



FÖLDGÁZSZÁLLÍTÓ

A MOL-CSOPORT TAGJA

The New Rules of Capacity Booking on FGSZ's Transmission System

MEKH / FGSZ Network User Info Day
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WWW.FGSZ.HU

 **Legjobb Munkahely**
Világgazdaság - Hewitt Felmérés 2009

 **Legjobb Munkahely**
Világgazdaság - Hewitt Felmérés 2010

 **Legjobb Munkahely** 2011

 **Legjobb Munkahely** 2012

 **Legjobb Munkahely** 2013

Conditions of Participation in the Capacity Auctions

1. Network Users can participate

- Natural gas producers are network users, too
- Declaration of network usage eligibility
 - ✓ License issued by MEKH or declaration
- Valid network usage contract
- RBP registration
- Financial guarantee for the auctions (not the same as contractual security!)

2. Capacity booking takes place on the capacity booking platform (RBP) approved by MEKH

- <https://rbportal.fgsz.hu>
 - ✓ Platform regulation
 - ✓ Registration
 - ✓ Digital certificate
 - ✓ (FGSZ network usage framework contract)
- RBP is a thin client application, accessible via common Internet browsers
- Open (RBP Portal) and closed (RBP Application) modules
- Small-scale (graphic interface) and large-scale (excel) bidding (in the future also server-server connection)
- Bids have a financial limit; there is no „registered capacity” („nyilvántartott kapacitás”) limit

11 May 2015: Capacity Allocation for Gas Year 2015/2016 and the Transition Period (1 July-30 September 2015)



Network points	Capacity offered for booking		Booked capacity as a result of the auction	
	Gas Year 2015/2016	3 transitional months	Gas Year 2015/2016	3 transitional months
Cross-border network points	Firm	-	firm	firm
	Yearly	-	Yearly	Transition period
	25°/0° kWh/h	-	25°/0° kWh/h	15°/15° MJ/day or MJ/h
	Ascending clock	-	Auction Result Confirmation	Automatically derived contract
Domestic network points	firm	-	firm	firm
	Yearly	-	Yearly	Transition period
	25°/0° kWh/h	-	25°/0° kWh/h	15°/15° MJ/day or MJ/h
	Ascending clock	-	Auction Result Confirmation	Automatically derived contract

Schedule: Preparations

Date	Milestone	Description	Status
17 April 2015	First editing deadline according to the Operational Rules of RBP	Publication of the offered capacity, reserve price, large price step and small price step	Done
Continuously, but 7 May 2015 COB the latest	Submission of registration request	2+2 original copies to be submitted of the duly signed Registration Form and Network User Membership Agreement (NUMA)	<i>No requests received as of today</i>
Continuously, but 8 May 2015 COB the latest	Confirmation of the registration	FGSZ countersigns the registration documents and returns 1+1 original copies of the Registration form and the NUMA	<i>No valid registration as of today</i>
Continuously, but 8 May 2015 12.00 CET the latest	Deadline of receipt of auction guarantee	Prerequisite to set the financial limit for the network users	<i>No auction guarantee received so far</i>
11 May 2015 8.00 CET	First editing deadline according to the Operational Rules of RBP	FGSZ finalises the list of network users eligible to participate in the capacity auctions	

Auction Algorithms in General



Ascending Clock Auction (Y, Q, M) – also on 11 May 2015

- Multi-round volume auction
- Goal: to find the equilibrium of the supply and demand
 - Supply is fixed
 - Network users can only keep or decrease their bids in subsequent auction rounds
- Clearing price applies to all network users
- Bid: only for capacity quantity at the given pre-defined price
- 1 bid per network user

Uniform Price Auction (DA, WD)

- Single round volume auction
- Clearing price applies to all network users
- Bid: quantity, price, partial fulfilment (minimum quantity)
- 10 independent bids per network user

Auction Scheduling



Steps of an auction:

- Scheduled
- Setting
- **Set**
- Active
- PitStop (pause, only in ascending clock auctions)
- Closed
- Cancelled

UTC	6:00	7:00	8:00	9:00	10:00	11:00	12:00	13:00	14:00	15:00	16:00			D+1	7:00	8:00	9:00	...
CET	8:00	9:00	10:00	11:00	12:00	13:00	14:00	15:00	16:00	17:00	18:00				9:00	10:00	11:00	...
Státusz	Set	Active		PitStop	Active	PitStop	Active	PitStop	Active	PitStop					Active	PitStop	Active	...
Ár		Reserve Price = tarifa			RP+LPS1		RP+LPS2		RP+LPS3						RP+LPS4		RP+LPS5	
Egyedi bid		Q			Q1<=Q		Q2<=Q1		Q3<=Q2						Q4<=Q3		Q5<=Q4	
Összes bid		Ha $\sum Q \leq \text{Cap Offered}$																

Kiosztás tarifán

Important to know:

- Those not participating in the first auction round cannot bid later on!
- Bid is binding!

Same or Different Procedures? (Capacity Booking in Hungary)



PROCEDURAL STEP	OLD PROCEDURE	NEW PROCEDURE
Publishing of capacities (TSO)	Electronic Declaration of intent to sell capacity	Electronic Binding offer to sell capacity
Capacity demand indication (NU)	Paper-based and electronic (mixed), Declaration of intent	Electronic Binding bid to buy capacity
Primary capacity allocation (TSO)	D+5+5+8 days	First auction round, 3 hours
Clearing price (no overbooking)	Regulated tariff	Regulated tariff
Contractual congestion management	Pay-as-you-bid auction	Ascending Clock Auction
	Online Above date + 15 days	Online Next auction round (+1 hour)
Announcement of results	1 hour after	3+ n*(1+1) hours after
Clearing price (in case of overbooking)	According to the bid, may vary per network user	According to the clearing price, same for all network users ✓

Evaluation of the Ascending Clock Auction

- Capacity offered by TSO = 1000

Price step (auction round)	NU1 volume bid	NU2 volume bid	Total units requested	Auction closed?
1	1000	500	1500	NO
2	950	350	1300	NO
3	900	350	1250	NO
4	800	300	1100	NO
5	500	300	800	YES

- Price steps increase (there is an even higher auction premium on top of the reserve price)
- Total capacity allocated by TSO = 800
- Unallocated capacity (= 200) is allocated in the upcoming shorter term auction
- In case of a protracted auction, all of the capacity goes for the shorter term auction

WWW.FGSZ.HU • Clearing price = that of Price Step 5

- Fine-tuning by small price steps, where $Q_{(LPSn)} \geq Q_{(SPSk)} \geq Q_{(LPSn+1)}$

Capacity Allocation Procedures after 11 May 2015, until the end of the 2015/2016 Gas Year

Auctions	Cross-border network points				Domestic network points			
	How	When	How	When	How	When	How	When
	2015-2016		Transition period		2015-2016		Transition period	
Annual quarterly	RBP, asc	06.01.	-	-	-	-	-	-
Rolling quarterly	-	-	-	-	RBP, asc	09.07.	-	-
Rolling monthly	RBP, asc	09.21.	IP, paper	06.01.	RBP, asc	09.21.	IP, paper	06.01.
Rolling daily	RBP, uni	09.30.	IP, paper	06.30.	RBP, uni	09.30.	IP, paper	06.30.
Within-day	RBP, uni	10.01.	-	-	RBP, uni	-	-	-

Key

asc = ascending clock auction; uni = uniform price auction; paper = paper-based procedure
RBP = Regional Booking Platform; IP = Informatic Platform

Capacity Calculation, Interruptible and Non-standard Products

Conversion of capacities from 15/15 MJ to 25/0 kWh:

- According to Annex 9 (Chapter I.) of the Tariff Decree (1/2013/MEKH)

Interruptible capacities after 1 July 2015:

- Tariff Decree 11.§:
 - Where all of the capacity is booked,
 - Where at least 95% of the capacity is booked (ascending clock auction!),
 - Where no firm capacity can be offered
- One type of interruptible capacity (unlimited interruptibility)
- Pricing: ex post refund if interrupted (Tariff Decree 60-61.§)
- Allocation: after the annual firm capacity auctions are closed

Blending capacity:

- New network point type

Seasonal capacity:

- Allocation: after the annual firm capacity auctions
- The eligibility to book such capacities and the extent thereof has to be proven to MEKH

Thank you for your kind attention!

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