

Locational Spread Q&A

Questions asked during Webinars (09/27 and 10/04/2018)

Q1 / What are the penalties for failing to meet nomination deadlines?

If the nomination deadlines are not respected, the penalty formula is as follows (see Appendix 4 of the "locational products" contract):

$$Penalty = Locational\ Margin \cdot Qd + \frac{Dr \cdot 25\% \cdot Average\ Price}{Dj} \cdot Qd$$

With :

Dj : Duration of the gas day covered by the Locational Product, in hours

Dr : Duration of the delay, in hours

Qd : Locational Quantity in Default

A numerical example is available in the presentation "[Locational spread for congestion management](#)" on page 16.

Q2/ How many points are called on each Locational Spread?

The eligible points, for each limit, are reminded in the presentation "[Locational spread for congestion management](#)", page 26, 27 and 28.

Note that the number of points actually called cannot be predicted in advance because it depends on the situation of the network on D-day. It is therefore the list communicated in the consultation email that will be the reference.

Q3/ What is the deadline for signing a contract for locational spreads?

There is no deadline, however, in order to be ready for the launch of the Single Marketplace we recommend that you have the contract signed by mid-October.

If you had not finalized the signature by that date, you could still continue the process, the only issue being that you would not be ready at the beginning of the merger.

Q4/ As a consequence of the merging and the work carried out, do you expect to make more calls to locational spreads than last year?

It is impossible for us to predict the number of calls to the Locational Spread that will be made each year; this depends on the European situation and the supply plans of all shippers.

However, together with the market, this mechanism has been adopted on the basis of scenarios co-constructed with pessimistic assumptions (because it places the network in a tense situation that has never occurred in the past) that result in a limit of 38 days per year being reached.

Q5/ Will you also send an email on D-1 to alert us of the possibility of using the locational spread, as was done last year?

No, there will be no mail sent on D-1, but you have the following options:

- Consult the status of the limits via the "Infovigilance" screen on the [smartGRTgaz website](#)
- Automatically consult the status of limits via the API implemented on [smartGRTgaz](#)

Q6/ Is there any direction in the quantities to be filled in the attachment file of the confirmation email?

Yes, there is a direction that is from the point of view of the TSOs. This one is to be filled in via a scrolling list.

This is the only indication of the direction since the quantities must be entered in absolute value.

Q7/ PEGAS has been migrating to Joule for a few months. What is the name of the product to configure on the new platform to see locational spread?

Powernext has made available a 'Customer Information' about the impact of the merger. We invite you to consult it directly on their website: <https://www.powernext.com/documentation>

Q8/ It is clear that there is a time constraint on nomination. As such, shouldn't the call be made in MWh/h at the beginning?

The priority for November 1st was the implementation of a simple and functional solution, so this functionality has not been retained.

This is still under study and will have to be discussed again with the market, taking into account the feedback from the first Locational Spreads as well as the feedback from the technical feasibility analysis.

Q9/ Who do I contact to sign the new contract?

You can get in touch with your interlocutor at GRTgaz or, if not, use the generic address acces-reseau-accueil@grtgaz.com

Q10/ Where can I download the Excel file for the response to the Locational Spread

The Excel file for the response to the Locational Spread will be sent in each call for tenders email. You can obtain an example on the GRTgaz.com website in [the transmission toolbox](#):

Q11/ To which license do you refer in the eligibility conditions?

To the natural gas supply authorisation issued by the Ministry of Ecology, i.e. the same as the one required to sign a transmission contract with GRTgaz.

Q12/ Is it relevant to call the product 'Locational Spread' and not 'Locational Products' since it is not always about Spread?

Indeed the product is one or many Locational products. The Locational Spread is the name of the mechanism triggered in case of congestion that relies on these products. Here the objective of the webinar was to focus on this particular case.

Q13/ Do I also have to sign a contract with Teréga to have access to all the locational products?

It is strongly recommended to sign a contract with each TSO for which the supplier has capacities. This does not condition his right to answer TSO calls but defines the points on which he will be able to answer. He will therefore have more flexibility and be more competitive if he has signed with the 2 TSOs.

Q14/ What is the difference between a Locational Spread and a Flow commitment?

The flow commitment is a late winter reserve mechanism, triggered a priori, in the event of a risk of a shortage of gas in stocks downstream of the limits. It is triggered by a tool to monitor these downstream stocks according to different consumption scenarios and critical flows. It corresponds to a commitment of input flows on the network downstream of the limits for a given period (1 week to 1 month). In the case of North>South risk, the Flow Commitment would be triggered in Fos and Pirineos, or even in Montoir.

The Locational Spread is a daily mechanism triggered in intra-D in the event of proven congestion in order to reduce this congestion.

Q15/ If we have an IT problem and cannot rename in time, can we send you the nomination by email?

No, this solution is not possible in case of a problem with your information system. Indeed, in addition to Edigas exchanges, we provide you with our Transactions Portal on which you can manually make nominations. This is therefore the means you will have to use if your IT was malfunctioning.

<https://transactions.grtgaz.com/portail/login>