

25.11.2021

Wholesale market development group meeting

Time and place: Thursday 25.11.2021 12.00 – 15.00, Teams meeting

Attendees:

Allikson Marko	Doroshenko Roman	Grenzmann Anni
Hallivuori Esa	Hansteen Reidar	Havikari Katja
Heiskanen Niina	Jortikka Mikko	Janis Kalejs
Karinen Pekka	Korpinen Marko	Lootus Ruudi
Lysko Darek	Myötyri Mika	Novitsky Aleksei
Nuppunen Anni	Partanen Venla	Saarela Janne
Salovaara Kaisa	Timgren Jusa	

1 Opening and agenda

Mika Myötyri opened the meeting and presented the agenda:

- 1) Opening and introduction of participants
- 2) Competition law guidelines (informative)
- 3) Greetings from transmission business unit (informative)
- 4) Customer Service development (discussion)
- 5) Creditworthiness requirements (discussion)
- 6) Overview concerning future gases (informative)
- 7) Market and Service Development (discussion)
- 8) Gas market overview (informative, if time)
- 9) Mentimeter and final words
- 10) Closure of the Forum

Presentation material is available at <https://gasgrid.fi/en/gas-market/market-development-groups/>

2 Competition law guidelines

Mikko Jortikka from Gasgrid presented Guidelines for the market forum meetings and reminded the participants on the topics that are not allowed to be discussed in the market forum by the participants.

3 Greetings from transmission business unit

Esa Hallivuori from Gasgrid presented greetings from transmission business unit

- New persons in Gasgrid team
- Gas Market Unit - Focus areas on 2022
- Market consultations H2/2021
 - o Tariff consultation process

- o Consultation regarding the Transmission service Terms and Conditions
- o Public hearing regarding Baltic connector Terms and Conditions
- Foreseen market consultations 2022

4 Customer Service development

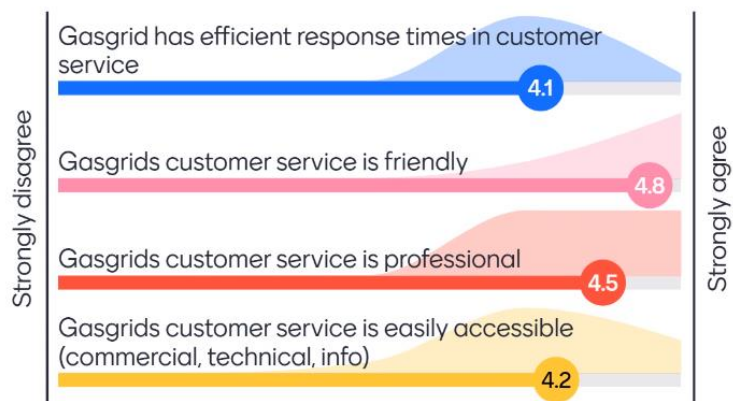
Niina Heiskanen described the upcoming development on Customer Services in Gasgrid Finland.

Her main tasks as Customer service manager are to maintain customer satisfaction and develop customer service. Development plan for 2022: make customer services better for the market participants. Gasgrid would like to hear development ideas from the customers.

Mentimeter questionnaire was presented.

- Evaluate next claims
- Feedback and development ideas to customer service

Evaluate next claims



- Lot of topics which are hard to specify which e-mail to use. Gasgrid will internally focus on response times for customers and for accessibility of Gasgrid specialists.

Feedback and development ideas to customer service



Add the main contacts for different topics to your front page of portal

Important to go through new agreements with the customers.

5 Creditworthiness requirements

Niina Heiskanen from Gasgrid presented the materials of creditworthiness requirements:

- Update on the collateral process in the end of September 2021
 - o Biggest change in multiplier 3 → 1,5
 - o Development of collateral process will continue during 2022
 - o Darek Lysko: To clarify the formula below: historical rolling 12 months is only for taxes and capacities?
 - Historical review checks the highest month invoiced concerning the booked capacities and taxes. The imbalance component (incl. 10 % marginal) for Balance Responsible Parties have been included to the amount of required collateral.
 - Mika Myötyri: Gasgrid cannot forecast the imbalance quantities per gas day precisely. Thus, collaterals concerning imbalances are not required separately, but this is injected as part of collateral requirement through the collateral requirement of historical 12 months x 1,5. Also, the metering data during ongoing gas day is initial. The final balance settlement will be performed in the beginning of the following gas month. Especially the metering data provided from the DSO network are adjusted during the gas month, because there are metering points which cannot be read remotely.
- Collateral by market roles
- Collateral mechanisms
 - o On-demand guarantees and cash deposits into a bank account
 - o New mechanism. By paying invoices you can release the reserved collateral
- Creditworthiness
- Collateral process: program and service development
 - o Remember the annual and quarterly capacity bookings and collateral needed for those

6 Overview concerning future gases

Venla Partanen from Gasgrid presented the materials.

- RDI operations at Gasgrid Finland
- Diverse gases in the center of RDI operations
- RDI activities 2021
 - o European Hydrogen Backbone
 - o Gasgrid-Fingrid cooperation & HYGCEL consortium
 - o Hydrogen injection to natural gas network
- Upcoming RDI actions

No questions for Venla was raised.

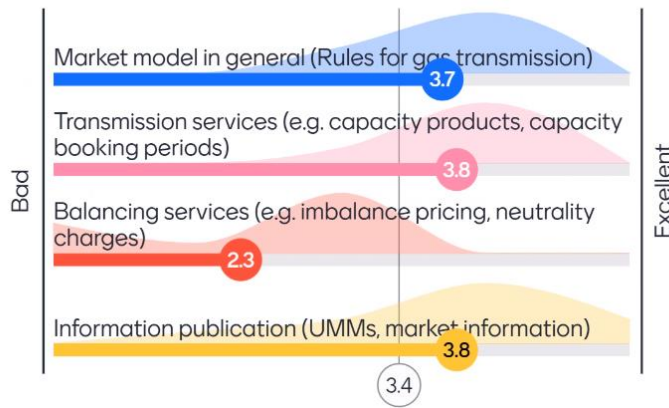
7 Market and Service Development

Mika Myötyri presented market and service development activities.

- Terms and conditions of transmission services & tariffs in 2022
- Mentimeter questionnaire:
 - o Functioning of Finnish gas market
 - o What is working well in the Finnish wholesale market?
 - o Where do you see room for improvements?

Functioning of Finnish gas market

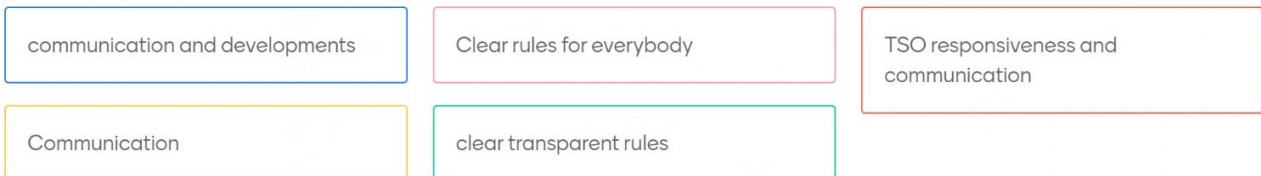
Mentimeter



- It was raised that pricing for imbalance is not functioning with high gas prices (+/-10% adjustment)
 - o High price situation is making balancing unnecessary expensive.
 - o Harmonisation of balancing rules with Baltics. The coefficients have been changed in the Baltics from December 1st, and there might be reasonable to align the approach to not create systematic differences eventually affecting the flows between the two interconnected markets.
- Current model is not working in this kind of price level.
- Will there be Improvement for next year regarding +/- 10%? For the beginning of the next year coefficient will be 10% - written in balance services (needs also NRA’s approval). However, Gasgrid will open internal discussion about temporary changes to approved official terms and have discussions with NRA.
- Gasgrid is planning to set up the development project concerning balancing in 2022.
- Comment: BC tolerance change will have an impact in market – maybe from bad to worse.

What is working well in the Finnish wholesale market?

Mentimeter



Where do you see room for improvements?



Balancing pricing is rather exaggerated and not harmonized with Baltics

After Mentimeter and coffee break Mika Myötyri continued and presented following topics:

- Technical capacity publication process at Balticconnector
- Balticconnector technical capacity at Transparency Platform
- Balticconnector capacity allocation principle – Tolerance:
 - o Has there been such situations to use balancing actions on control on physical imbalance in BC?
 - Gasgrid commented that the tolerance will be 50 MWh/h in normal operating conditions. Gasgrid is reserving the right, for the sake of fulfilling the system responsibility according to the Article 29 of Finnish Natural Gas Market Act, to adjust the tolerance between the range of 10 000 - 50 000 kWh/h, if systematic downward renominations during congestion situation cause uncontrollable physical imbalance leading to the situation where the TSO has to perform physical balancing actions.
 - o Comment on the change of tolerance in three days as it is proposed: to achieve some kind of balance, it can be learnt from history; stability of flows is important. Changing tolerance actively is a commercial risk, creating instability in system. It disturbs the system, because after that market players don't know what to do and how to get the gas → increased risk for imbalance.
 - o Predictability on how the market participants submit nominations decreases – in history you have learned how to do the nominations even when there is congestion. Changes in behavior increases unpredictability.
 - o Gasgrid emphasized that the target is not to penalize market participant, but to ensure the system operation having the system responsibility defined by Gas Market Act.
 - o It was commented that the common balancing zone should be the target of the TSOs. Having a common balancing zone, no discussion concerning the capacity allocation at BC is needed.
- Balticconnector capacity allocation principle – technical capacity in Portal and Transparency Platform
 - o Currently quantity allocated for Get Baltic is 10% of total BC technical capacity. 90 % of technical capacity is allocated by the TSO for market participants to be nominated/renominated (for OTC trading).
 - o The ratio 90%/10% is agreed with the neighboring TSO, Elering AS.
 - o Gasgrid would like to hear opinions from Market Participants about the currently applied ratio 90%/10%.
 - o If the share of technical capacity (10%) is not sold in gas exchange, it remains to be unsold. Thus, the monitoring of the utilization of capacities at BC is important.
 - o Comments from market participants:

- The 90% of technical capacity allocated for OTC has served market participants well for now. Now it might be too early to change this – we need to learn more from the market for different situations.
- Long-term natural gas sourcing plan is difficult to make if the ratio is changed in a short notice.
- It is not easy to find the golden path concerning the ratio between capacities allocated to OTC and gas exchange. Crucial is to find a fair balance between what type of contracts are used in the region.
- If a change in ratio is made in one month notice, it makes difficult to make longer-term contracts between market participants due to lack of predictability.
- Gasgrid sees it is important to discuss about market topics with market participants, because they bring new and high-quality views to the table – the group for deeper and detailed discussions could be considered. All aspects and inputs from market participants are welcomed. TSO shall take care of equal and non-discriminatory treatment including the regulation.
- “Action plan concerning balancing services for 2022” and “regional market development – 4 country common tariff zone” will be shared as part of presentation material.

8 Mentimeter and final words

- Mentimeter questionnaire
- It wasn't time to present market data overview. It will be published among other slides after the forum.
- Meeting minutes will be available for comments before the final versions are published on the website.

