

# PROCEDURE FOR THE MOBILISATION OF AND ACCOUNTING FOR MANDATORY STOCKS OF NATURAL GAS

22 March 2018



## LEGAL BASIS

- **Act** of 16 February 2007 **on stocks** of crude oil, petroleum products and **natural gas**, the principles of proceeding in circumstances of a threat to the fuel security of the State and disruption on the petroleum market (last amended on 7 July 2017).
- **REGULATION (EU) 2017/1938** OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 October 2017 **concerning measures to safeguard the security of gas supply** and repealing Regulation (EU) No 994/2010

# CONDITIONS FOR THE MOBILISATION OF SUPPLIES FROM MANDATORY STOCKS

- **Threat to security of supply** (Stockpiling Act)
  - disruption of natural gas supply
  - unexpected increase of consumption
  - sudden unexpected damage or destruction of equipment, facilities or networks
- **Emergency crisis situation** (according to SoS Regulation)
  - Introduction of a non-market-based supply-side measure
  - Notification of the Commission
- **Consent of the Minister of Energy**
- **Stock mobilisation instruction** issued by the TSO

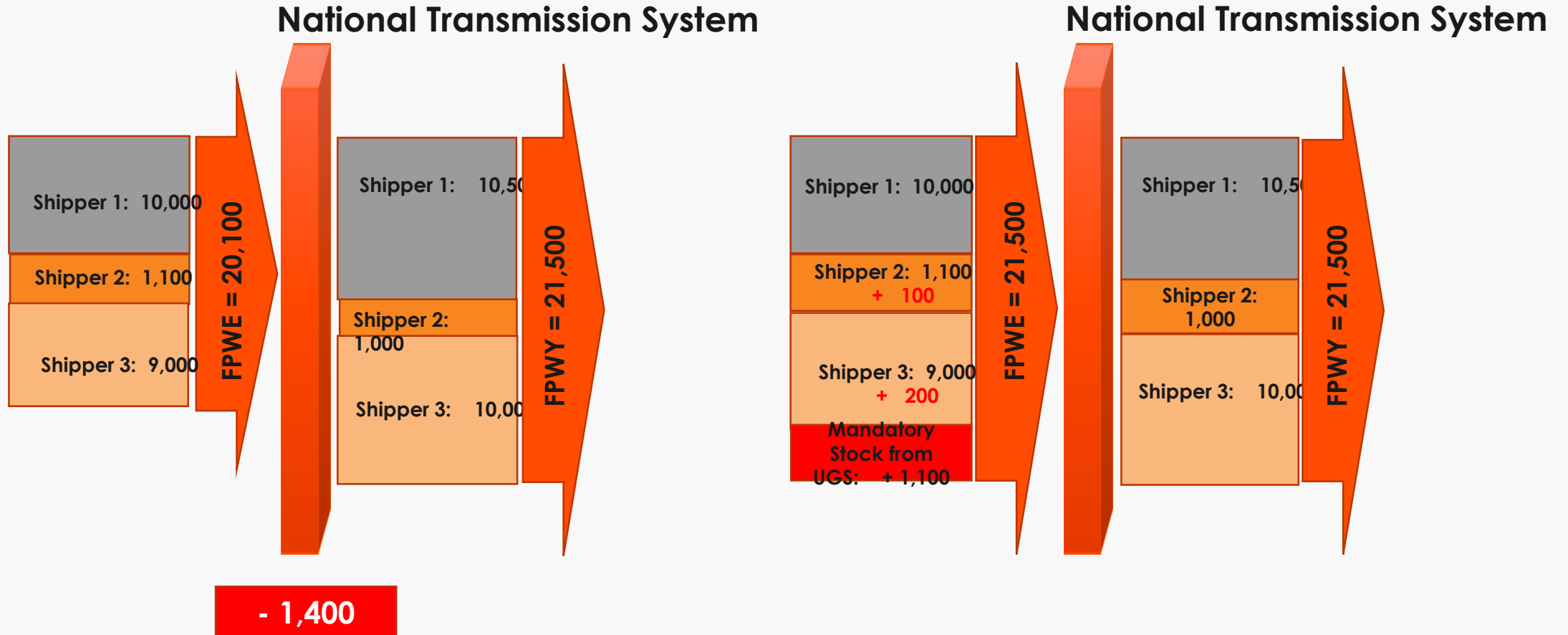
# USE OF MANDATORY STOCK

- Non-market-based supply-side measure – increased supply to the system
- Used as a balancing measure

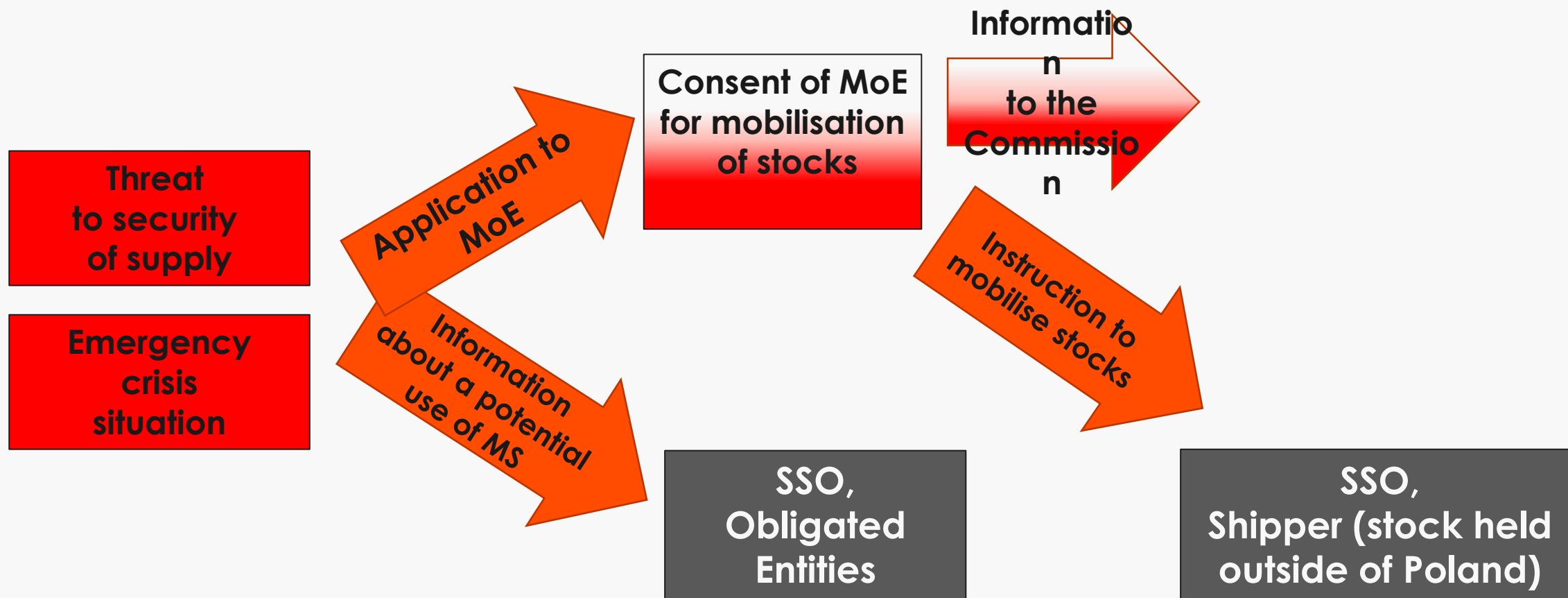


# USE OF MANDATORY STOCK

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# PROCEDURE BEFORE MANDATORY STOCKS MOBILISATION



# MOBILISATION OF MANDATORY STOCKS

## Changes to the functioning of TSO, SSO and Shippers

- **Decision on stock mobilisation taken for each subsequent day**
- In the day for which the stock is mobilised:
  - Entire technical capacity for withdrawal from UGS available to TSO
  - Operator's account with SSO suspended
  - Application of NC BAL suspended
  - Imbalance accounted for based on average balancing settlement price (CSRB)
  - CSRB determined according to TGEgasID for a given gas day
  - A part of negative imbalance accounted for as use of mobilised stocks
  - Balancing neutrality accounted for according to the TNC

# MOBILISATION OF MANDATORY STOCKS

## Stocks held in Poland

- TSO notifies SSO of increased supplies from individual Groups of Storage Facilities (GSF)/UGS facilities
- SSO announces the allocation of the delivered quantities to Obligated Entities
- SSO settles accounts with Obligated Entities in respect of the mobilised stock quantities

## Stocks held outside of Poland

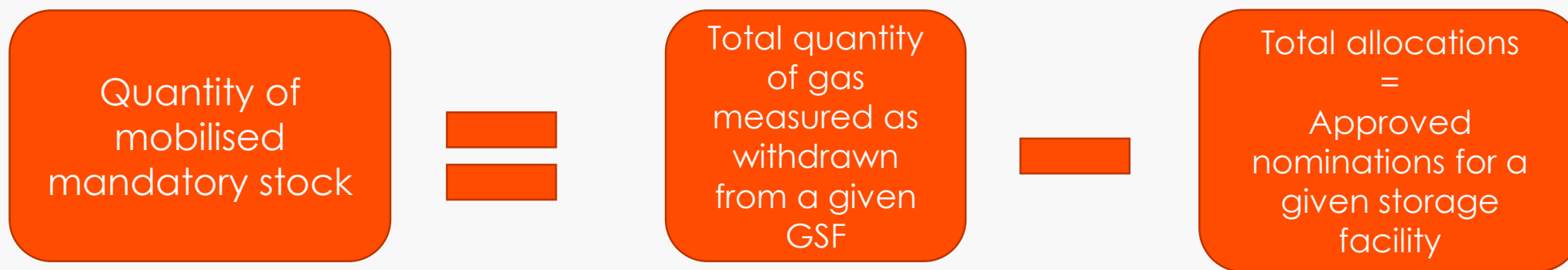
- TSO notifies the Shipper of the necessity to mobilise mandatory stock supplies
- The Shipper submits a renomination at the respective entry point ( $PWE_{OSP}$ ) and  $WPWY_{ZO}$
- TSO settles accounts with the Shipper in respect of the mobilisation of the mandatory stock, subject to the fulfilment of certain conditions



# MOBILISATION OF MANDATORY STOCKS

## Determination of the quantity of mobilised stock held in the territory of the Republic of Poland

- For gas days in which the mandatory stocks were mobilised, the operation of the operator's account between the TSO and SSO is suspended
- The total quantity of mobilised stock is determined as the difference between the sum of nominations and the total quantity delivered from a given GSF



- Allocation to individual Obligated Entities is made by the SSO proportionally to the quantity of stocks held in a given GSF

# MOBILISATION OF MANDATORY STOCKS

## Determination of the quantity of mobilised stock held outside of the territory of the Republic of Poland

- Actual volumes are determined on the basis of a Nomination for  $WPWY_{ZO}$
- Nomination for  $WPWY_{ZO}$  must not be higher than Nomination for  $FPWE_{OSP}$  dedicated for the delivery of mandatory stock
  - When this condition is not met, Nomination for  $WPWY_{ZO}$  is reduced



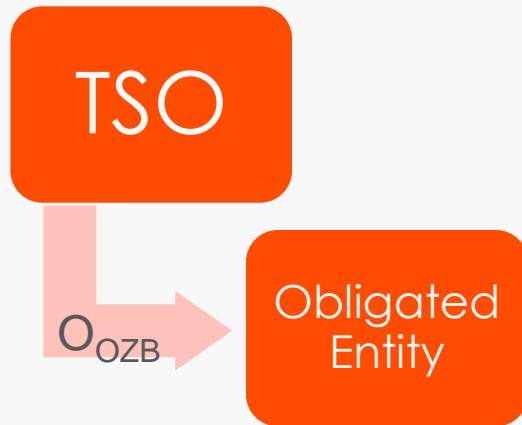
- for  $WPWY_{ZO}$  allocation is equal to the approved nomination
  - value taken into account in the Shipper's balance
  - Quantity is the basis for settlements in respect of the mobilised stock
- Quantities delivered directly to DSOs are accounted for based on information from DSOs

# SETTLEMENT OF ACCOUNTS IN RESPECT OF THE MOBILISATION OF MANDATORY STOCKS

## Charge for mobilised mandatory stock

For each gas day in which mandatory quantities of natural gas have been **taken from the Obligated Entity**, the TSO shall pay a charge ( $O_{OZB}$ ) calculated according to the following formula:

$$O_{OZB} = IO * CSR B$$

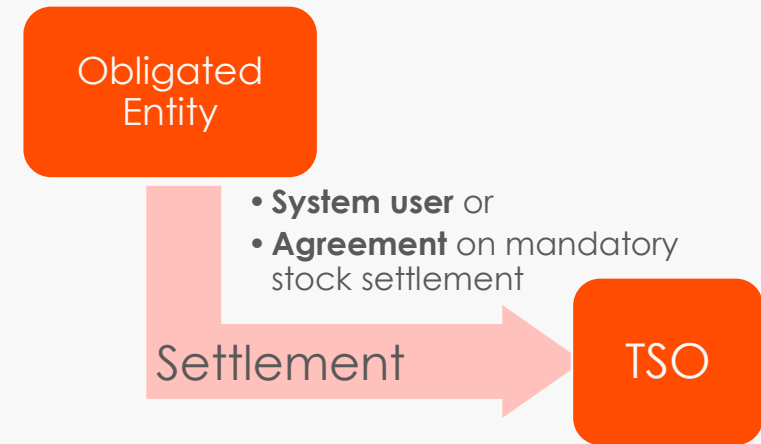


**CSR B** Average Balancing Settlement Price [PLN/kWh] equal to the value of the TGEgasID index for a given day. In case when it is not published, the last published value of TGEgasID is taken as the CSR B.

**IO** Withdrawn Quantity of natural gas sourced from the mandatory stock of a given Obligated Entity [kWh]

# SETTLEMENT OF ACCOUNTS IN RESPECT OF THE MOBILISATION OF MANDATORY STOCKS

- In order to settle accounts in respect of the mobilisation of mandatory stocks, the Obligated Entity must have the status of a System User, or conclude an agreement with the TSO concerning settlement of mandatory stocks in accordance with the principles set out in this TNC and the applicable legal regulations.
- The settlements in respect of natural gas delivered from the mobilised mandatory stock to Shippers being members of a balancing group shall only be made the Shipper responsible for balancing ( $ZUP_{BG}$ ).



# SETTLEMENT OF ACCOUNTS IN RESPECT OF THE MOBILISATION OF MANDATORY STOCKS

## Charge for Mandatory Stock delivered to the Shipper

For each gas day, in which the **TSO has supplied** natural gas to **the Shipper from the withdrawn mandatory stock**, the Shipper shall pay the TSO a charge ( $O_{DZO}$ ) calculated according to the following formula:



$$O_{DZO} = ID * CSR B$$

- CSR B** Average Balancing Settlement Price [PLN/kWh]
- ID** Quantities of natural gas delivered by the TSO to the Shipper from mandatory stocks [kWh]

# SETTLEMENT OF ACCOUNTS IN RESPECT OF THE MOBILISATION OF MANDATORY STOCKS

## Determination of quantities delivered to the Shipper

- Shipper's imbalance lower than zero (**DIN < 0**) means that the TSO delivers natural gas to such Shipper
- In the period of mandatory stocks mobilisation some of the gas originates from the mandatory stocks received from Obligated Entities
- The act requires that the use of gas from mandatory stocks is separately accounted for
- Quantities of natural gas delivered by a Shipper to the TSO from the mandatory stock in a given gas day are determined by the TSO according to the following formula:

$$ID = \frac{DIN_{ZUP}}{\sum DIN_{<0}} \times UR$$

**DIN<sub>ZUP</sub>** Shipper's imbalance in the gas day [kWh].

**DIN<sub><0</sub>** Imbalance of all Shippers whose imbalance is below zero [kWh]

**UR** Quantities of natural gas mobilised from the mandatory stock, as determined on the basis of information from the SSO and on the basis of the aggregate allocation for WPWY<sub>ZO</sub> [kWh]

# SETTLEMENT OF IMBALANCE IN CASE OF THE MOBILISATION OF MANDATORY STOCKS

For each gas day in which mandatory stocks were mobilised, when the DIN value is lower than zero, the Shipper is obliged to pay to the TSO a charge for the remainder of natural gas off-taken by the Shipper ( $ORB_{P-ZO}$ ), which is calculated as follows:

$$ORB_{P-ZO} = [MOD(DIN) - ID] * CSR_B$$

**CSR<sub>B</sub>** Average Balancing Settlement Price for a given gas day [PLN/kWh]

**MOD** absolute value

**DIN** daily imbalance quantity in a given gas day [kWh]

**ID** quantities of natural gas delivered to the Shipper by the TSO from the mandatory stock [kWh]

# SETTLEMENT OF IMBALANCE IN CASE OF THE MOBILISATION OF MANDATORY STOCKS

For each gas day in which a mandatory stock has been mobilised, when the DIN value is different from zero (0), and:

**DIN > 0**, the TSO is obliged to pay to the Shipper a **charge for natural gas ( $ORB_{D-ZO}$ ) delivered by the Shipper**, calculated as follows:

$$ORB_{D-ZO} = DIN * CSR$$

**CSR** Average Balancing Settlement Price in a given gas day [PLN/kWh]

**DIN** daily imbalance quantity in a given gas day [kWh]



## FINANCIAL NEUTRALITY OF THE BALANCING DURING THE MANDATORY STOCK MOBILISATION PERIOD

- The balancing neutrality mechanism applies in general in accordance with BAL NC.
- In emergency situations (introduced non-market-based measures) the application of BAL NC is suspended
  - provisions concerning financial neutrality for such period are set out in the TNC
- Financial neutrality of the balancing during the mandatory stock mobilisation period covers:
  - costs allowed in the decision of the President of ERO, including revenues and costs related to the settlement of imbalance
  - costs related to the purchase and sale of natural gas constituting mandatory stocks
- The charge related to financial neutrality of balancing is set separately for each balancing area:

$$\text{ONB}_{ZO} = \text{SNF}_{ZO} * \text{EP}$$

**ONB<sub>ZO</sub>** Charge related to financial neutrality of balancing during the mobilisation of mandatory stocks

**SNF<sub>ZO</sub>** Rate of charge related to the financial neutrality of balancing applicable to gas days in which mandatory stocks are mobilised

**EP** quantity of natural gas calculated as the sum of daily quantities of natural gas delivered by the Shipper for transmission at an entry point to the transmission system and off-taken by the Shipper at an exit point from the transmission system, with the exception of quantities delivered and off-taken at WPWE<sub>GG</sub>, WPWY<sub>GG</sub>, WPWE<sub>PPG</sub>, WPWY<sub>PPG</sub>, WPWE<sub>OTC</sub>, WPWY<sub>OTC</sub>, WPWE<sub>OSP</sub>, WPWY<sub>OSP</sub> and WPWY<sub>ZO</sub>.

# TRANSMISSION CAPACITY RESERVED FOR THE PURPOSES OF MANDATORY STOCKS HELD OUTSIDE THE TERRITORY OF POLAND

TSO specifies the amount of capacity to be reserved at  $FPWE_{OSP}$  exclusively for the purposes of mandatory stocks on the basis of:

Data on the quantity of mandatory stocks

40 days being the period during which the entire mandatory stock should be delivered to the transmission network

TSO notifies the President of ERO about the use of transmission capacity reserved for the purposes of the delivery of mandatory stocks held outside of Poland for other purposes

In case when:

**Daily quantity** of natural gas **allocated** to a given Shipper at  $FPWE_{OSP}$

>

**Sum of allocated capacity** in all hours of the gas day

-

**Capacity reserved** for the purposes of delivering total quantities of mandatory stocks held outside of Poland

Within 7 days of the issuance of the **Commercial Transmission Report** (HRP) with settlement data concerning the provision of services at a given  $FPWE_{OSP}$

THANK YOU!

