

Market information regarding VIP-implementation

(30 May 2018)

Article 19 Paragraph 9 of the Regulation (EU) 2017/459 (NC CAM) foresees the establishment of virtual interconnection points (VIP). The concerned German Transmission System Operators (TSOs) have informed market participants on 1 March 2018 on the intermediate status of implementation as well as on the discussions with the regulatory authorities on European and national level. Today, we would like to inform you about the current status of the implementation of VIPs (30 May 2018).

The TSOs in Germany have jointly agreed on the “dual system” model for the VIP-implementation (see market information regarding VIP-implementation from 1 March 2018: implementation form 1).

However, it needs to be considered that ENTSOG and ACER are still following the process being started via the Gas Network Codes Functionality Platform (www.gasncfunc.eu) inter alia to resolve ambiguities regarding Art. 19 paragraph 9 of NC CAM. In case there are signs for concrete changes of the requirements to establish VIPs before the planned implementation date of VIPs the German TSOs may still adapt the implementation. Independent of the ongoing FUNC-Process the Federal Network Agency (Bundesnetzagentur) sees the requirement to establish VIPs on the basis of the Art. 19 paragraph 9 NC CAM which is currently in force.

The TSOs strive to establish VIPs by 1 November 2018. The companies are working hard to implement VIPs in their IT-systems. However, due to the complexity of the affected IT-systems as well as the respective processes the companies are currently not able to confirm the date of implementation in a binding form.

The TSOs responsible for each VIP will inform the market on a continuous basis on the implementation status at the respective VIP.

Which VIPs are planned to be established on 1 November 2018 and who will be the VIP-TSO on each VIP?

GASPOOL

VIP	“VIP-TSO”	Concerned TSOs per VIP	Relevant IPs
NetConnect Germany (L)	NOWEGA	NOWEGA GUD	Zone OGE L, Ahlten, Steinbrink
Poland E-Gas (Transmission)	ONTRAS	ONTRAS	Lasow, Kamminke, Gubin (IP’s already virtualised since 01/04/2016 to GCP GAZ-SYSTEM/ONTRAS)

VIP	“VIP-TSO”	Concerned TSOs per VIP	Relevant IPs
Czech Republic	GASCADE	GASCADE ONTRAS OGT	Olbernhau II, Brandov-STE GAL, Deutschneudorf, Brandov OPAL (only interruptible capacity)

NCG

VIP	“VIP-TSO”	Concerned TSOs per VIP	Relevant IPs
GASPOOL (L)	OGE	OGE	Zone GUD L, Ahlten, Steinbrink
Belgium	In negotiation	Fluxys TENP OGE TG	Eynatten-Raeren, Eynatten, Lichtenbusch
France	GRTgaz D	GRTgaz D OGE	Medelsheim (GRTgaz D) Medelsheim (OGE)
Switzerland	In negotiation	Fluxys TENP OGE	Wallbach (Fluxys TENP) Wallbach (OGE)
Czech Republic	OGE	GRTgaz D OGE	Waidhaus (GRTgaz D) Waidhaus (OGE)

At which borders no establishment of VIPs is (currently) foreseen?

VIP	Concerned TSOs per VIP	Relevant IPs
GASPOOL: NetConnect Germany (H)	Fluxys DE GASCADE GUD ONTRAS	Gernsheim, Lampertheim IV, Broichweiden Süd, Emsbüren Berge, Kienbaum, Steinitz, Drohne NOWAL, Achim II, Bunder Tief, Wardenburg, Vitzeroda MÜP, Zone OGE/GASCADE
NetConnect Germany: GASPOOL (H)	GRTgaz D OGE TG tnbw	Gernsheim, Lampertheim IV, Broichweiden Süd, Emsbüren Berge, Kienbaum, Steinitz, Drohne NOWAL, Achim II, Bunder Tief, Wardenburg, Vitzeroda MÜP, Zone OGE/GASCADE

Background: The establishment of a VIP at the border between GASPOOL and NetConnect Germany would lead to a capacity reduction. This is due to a problem of aggregating unbundled capacities at the VIP. According to Art. 19 paragraph 9 sentence 3 lit. a) NC CAM a VIP must not be established in that case. An alternative introduction of multiple VIPs is hindered by Art. 19 paragraph 9 sentence 3 lit. a) of NC CAM. In light of the merger of the German market areas by 1 April 2022 and given the substantial complexity as well as the relatively short time span for which such inner-German VIPs (H-Gas) would have to be established), the facilitation of the economic and efficient use of the system required by Art. 19 paragraph 9 sentence 3 lit. b) NC CAM would not be achieved.

VIP	Concerned TSOs per VIP	Relevant IPs
Austria	GRTgaz D OGE bn	Oberkappel (OGE), Oberkappel (GRTgaz D), Überackern (OGE), Überackern (bn), Überackern 2 (bn)

Background: The establishment of a VIP at the border between NCG and Austria would lead to a capacity reduction. The current technical situation with the gas pipeline system in the Überackern area, especially with the PENTA West pipeline, would lead to a restriction in possible assignments of firm capacity on the Austrian side (GCA) to available interconnection points in Germany in case of the implementation of a virtual interconnection point (VIP) as compared to the present capacity allocation. After consultation with the regulatory authorities in Germany (BNetzA) and Austria (E-Control), the exemption according to Art. 19.9 (a) NC CAM applies for such a VIP regarding capacity reduction. Therefore, no VIP including Überackern/Überackern 2 is to be implemented. An alternative introduction of a partial VIP is hindered by Art. 19 paragraph 9 sentence 3 and lit. a) of NC CAM.

VIP	Concerned TSOs per VIP	Relevant IPs
GASPOOL: Netherlands (H)	GASCADE GUD	Oude Statenzijl (H), Bunde
NetConnect Germany: Netherlands (H)	Fluxys TENP OGE TG	Bocholtz (Fluxys TENP), Bocholtz (OGE), Oude Statenzijl, Bocholtz-Vetschau
GASPOOL: Netherlands (L)	GTG GUD	Oude Statenzijl (L) (GTG), Oude Statenzijl (L) (GUD)
NetConnect Germany: Netherlands (L)	OGE TG	Elten, Vreden, Tegelen, Haanrade, Zevenaar

Background: The Dutch TSO Gasunie Transport Services (GTS) - in coordination with the Dutch regulatory authority ACM – has decided to postpone VIP-implementation until the regulatory framework conditions are clarified and has initiated such a clarification via the Gas Network Codes Functionality Platform (www.gasncfunc.eu). ACER and ENTSOG are currently still following this process inter alia to resolve ambiguities regarding Art. 19 paragraph 9 of NC CAM. This process is still ongoing.

What does the „dual system“ contain in detail?

The main details of the „dual system“- which have been agreed with the Bundesnetzagentur - are listed in the following:

Basic model:

- Establishment of a VIP in addition to the existing IP
- Contracts that exist on 1 November 2018 (existing contracts) remain at the IP. An option to transfer these contracts to the VIPs is not foreseen.

Capacities:

- The technical capacity at the IP corresponds to the level of the capacity which is contained in existing contracts. After the end of a contract the capacity becomes available and is marketed at the VIP.
- The technical capacity of the VIP consists of the available capacities of the IPs constituting the respective VIP.

Process for existing contracts:

- Nominations for existing contracts take place at the IP, Nominations for new contracts at the VIP
- CMP-Measures:
 - Capacity surrendered from existing contracts is remarketed at the VIP
 - Long Term UIOLI: Identification of the congestion will consider all relevant points, identification of use and withdrawal per IP, marketing of withdrawn capacity at the VIP
 - Short Term UIOLI: Identification of the limits for application and renomination per IP, marketing of capacities made available at the VIP
 - Secondary marketing of existing contracts takes place at the IP

Nomination management / Matching:

- Contractual verification of nominations at each IP and at the VIP
 - Afterwards aggregation of received nominations per border
- Aggregated nominations are transmitted to the adjacent TSOs for the matching
- Over-nomination:
 - Balancing group managers can only over-nominate at the VIP
 - Over-nomination at the IP is excluded as all available capacity is marketed at the VIP
 - The complete booking of the VIP capacities is the condition for allowing over-nominations at the VIP

Capacity Conversion:

- „Bundling Conversion“ (NC CAM):
 - Converting an unbundled existing contract at the IP is only possible by booking bundled capacity at the IP until 1 November 2018
 - Unbundled IP-capacities cannot be converted anymore after 1 November 2018
- „Upgrade Conversion“ (GasNZV):
 - Conversion of existing contracts for interruptible capacity or firm capacities with interruptible elements at the IP to firm capacities or firm capacity products with less interruptible elements are only possible by booking such capacities (according to TSO

specific product ranking) at the IP until 1 November 2018. After 1 November 2018, an upgrade at the IP is not possible anymore.

How will the VIP tariffs be calculated?

- Calculation of VIP tariffs follows the same principles as the calculation of IP-tariffs
- VIP tariff calculation according to Art. 22 Regulation (EU) No. 2017/460 (NC TAR):
 1. Jointly performed forecast of contracted capacity per VIP of all concerned TSO
 2. Allocation of forecasted contracted capacity to respective TSOs via a predefined key (for example assigned technical capacity)
 3. Individual tariff calculation per TSO (also taking into account allocated share of contracted capacity forecast on the VIP)
 4. VIP tariff:

$$\frac{\sum_{i=1}^n (\text{IP-tariff of } TSO_i \times \text{allocated share of contracted capacity forecast of } TSO_i)}{\sum \text{total VIP contracted capacity forecast}}$$

Way forward

The TSOs responsible for each VIP will inform the market on a continuous basis on the implementation status at the respective VIP.