are changing frequently (more than once a year) to adapt newly identified issues in business rules. Whenever business processes changed, adjustments in data exchange were caused. Even if changes do not apply to all operators for reasons of standardisation, all DSOs are affected. Small changes may result to fundamental adjustments in IT.
- Changes need to be known in detail before development processes can start. Implementation schedules need to foresee that new technology has to be tested before rollout. IT developers take it as desirable to have the possibility to test against a reference installation which does not have effects to the real world.
- To avoid ambiguity between historical and prevailing rules, fixed terms for entry into force of changes should be defined in advanced (for example 1st October and 1st April of every year). Minimum leap time for changes can be adjusted to those fixed dates.
- If convergence of IT between gas and electricity sectors cannot be achieved, there are still overlaps which could be made use of during development processes anyway. One company proposed to use ‘common components’ in those cases, as it is the case in data exchange for electricity in some areas.
- Document-based data exchange has advantages over other methods regarding legal certainty, archiving issues and the possibility to debug. Additional channels for communication may not lead to closing established systems.
- One common source of problems lies in interference with other software used by DSOs. While TSOs may develop individual solutions, it is essential for DSOs to use standardised products. To incorporate new solutions with existing solutions additional time for testing is needed.



33. Do you agree with the approach of the initial assessment to define the data exchange solution?

- Yes.
 Yes, but with minor refinements.
 No.

While GEODE in principle welcomes ENTSOG's effort to consider new technologies, it is still important for DSOs to be able to quantify the impact of future developments.

One disadvantage may be that ENTSOG will create today a statutory source for future regulation without enabling concerned stakeholders to estimate the impacts properly by now.

Besides, GEODE refers to the preliminary statement on ENTSOG's cost benefit analysis in this context.

34. The following responses are confidential - please indicate if true:

	Yes	No
Q2/ Do you agree with ENTSOG's proposal for General Provisions?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Q3/ Do you agree with ENTSOG's proposal for Dispute Resolution?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Q4/ Do you agree with ENTSOG's proposal for Final Provisions?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Q23/ Do you agree with the proposed process and timeline for transmission system operators to handle possible physical flow barriers due to difference in gas quality specifications?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Q24/ Do you agree with the proposed way of early involvement of national regulatory authorities in the process?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Q25/ Do you agree with the proposal of Regulation to define minimum list of requirements for short term monitoring at EU level and shift the selection process of eligible users at the national level?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Q26/ Would you find it useful to have access to real time infor-	<input checked="" type="checkbox"/>	<input type="checkbox"/>



mation on WI and GCV on IPs?

- Q27/ Do you agree with the proposal of defining a stand-alone gas quality outlook, based on flow pattern scenario used by ENTSOG in TYNDP-process?
- Q28/ Do you agree that the report should focus on Wobbe index changes?
- Q29/ Do you find it useful to produce a long term gas quality outlook?
- Q32/ Do you agree with the proposed rules for data exchange in the Regulation?
- Q33/ Do you agree with the approach of the Initial assessment to define the data exchange solution?