

Summary Cost-Benefit-Analysis

1. Introduction and process

Art 38 Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks (“BAL NC”) obliges Transmission Network Operators (“TSOs”) to assess the costs and benefits including a breakdown of costs and benefits among the categories of affected parties concerning the provided information and by

- a) increasing the frequency of information provision to network users¹;
- b) reducing the related timelines of information provision;
- c) improving the accuracy of the information provided.

First, the Austrian TSOs (Gas Connect Austria GmbH and Trans Austria Gasleitung GmbH) raised all balancing data, which are provided to customers and prepared a questionnaire. Those documents were coordinated with the Market Area Manager for the Market Area East, AGGM Austrian Gas Grid Management AG (“AGGM”). The evaluation of the returned responses was the basis for the consultation results. On this basis, the national regulatory authority shall decide on any relevant changes of information provision.

The consultation took place from October 9th to November 3rd 2017. Addressees, who were contacted by both TSOs, were the active Balance Group Responsibles (“BGRs”) of the Market Area East (approximately 100).

2. Results

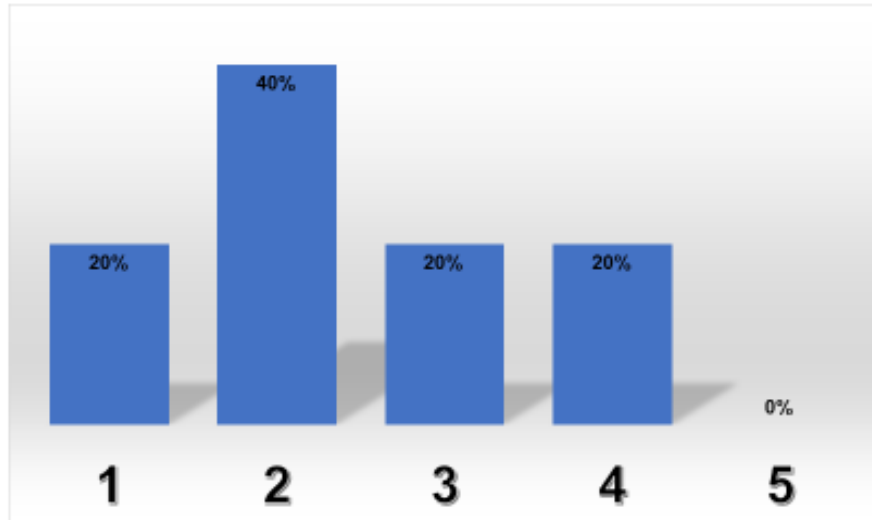
2.1 Costs and Benefits of Addressees:

The total **response rate was 6**, from which 5 used the questionnaire for their answer and 1 participant declared his general satisfaction with the information provision. The TSOs made a common evaluation. The results can be summarized as follows:

- more than **90 addressees did not make use of their possibility to emphasize their wishes for any changes** concerning information provision. Therefore **any benefits or costs of those cannot be assumed**. The low participation gives the impression that BRPs **seem to be satisfied**, we assume that otherwise they would have participated.
- **1 addressee is very satisfied** with the provided information as it is, but mentions that the status quo even **over fulfills his personal requirements**.
- **5 addressees** made **specifications** by answering (mostly) the questions of the questionnaire and the **results of those 5 answers (= 100%)** are the following ones:

¹ According to the Austrian Market Model, network users shall be deemed to be balance group responsibles (“BGRs”) within the scope of the BAL NC.

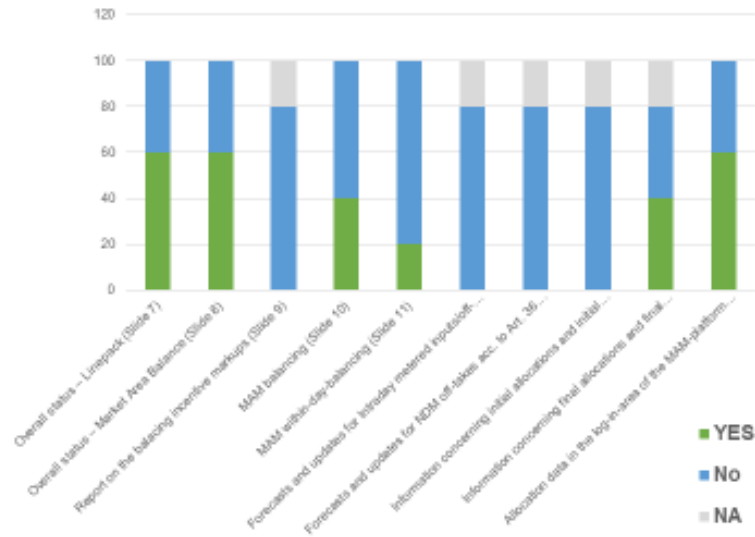
How useful is the provided information?



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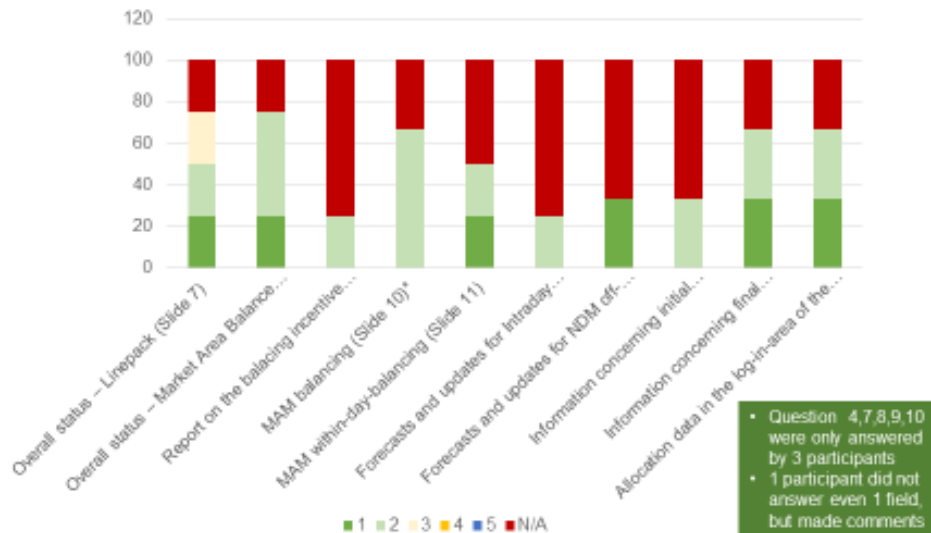
Do you make use of the provided information?



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On a scale of 1 to 5 (1 = very satisfied, 5 = not satisfied), how satisfied are you with the presentation of the provided information? (1)



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Do you have suggestions for necessary improvements?

– Wish for *“Implementation of an automatic E-Mail delivery”* concerning

- Overall status – Market Area Balance
- MAM balancing
- Allocation data in the log-in-area of the MAM-Platform

– Wish for *“reliability and consistency”*

- ... of data concerning „information concerning initial allocations and initial imbalances acc. to Art 37 (Slide 16)
- ... of data concerning „information concerning final allocations and final imbalances acc. to Art 37 (Slide 16)

– *Provision of within-day-data concerning „allocation data in the log-in-area of the MAM-platform (Slide 17)*

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Is there a need for any other information?



1 participant with "Yes" as
*"final Imbalance during the
day 'D' (not only 'D-1")*

No further costs in that case,
but additional benefits of
estimated *"up to 50k€ p.a."*

Is there a need for a higher frequency concerning provided information?



1 participant with "Yes":

- Report on the balancing incentive markups (Slide 9): *"? 1/year?"*
- Information concerning final allocations and final imbalances acc. to Art 37 (Slide 16): *"2x (intraday)" – "costs: 0"*
- Allocation data in the log-in-area of the MAM-platform (Slide 17): *"2x (intraday)" – "costs: 0"*

Is there a need for another timeline concerning the information provision?

No additional comments



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Is there a need for improving accuracy concerning the information provision?

1 participant with "Yes":

- Information concerning final allocations and final imbalances acc. to Art 37 (Slide 16):
"of missing or inconsistent data" – "costs: 0"



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What financial benefits in EUR provide the following measures for you?

- One response included no values, just "x" for all cells concerning "*Status quo as it is*"
- Second response named the following financial benefits:

| Information | Increase of frequency | Accuracy of information provision |
|---|-----------------------|-----------------------------------|
| Information concerning final allocations and final imbalances acc. to Art 37 (Slide 16) | Ca. 10.000 EUR p.a. | Ca 10.000 EUR p.a. |
| Allocation data in the log-in-area of the MAM-platform (Slide 17): | Ca. 10.000 EUR p.a. | ---- |

Any other comments?

- *"The range of activity of our company is focused on VTP trading and retail. Since we have not been nominating on Entry/Exit points on TSO level yet, we cannot provide a robust estimate for cost or benefits relating to the TSO system"*

To sum up, only **one respondent** asked for **small changes** and mentioned **benefits up to 10.000 or 50.000 Euro** (and no costs for the company itself) per year, the **rest of the participants, namely 5,** were in favor of **no changes in relation to the status quo.**

2.2 Costs and Benefits of “information providers”:

As the first part refers to costs and benefits of the information-users, the second main activity was the examination of the costs for the relevant service providers for information provision. For Austria the relevant costs cover the following:

- the Market Area Manager (“MAM”) for the information provision on the MAM-platform
- the Distribution Area Manager (“DAM”) for forecasting and
- the Distribution System Operators (“DSOs”) for providing data for forecasting and allocating.

A harmonization of the cost base between the related parties (MAM, DAM and DSOs) was not possible as different costs and different IT-systems were concerned. It was difficult to define a perfect database for the “relevant costs”. Therefore, an assumption was made, namely to take the investment costs for implementing the data provision status quo. Those “historical costs” are relatively easy to determine (but do not include any costs for personnel, etc.). Unfortunately, this is only the case for the MAM and the DAM costs as those IT-systems were implemented lately in comparison to the DSO-IT-systems.

a. Market Area Manager’s Costs

The MAM-platform started in 2013 and included of a broad range of services for customers from the beginning on. This means that publication of data was only one service, which was implemented. A comprehensive publication development followed in 2015.

In addition, this Cost Benefit Analysis (“CBA”) took the status quo of publications in regard to the necessity of the BAL NC as a basis, which is a small part of all available publications on the MAM platform. The MAM investment costs are therefore an extract of the total costs and refer only to the status quo.

The evaluation brought the following result: the MAM-platform investment costs concerning the status quo publications regarding the BAL NC requirements are **EUR 233.000** (rounded and including costs for the project, development, visualization, interfaces, updates and related systems)

b. Distribution Area Manager’s Costs

The total investment costs for the relevant DAM’s tool concerning the status quo in regard to the necessity of the BAL NC were **EUR 73.000** (rounded and including more or less the so-called “SLP-Prognosetool” or “NDM-Forecast-tool”).

c. Distribution System Operators’ Costs

An initiative with the DSOs was started, but unfortunately, the evaluated costs showed a very different picture of what could be included in the cost base. The range of results is very broadly based and any number would not be representative for this CBA. As the results of the consultation did not show an additional substantial demand, consequently, the analysis concerning DSOs was not continued. However, there are ongoing processes for the optimization of information provision in terms of the constant improvement of the market rules.

3. Conclusion

This leads to the following conclusions:

- The topic “information provision” in Austria did not lead to a broad participation at the CBA-consultation; the response rate was very low. We can only **assume and interpret**, what that may mean:
 - Everybody, who did not communicate his opinion, is satisfied with the status quo.
 - It is too difficult to show costs and benefits of own wishes for changes.
- Due to a lack of information, we cannot answer these questions, but we understand the CBA as a possibility to show at least wishes without answering each single question. As this did not happen, **we assume that the status quo already does meet the requirements of the market participants (except one respondent)**.
- This means that the BGRs do not have any costs (if changes concerning information provision would be implemented). This was even confirmed by one feedback.
- Investment costs for the implementation of the status quo were at least EUR 306.000 from MAM and DAM and costs for DSOs (which simply could not be evaluated) would have to be added.
- Every new requirement and change concerning information provision would cause additional costs and are dependent on the relevant change, but the above-mentioned numbers can serve as a rule.
- The given benefits from one participant were EUR 50.000 p.a. once and EUR 10.000 concerning earlier allocations.
- In general, we did not receive wishes for changes from the 5 participants, only 1 participant asked more or less for “earlier and better” allocation data.
- **The conclusion for us remains, that the market is in general very satisfied, changes based on Art 38 BAL NC are not necessary right now as the costs for the involved parties are much higher than the relevant and evaluated benefits.**
- Finally, the involved MAM/DAM for the Market Area East, AGGM, informed us that a project is ongoing, which final goal is an “information package” as a service to the market. Therefore, AGGM intends to involve the market participants again, if it is required that any other data can be presented on the AGGM-platform. **This could be a possibility to reach a good and transparent result outside the legal requirements of the BAL NC.**

Vienna, 15th January 2018

Gas Connect Austria GmbH

Trans Austria Gasleitung GmbH