

## Call for interest (CFI) on a tender for Load Flow Commitments (LFCs) for GTS border points

As of February 2014 GTS will apply Oversubscription and Buy back (as referred to in article 2.2.2 of Annex 1 to Regulation 715/2009) as the preferred mechanism to solve contractual congestion. GTS will offer additional firm capacity on top the technical capacity at the congested interconnection points (IPs). This will be done on a daily and on a monthly basis via the Prisma primary capacity platform. The IPs of interest are (current status) the GTS border exit points Bocholtz, 'sGravenvoeren, Zelzate, Julianadorp (all H-gas) and Hilvarenbeek (L-gas).

By offering additional capacity the situation may occur that GTS will not be able to physically transport all the nominated quantities. GTS is developing solutions for solving this physical congestion, and one solution is to have upfront agreements between GTS and shippers in order to reduce the physical flow. When GTS foresees that physical congestion will occur, GTS will decide which solution to use based on operational and economical criteria.

In this CFI we describe the measure for an upfront agreement, with the intention to receive information from shippers on the viability of such a service.

GTS intends to contract these LFCs for periods of a month at any IP/IP cluster where GTS will offer additional capacity. Via such contracts GTS agrees with shippers that GTS can request the shipper to (re)nominate in a way that will reduce the physical congestion at the IP/IP cluster.

GTS will tender for each IP where additional capacity is to be offered, separately. In each tender GTS intends to define (for each contract):

- The month for which the contract will be valid
- The IP/IP cluster where the LFC is required
- The direction (entry or exit GTS) in which a flow reduction is required
- The estimated required capacity in kWh/h
- The maximum duration of a GTS call for (re-)nomination
- The maximum number of calls for (re-)nomination per month

The bid from the shipper will then consist of:

- The offered capacity in kWh/h and the pricing mechanism, being
  - o a fixed capacity related charge in €/kWh/h in combination with a fixed commodity related charge (€/kWh) or
  - o a fixed capacity related charge in €/kWh/h in combination with a variable commodity related charge (€/kWh), the latter being the actual price difference between the relevant cross border hubs. This price difference will be based on the actual indexed hub prices during the period of buy back.

In order to evaluate the bids, the bids will be listed in a Merit Order List. Capacity and commodity prices will be weighted and assumptions will be made with regard to volume and hub price difference. All conditions and assumptions relevant for tendering will be made public prior to any tender.

### **Operational aspects**

- In order to reduce the physical flow either a forward flow nomination should be reduced or a counter flow nomination must be increased.

- For reduction of a forward flow nomination only shippers having a forward transport contract can participate
- To facilitate a counter nomination GTS can provide a backhaul transport contract at the time of awarding of the service (it is not required for a shipper to have such a contract beforehand). GTS will not provide a counterflow contract in the NNO's grid. It is shippers responsibility to book counter flow transport with the NNO.

The following sequence of actions is relevant in this process of monthly tendering for each IP where GTS offers additional capacity related to Oversubscription and Buy back:

1. 1<sup>st</sup> Monday of each month: Publication of the tender for next month's capacity at the GTS website, including the IP's concerned and per IP a rough estimate of required capacity + direction
2. 3<sup>rd</sup> Monday of each month: Auctioning of capacity according to CAM NC for the next month
3. 3<sup>rd</sup> Tuesday of each month: GTS publishes the totally required LFC capacity for the next month
4. 3<sup>rd</sup> Thursday of each month: Ultimate date for shippers to apply to the LFC tender
5. 3<sup>rd</sup> Friday of each month: Finish contracting based on all the received bids

The capacity related charge will be paid by GTS, regardless whether the contract was used or not.

#### **Next steps**

After incorporating response and information from shippers towards this CFI, GTS will develop a contractual framework including general terms and conditions for the LFCs. Via the contractual framework GTS will define an annual setting for tendering LFCs on a monthly basis. If shippers are interested in participating in future tenders they must apply by subscribing to the annual framework. The monthly tenders will then take place via an e-sourcing platform for the shippers that have subscribed.

#### **Information requested by GTS**

Shippers are requested to respond to this CFI. GTS is very interested in your opinion on the tender set-up as described above. Furthermore GTS would like to know whether you as a shipper are interested in participating in such as tender and if so, for how much capacity, at which IP's and which pricing mechanism you prefer.

Finally GTS is interested in an indicative price or a price range. For the latter you can assume a frequency of calling this service by GTS 2 times a month, each during 10 hours in a winter month.

#### **Response**

Please send your response to [EnergyProcurement@gasunie.nl](mailto:EnergyProcurement@gasunie.nl) ultimately 6 January 2014.

#### **Disclaimer**

This CFI is for information purposes only. GTS is in no respect obliged to follow the outcome of this CFI in setting up the actual tender process.