

# BALANCING UPDATE

25th october 2018



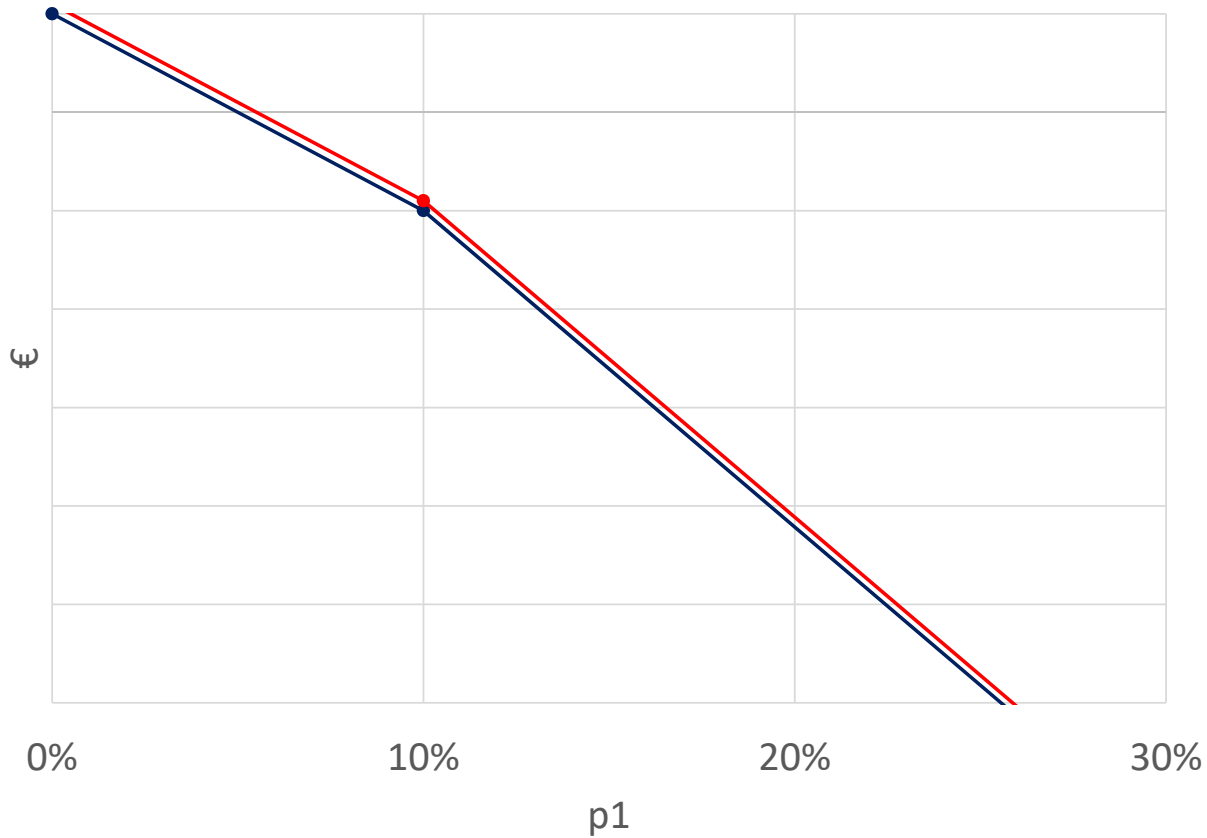
**Serena Aristarchi**

Manager of Trading and Gas Markets

# RdB's incentive system (Del. 480/2018) – performance p1



—●— I1 inv —●— I1 est



## Demand forecast (P1)

Real demand vs forecast of Gas  
Day D-1 time 15:00

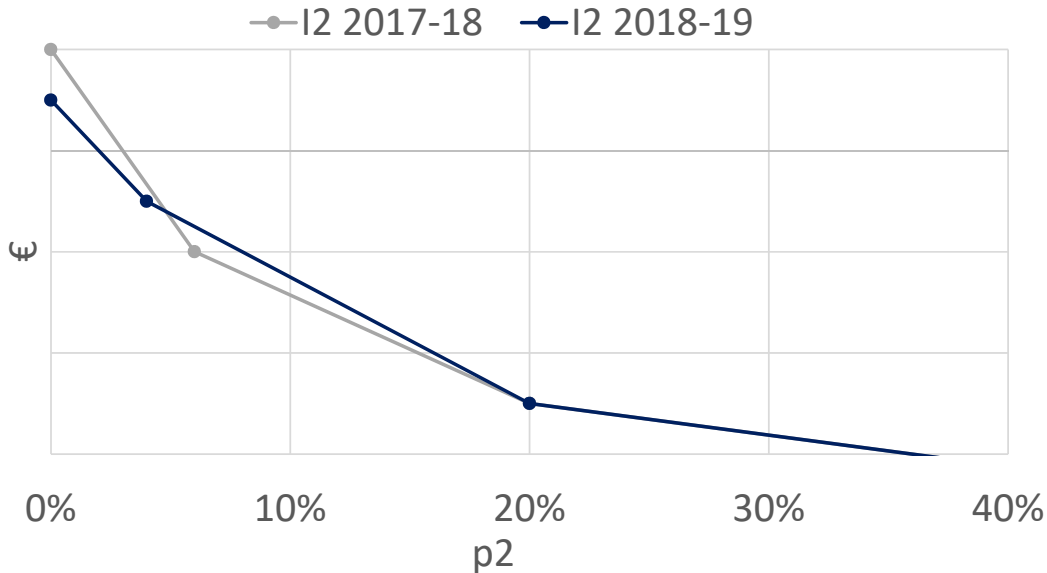
- p1 (I1=0€) = 5% (nov. – mar.)
- p1 (I1=0€) = 5,5% (apr. – oct.)
- Change of slope for mistakes above 10%

# RdB's incentive system (Del. 480/2018) – performance p2/p3



## Market Interventions (P2)

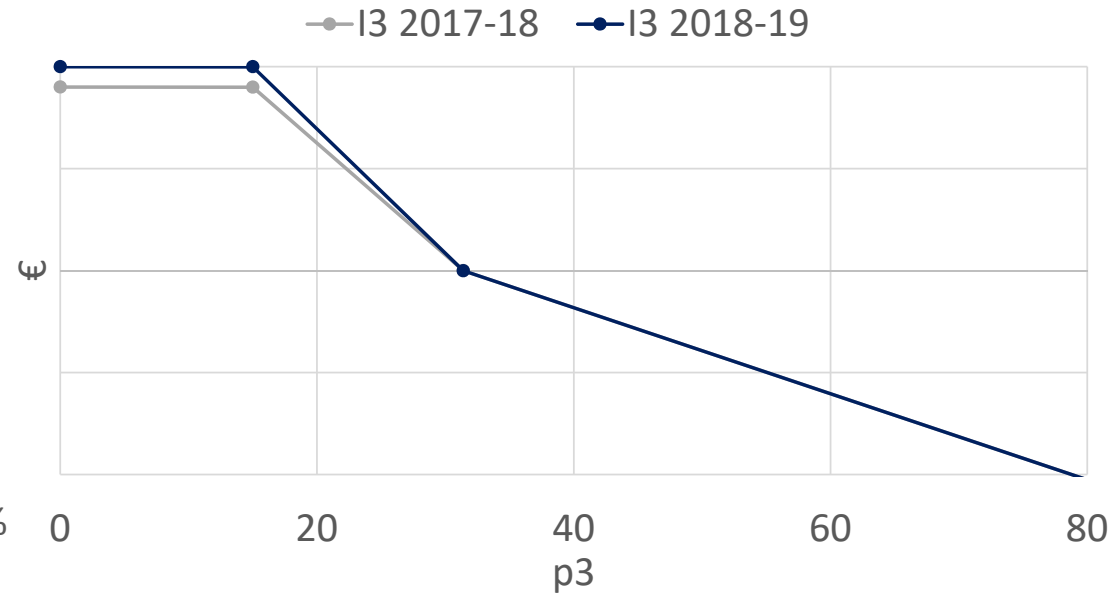
Deviation of the marginal prices in buying and selling vs average market price (SAP)



- p2 (I2=0€) = from 3% to 2%
- Change of slope for deviation above 4% and 20%

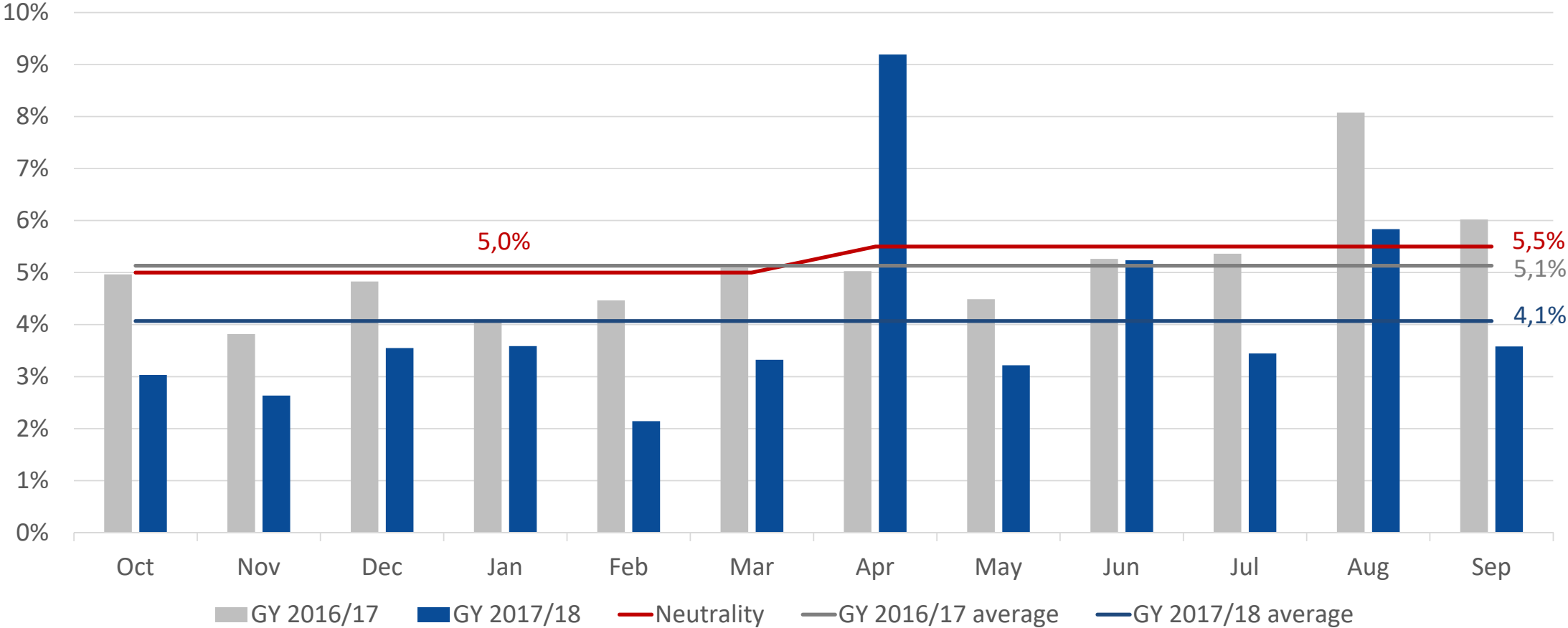
## Residual Balancing (P3)

Magnitude of the overall system imbalance at the end of the Gas Day



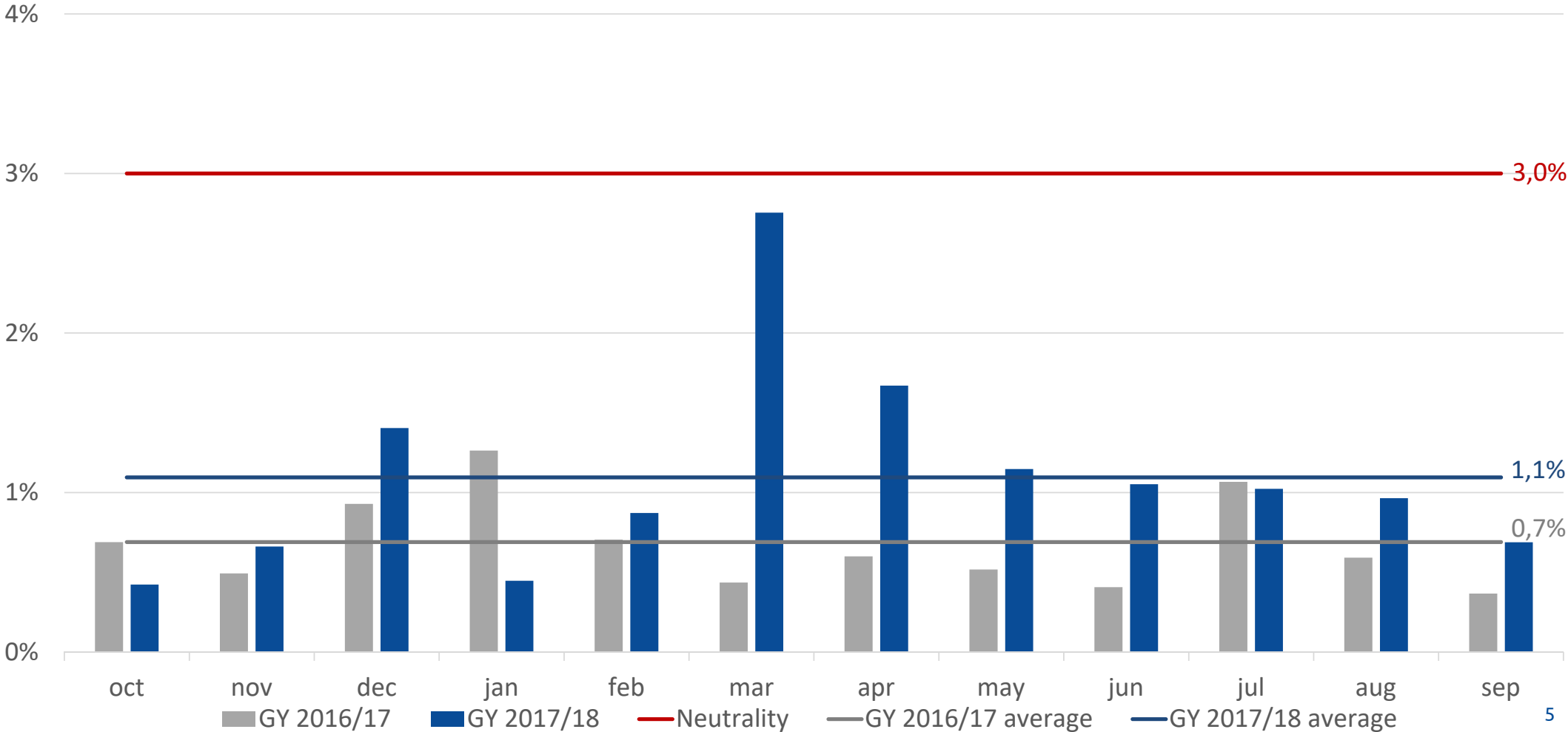
- p3 (I3=max) = 15 GWh
- p3 (I3=0€) = 31,4 GWh
- level of the LP at the end of Gas Day D declared within 9 am in Gas Day D

# Performance p1 – Temporal evolution: TY 2016/17 vs TY 2017/18

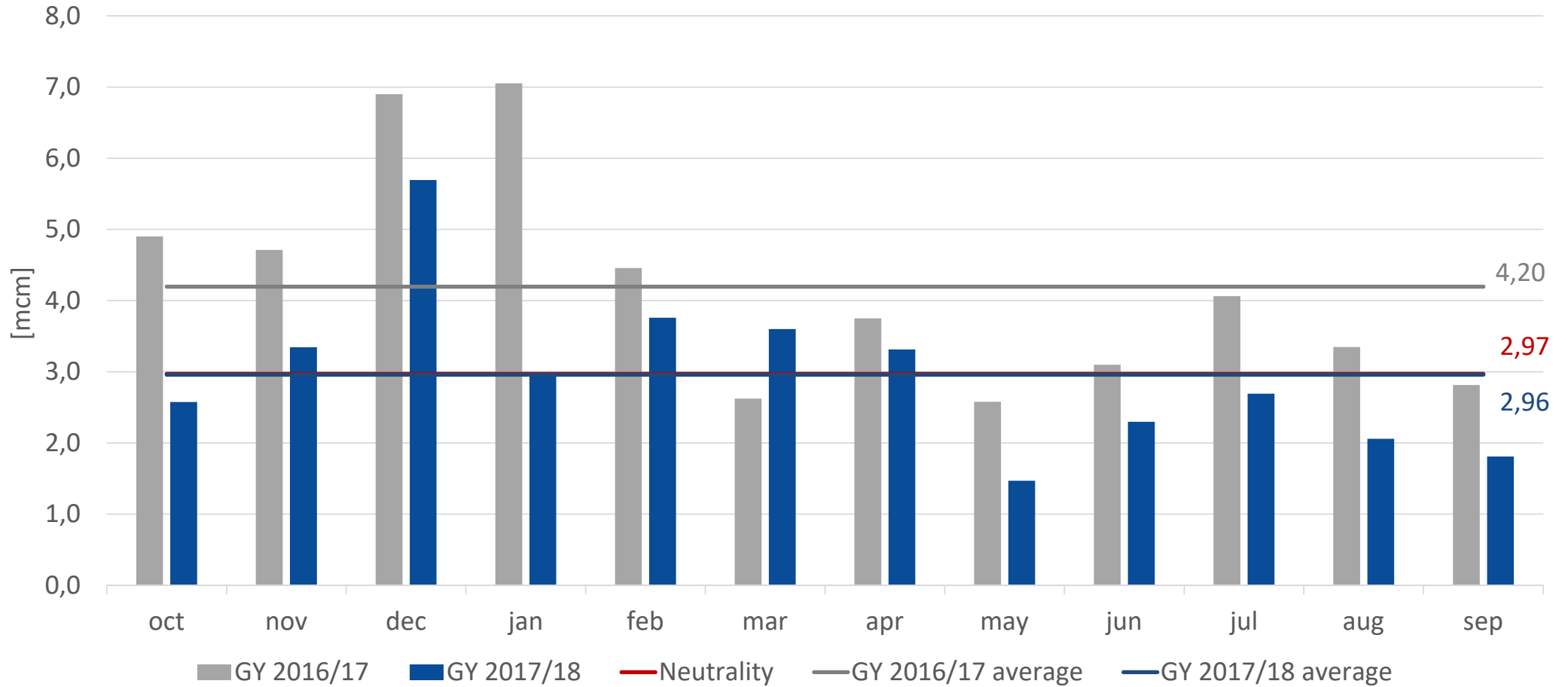


NOTE: data of september 2018 are estimated on the basis of provisional balance

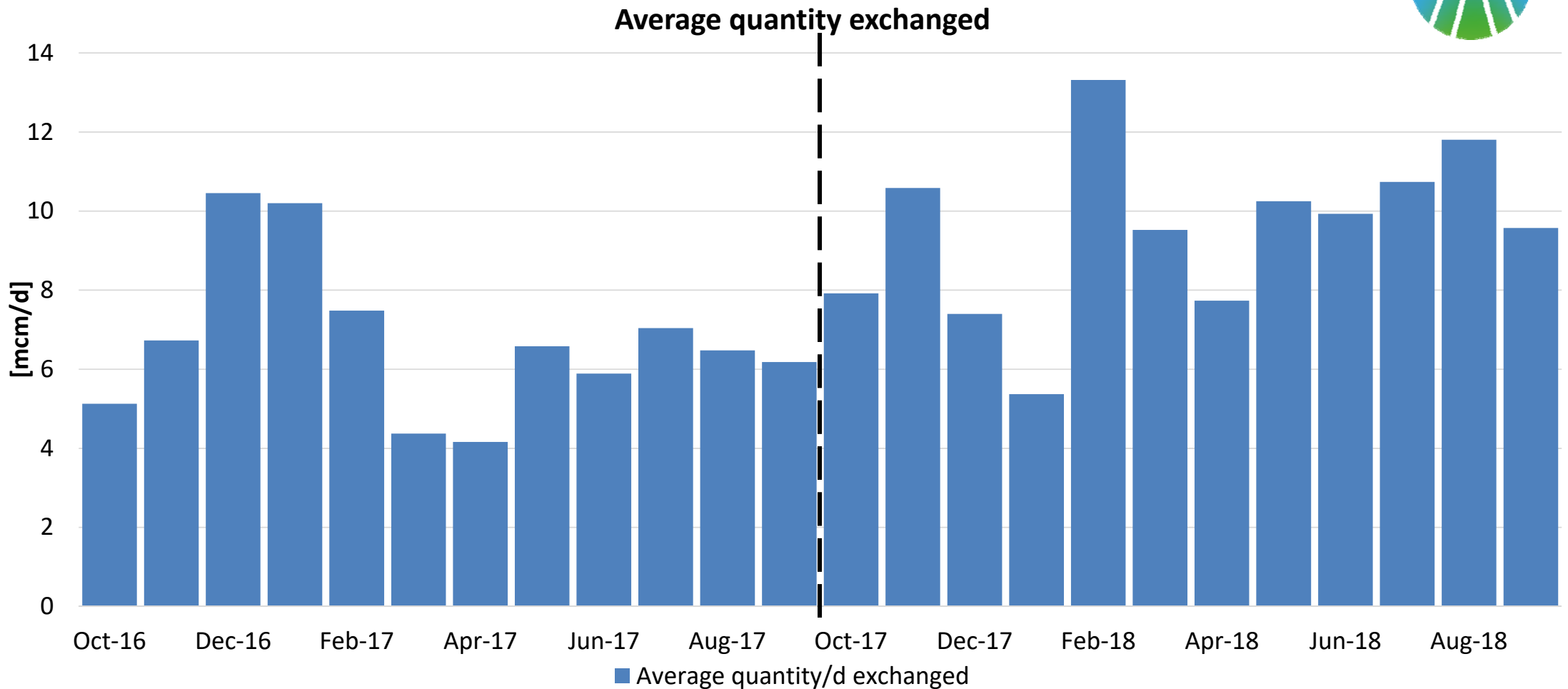
# Performance p2 – Temporal evolution: TY 2016/17 vs TY 2017/18



# Performance p3 – Temporal evolution: TY 2016/17 vs TY 2017/18



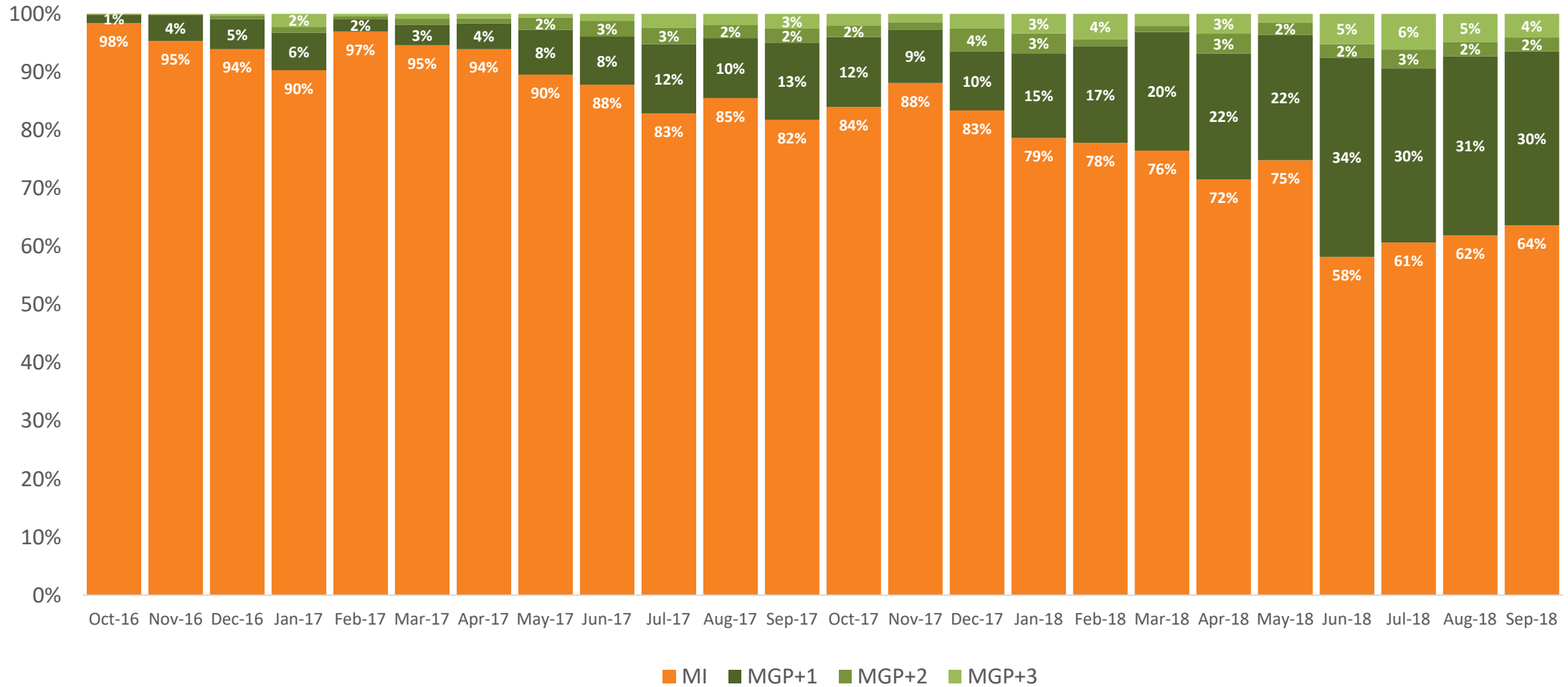
# MGAS: MGP/MI-GAS liquidity



**Average Oct-16/Sep-17: 6,7 mcm/day**

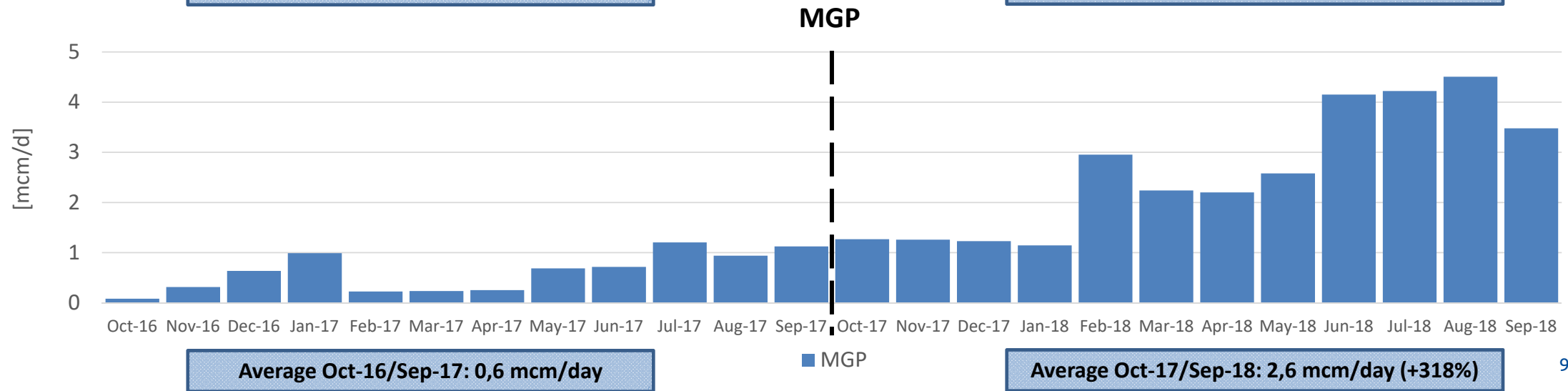
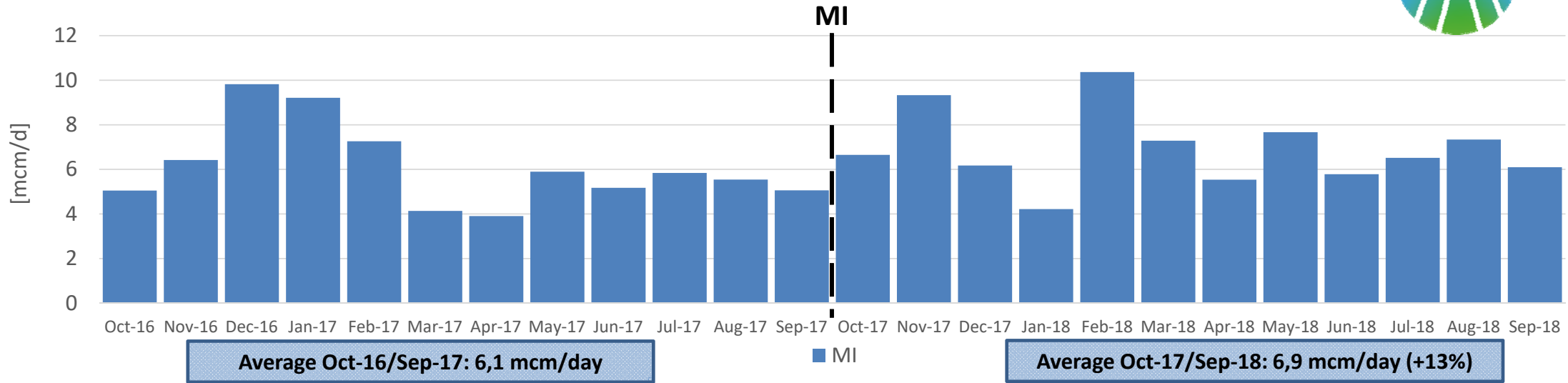
**Average Oct-17/Sep-18: 9,5 mcm/day (+41%)**

# MGAS: MI vs MGP

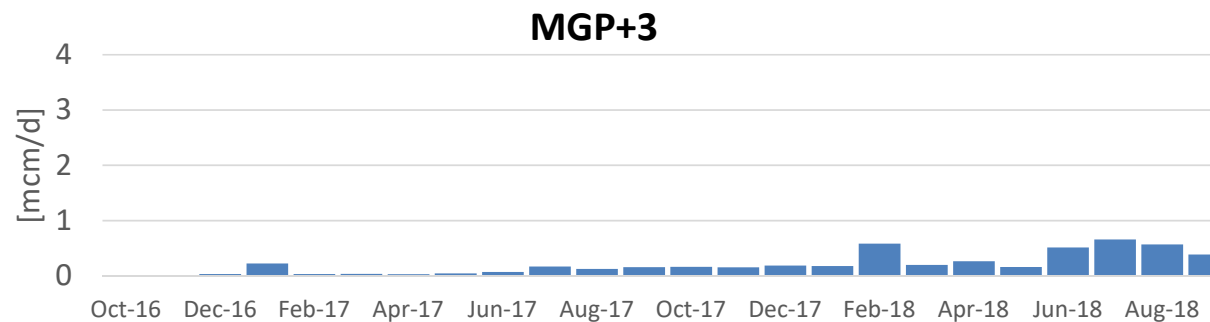
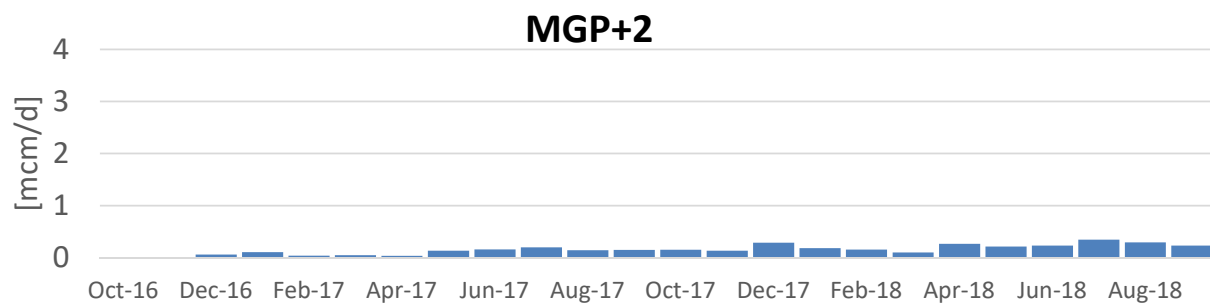
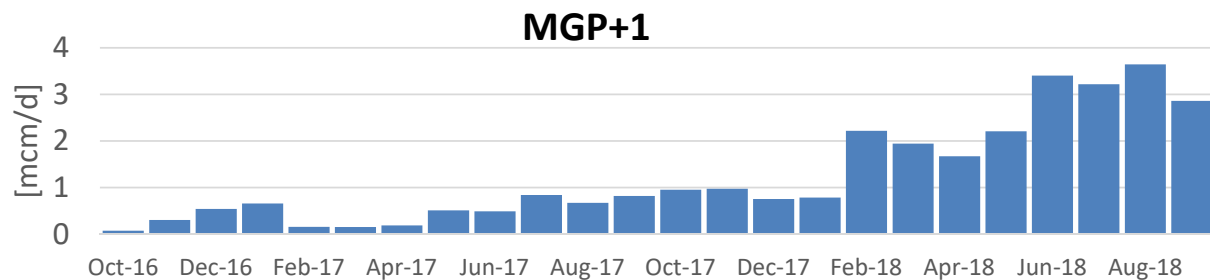




# MGAS: MI vs MGP



# MGAS: MGP liquidity



mcm/d	GY 2016/17	GY 2017/18	ΔYear
<b>MGP+1</b>	0,45	2,05	+ 354%
<b>MGP+2</b>	0,09	0,22	+140%
<b>MGP+3</b>	0,08	0,34	+320%

mcm/y	GY 2016/17	GY 2017/18
<b>MGP+1</b>	165	748
<b>MGP+2</b>	33	79
<b>MGP+3</b>	29	122

# SRG activities on the MGS



## MGS: Daily market managed by GME for the negotiation of gas in storage (Art. 7 of TIB)

Sales/purchases for  
balancing (SOP)  
Art. 2 TIB

- Gap between the measured energy and the programmed energy at the entry and exit points interconnected with the storages (Sop) of the previous gas day

Sales/purchases for  
neutrality  
Art. 8 TIB

- $\Delta LP$  not programmed:  
$$\Delta LP^N = S_T^{\Delta LP} - \Delta LP$$
- Gas not accounted:  
$$GNC^N = S_T^{GNC} + \gamma_{gnc} P - GNC$$
- Consumption and losses:  
excess/defect compared to predefined bands

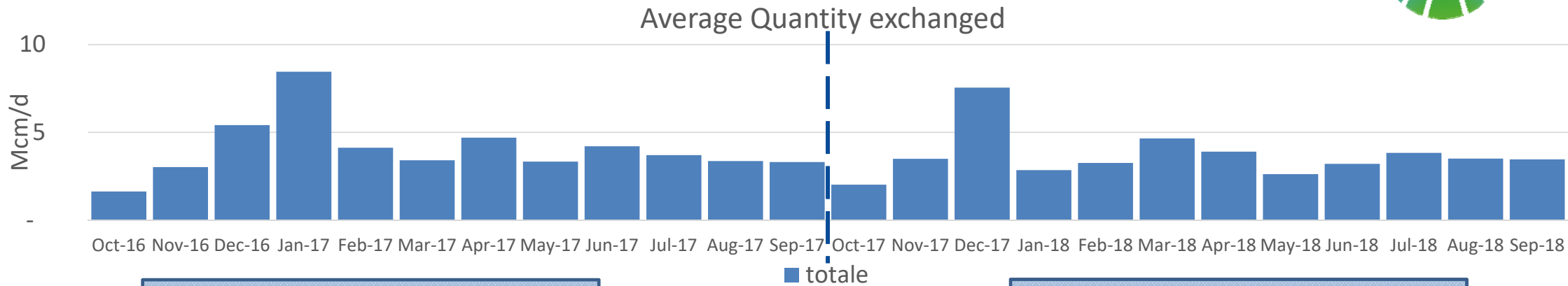
Link:  
<http://www.snam.it/it/trasporto/adempimenti-reporting-autorita/cessione-approvvigionamenti-art-8-TIB/>

Sales/purchases for  
operating gas  
Art. 7.1 312/2016/R/gas

- Sales/purchases for TSO needs different than those specified in TIB

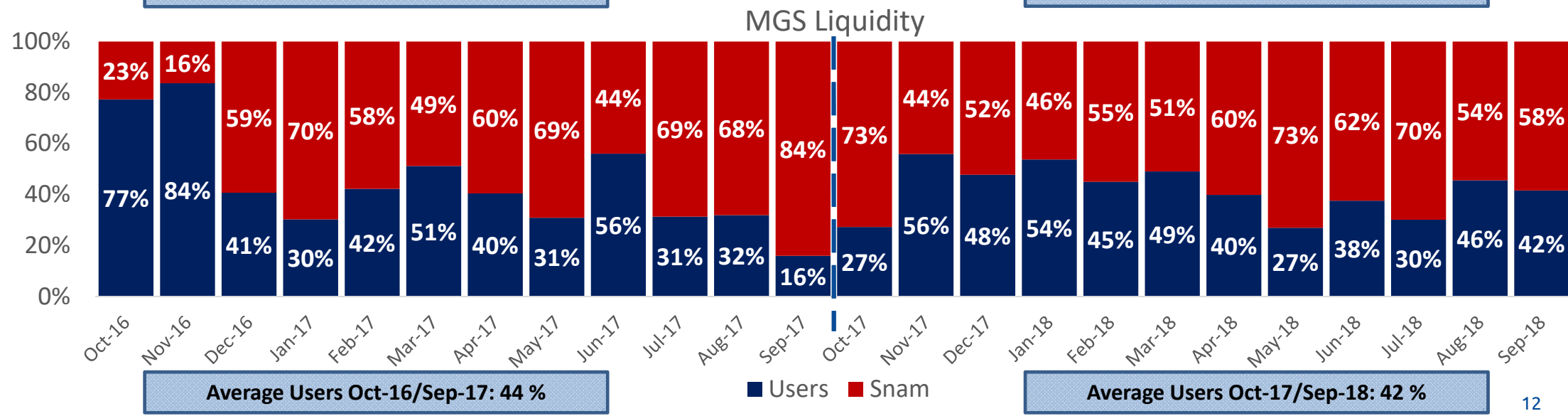
Link:  
[http://www.snam.it/it/trasporto/adempimenti-reporting-autorita/cessioni\\_approvvigionamenti\\_gas-delibera\\_312\\_2016Rgas/](http://www.snam.it/it/trasporto/adempimenti-reporting-autorita/cessioni_approvvigionamenti_gas-delibera_312_2016Rgas/)

# MGAS: MGS liquidity



**Average Oct-16/Sep-17: 4 mcm/day**

**Average Oct-17/Sep-18: 4 mcm/day**



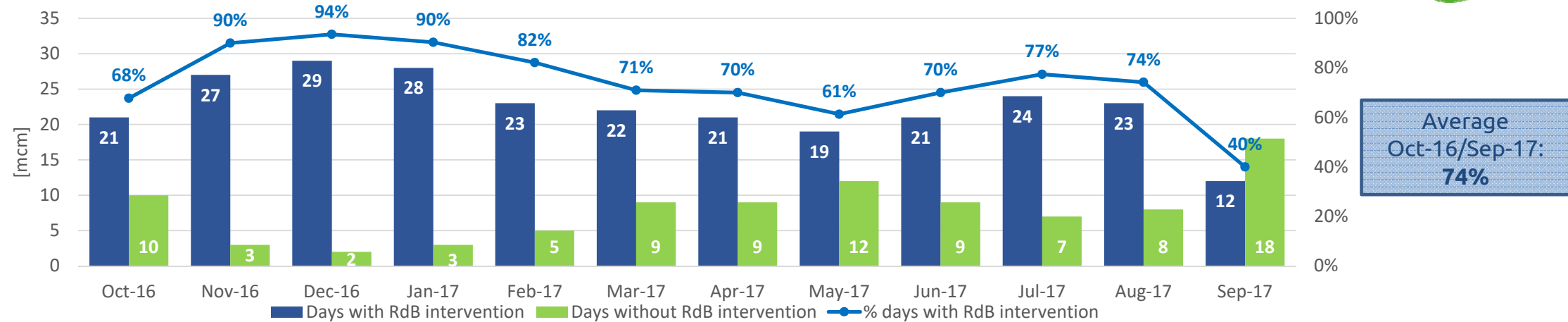
**Average Users Oct-16/Sep-17: 44 %**

**Average Users Oct-17/Sep-18: 42 %**

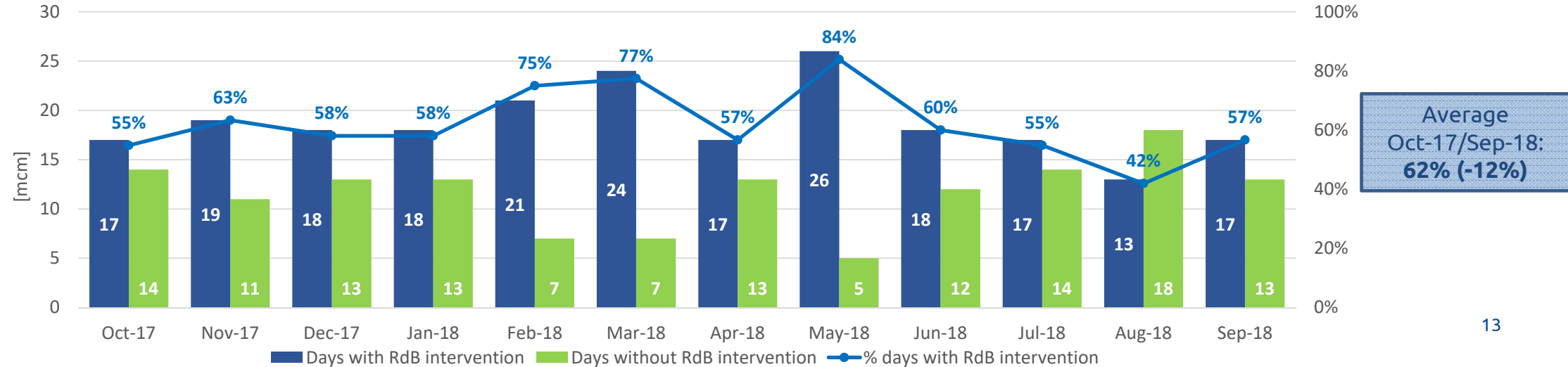
# Number of the RdB market interventions



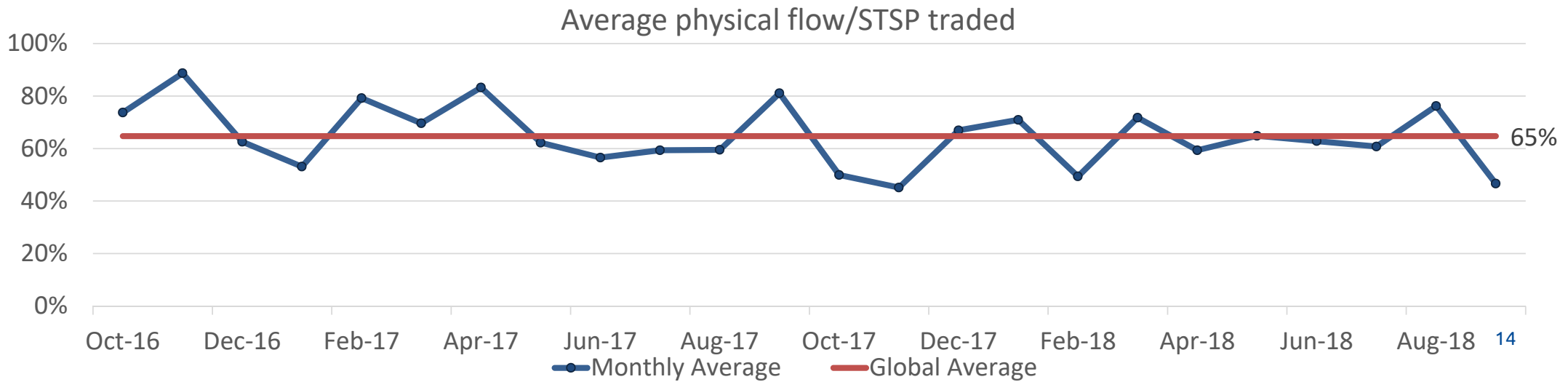
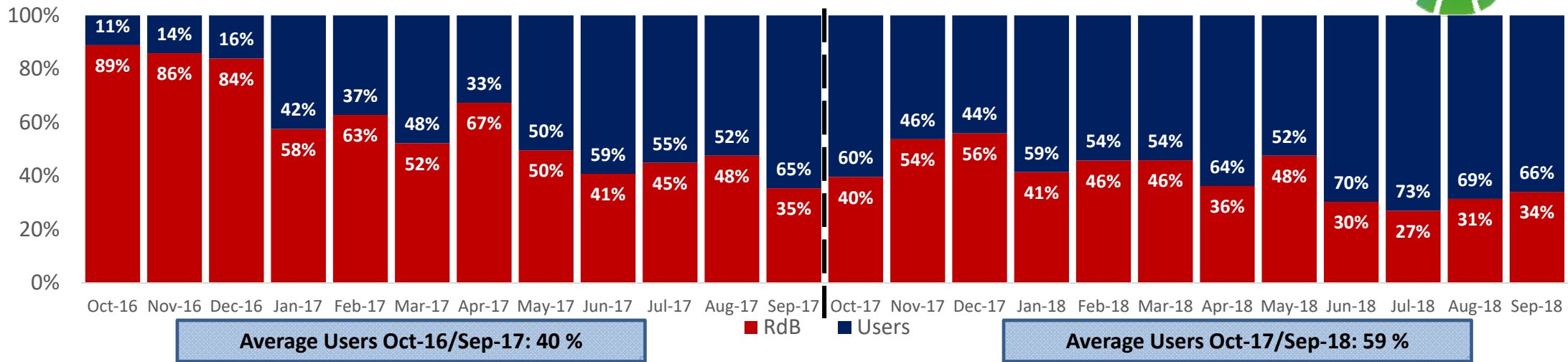
Number of matched interventions - GY 2016/17



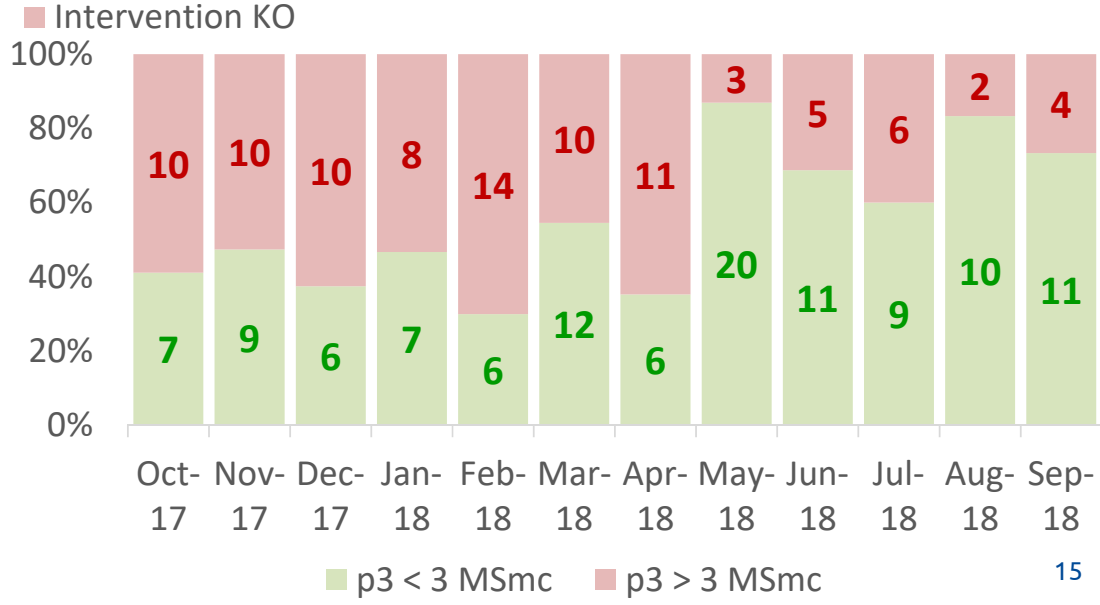
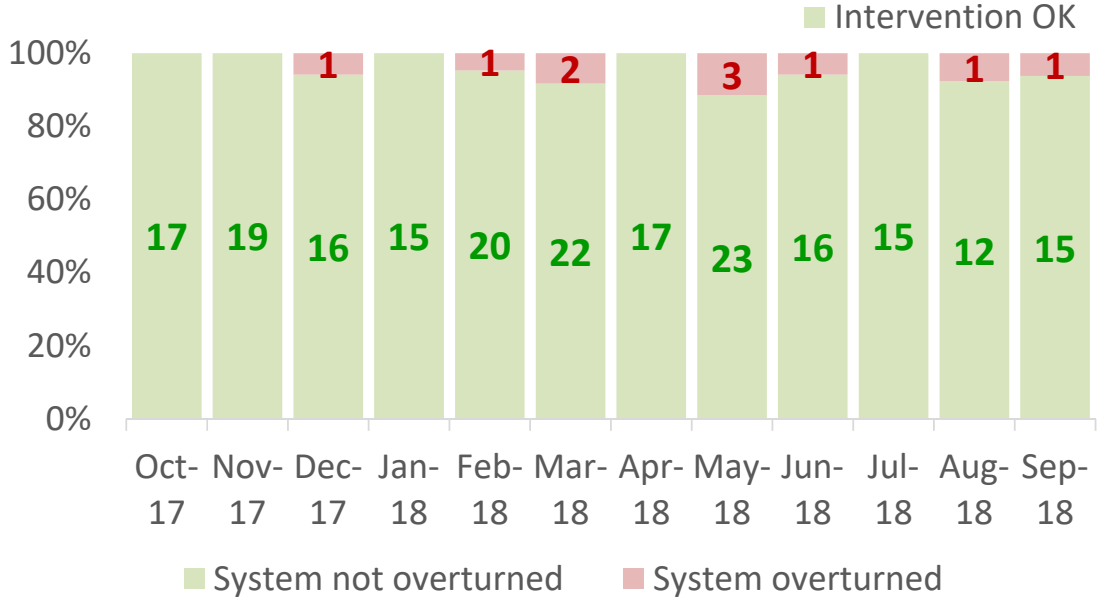
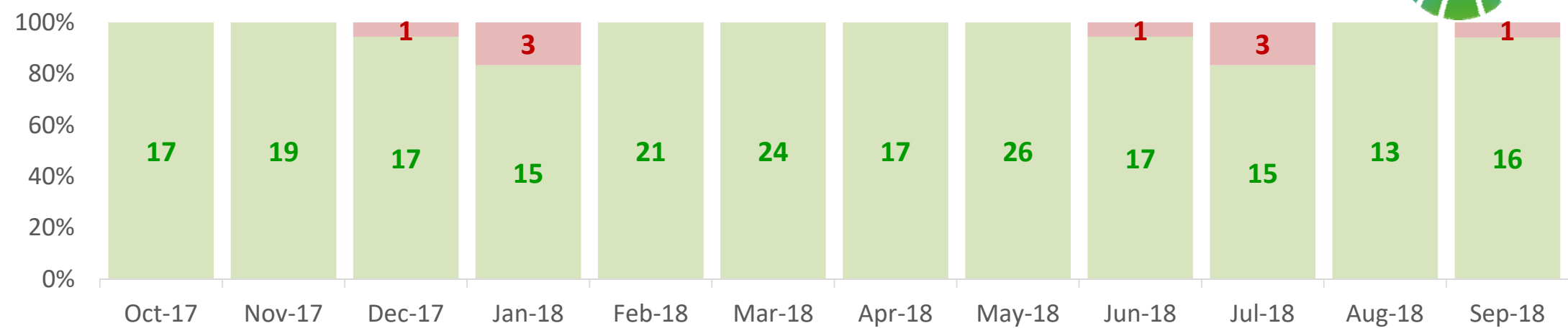
Number of matched interventions - GY 2017/18



# MGAS: RdB/Users liquidity



# RdB interventions analysis



# Gas Day 30/08/2018: Unbalanced system with market reaction

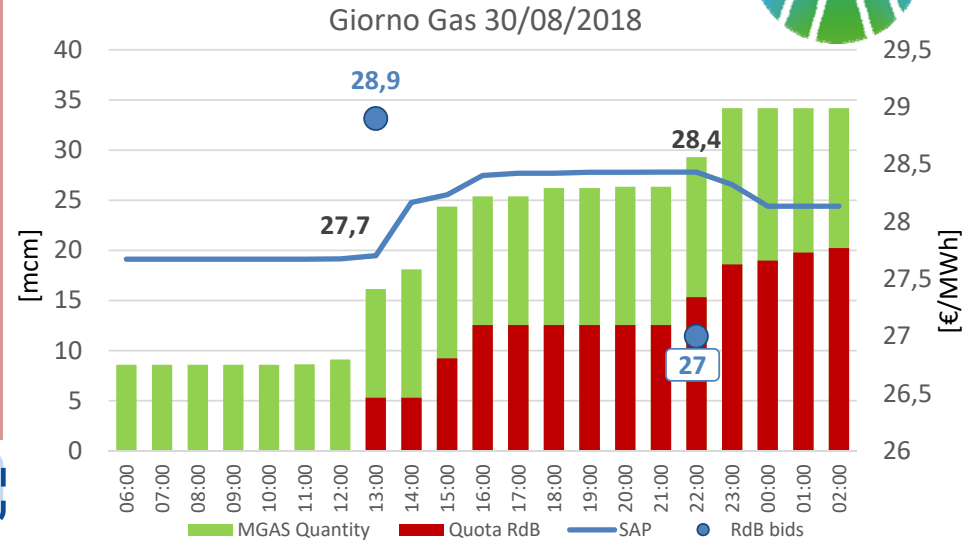


## Gas demand = 153,5 mcm:

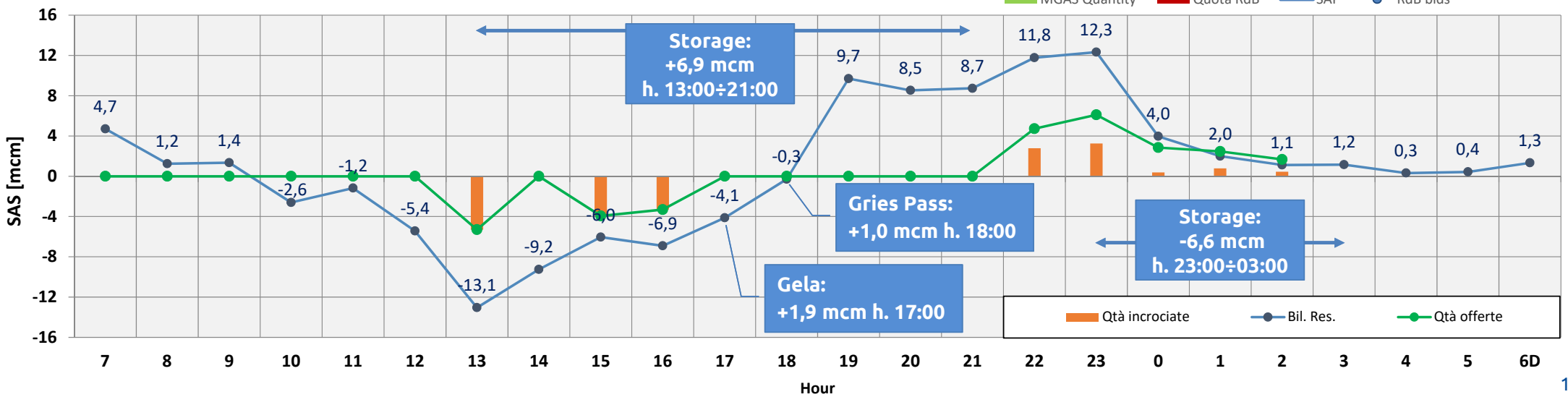
- Tarvisio: 95,1 mcm
- Gries Pass: 36,0 mcm
- Mazara del Vallo: 26,6 mcm
- Gela: 15,6 mcm
- Cavarzere: 22,4 mcm
- Storage: -55,1 mcm
- National productions : 15,3 mcm

## Pricing (€/MWh):

PSV= 27,7  
 MGS = 28,3  
 CEGH = 26,8  
 NCG=26,0  
 PEG N= 26,1



P2 = 6,75 % / P3 = 14,11 GWh





# Gas Day 03/10/2018: Long system without market reaction

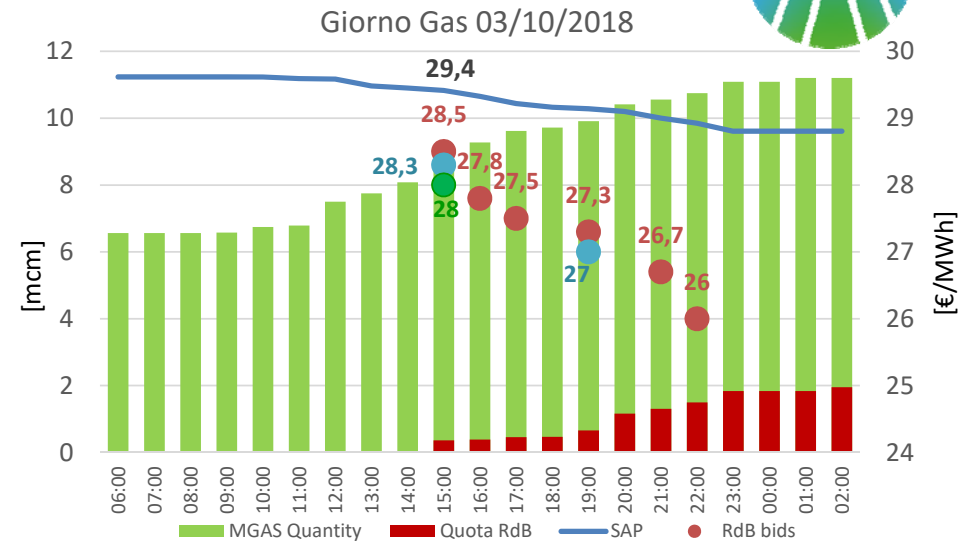


## Gas demand = 163,6 mcm:

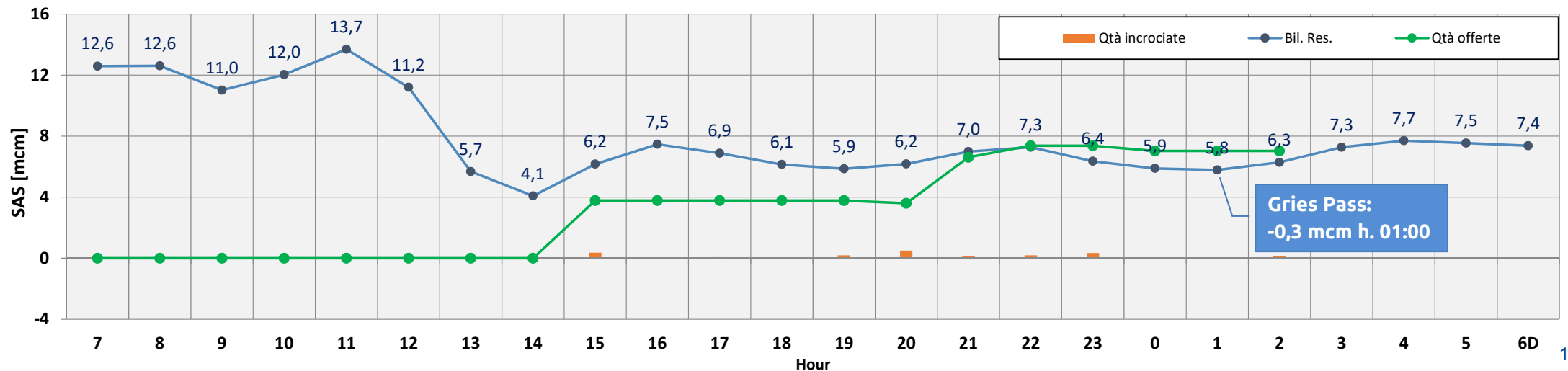
- Tarvisio: 31,8 mcm
- Gries Pass: 31,9 mcm
- Mazara del Vallo: 56,6 mcm
- Gela: 17,1 mcm
- Cavarzere: 21,8 mcm
- Panigaglia: 7,4 mcm
- Livorno: 2,3 mcm
- Storage: -11,1 mcm
- National productions: 14,2 mcm

## Pricing (€/MWh):

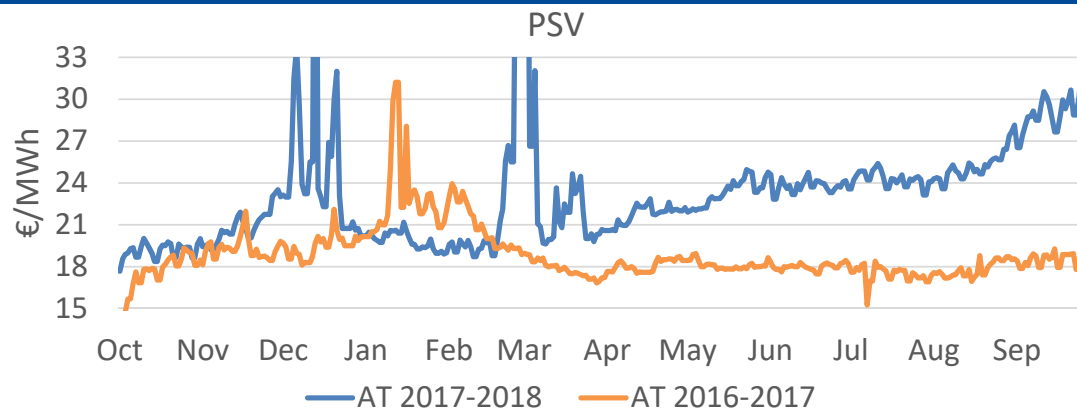
PSV = 29,696  
 MGS = 29,05  
 CEGH = 27,5  
 NCG = 27,3  
 PEG N = 27,2



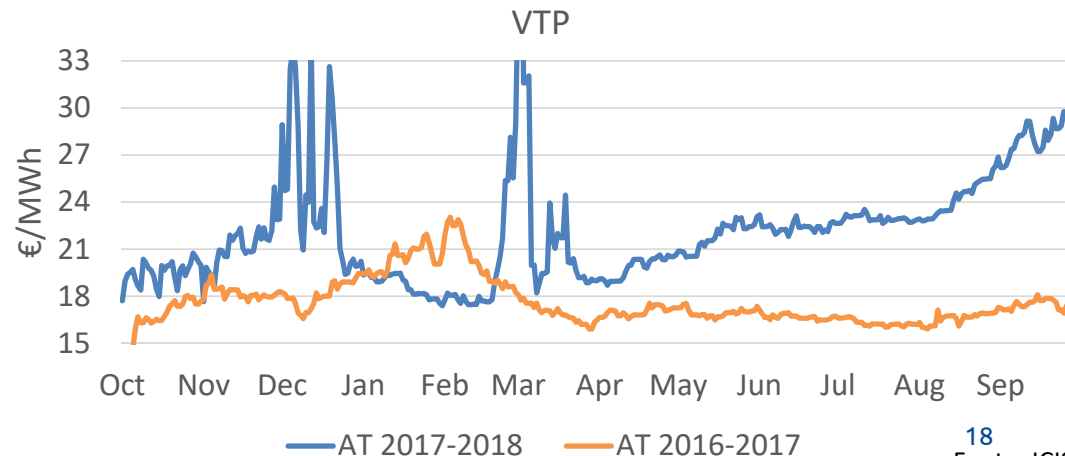
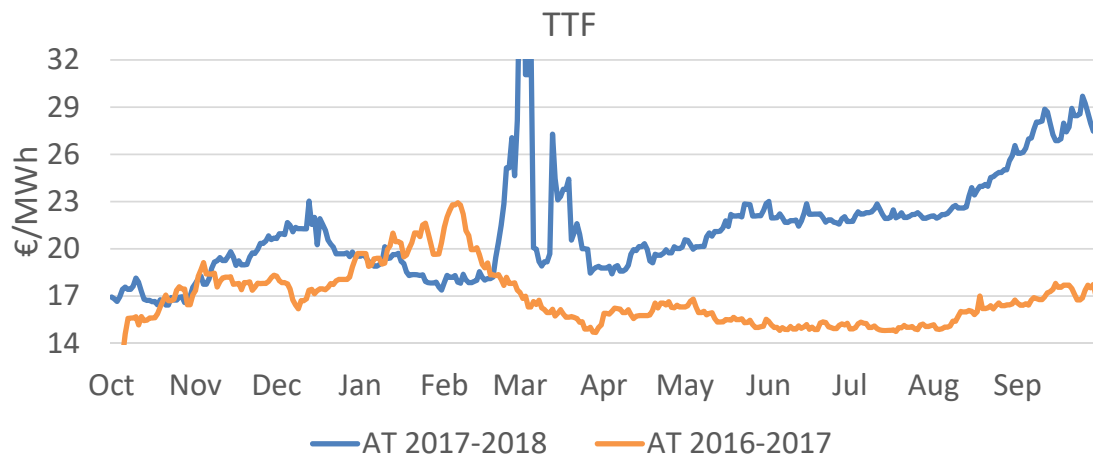
P2 = 9,74 % / P3 = 77,98 GWh



# Pricing & summer rally



	PSV	TTF	VTP
<b>Δ GY 17/18 VS GY 16/17</b>	+4,4 (+23%)	+4,5 (+27%)	+4,6 (+26%)
<b>Δ Jul – Sep (GY 17/18 VS GY 16/17)</b>	+8,2 (+46%)	+8,5 (+53%)	+8,3 (+49%)





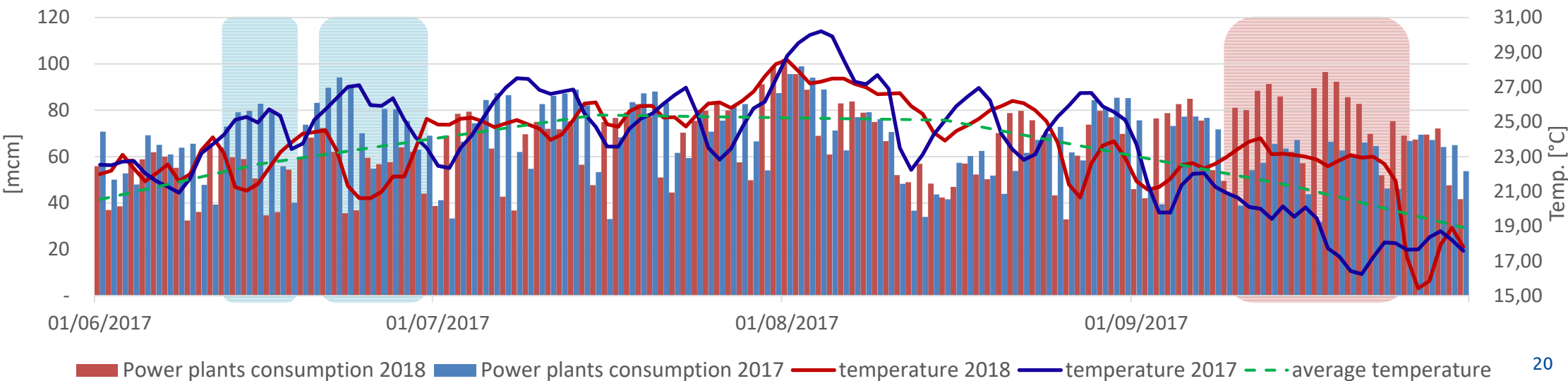
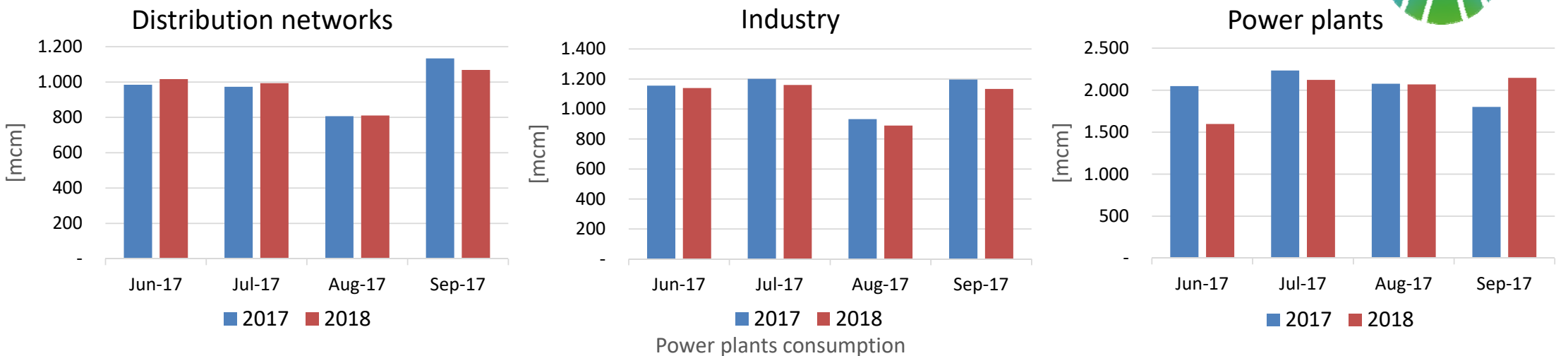
High demand

- **High temperatures**
- **Switch coal to gas in power production due to EU ETS reform (CO2 from 5 to 25 €/ton)**
- **Drop in french nuclear production due to maintenance**
- **Need of injection in European stocks (after Burian)**

Lower offer

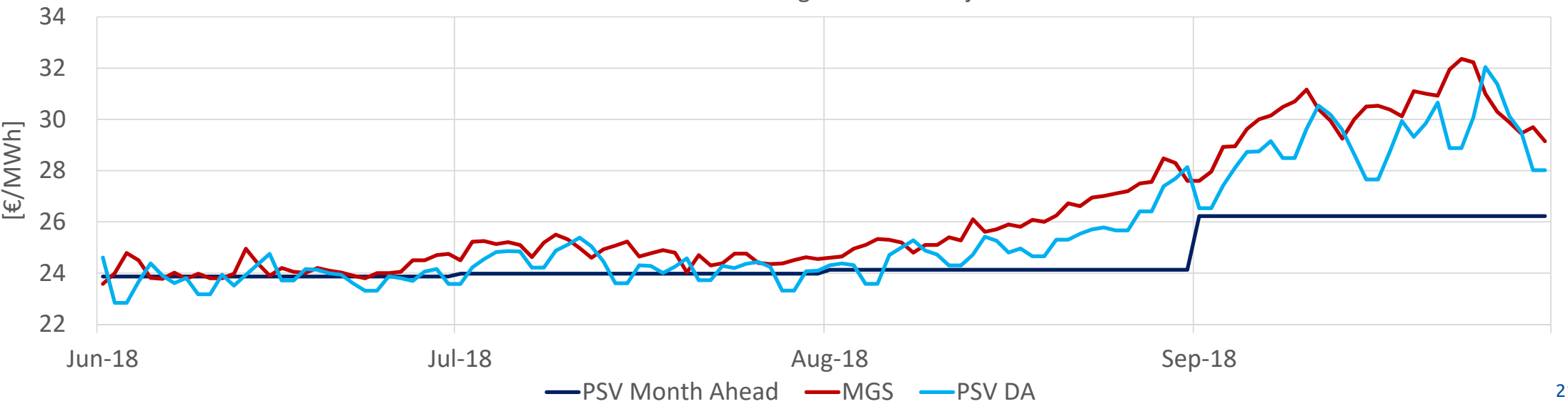
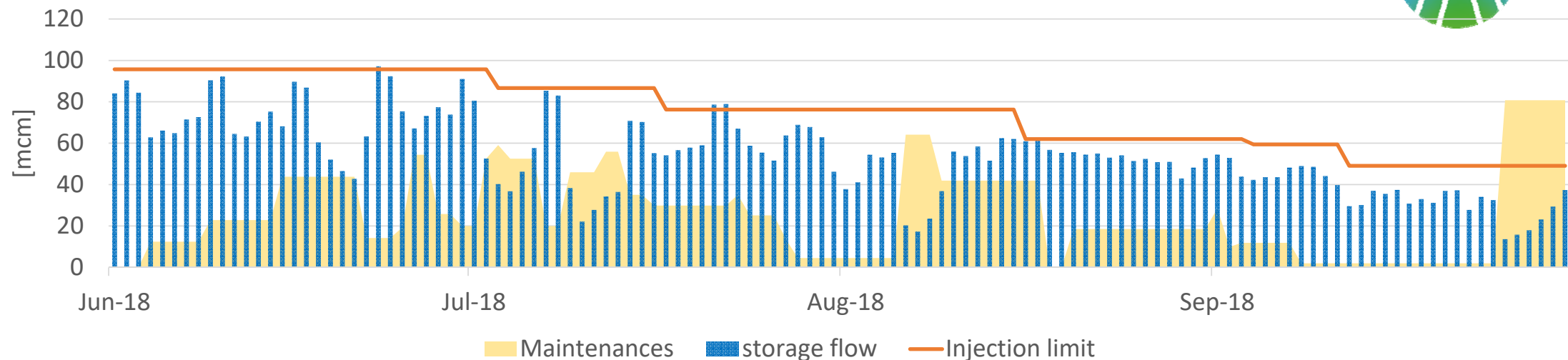
- **Drop in dutch (Groningen) and in Norwegian productions (Gassco maintenance)**
- **Asian LNG market at a premium value vs mediterranean one**
- **Pipeline and facilities maintenance**

# Summer 2018 – gas consumption

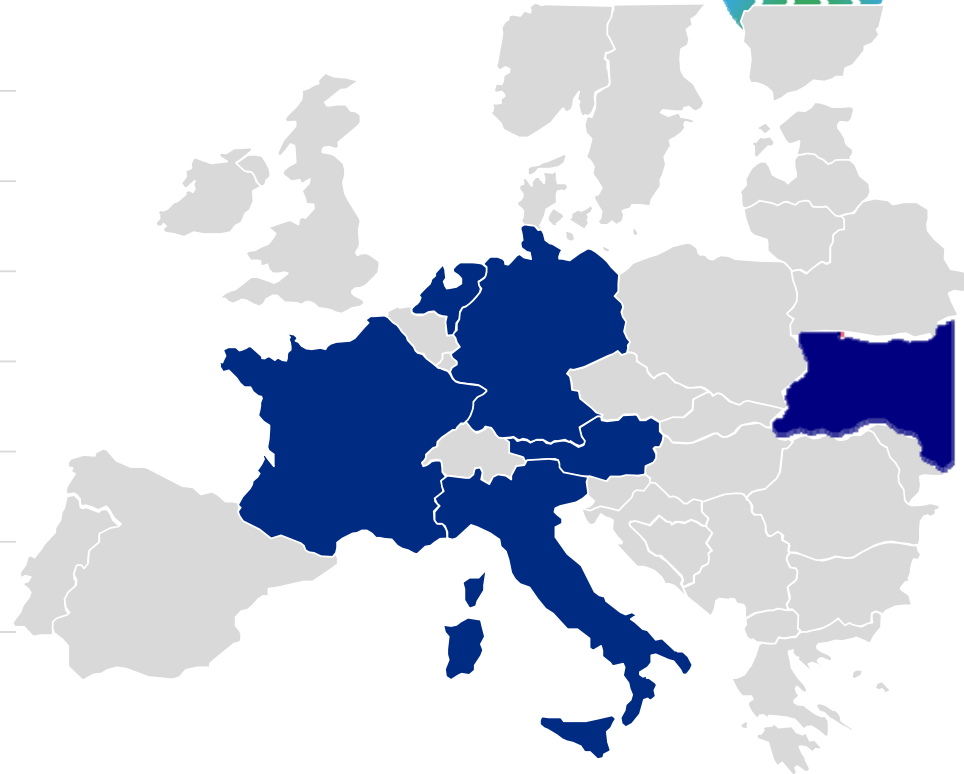
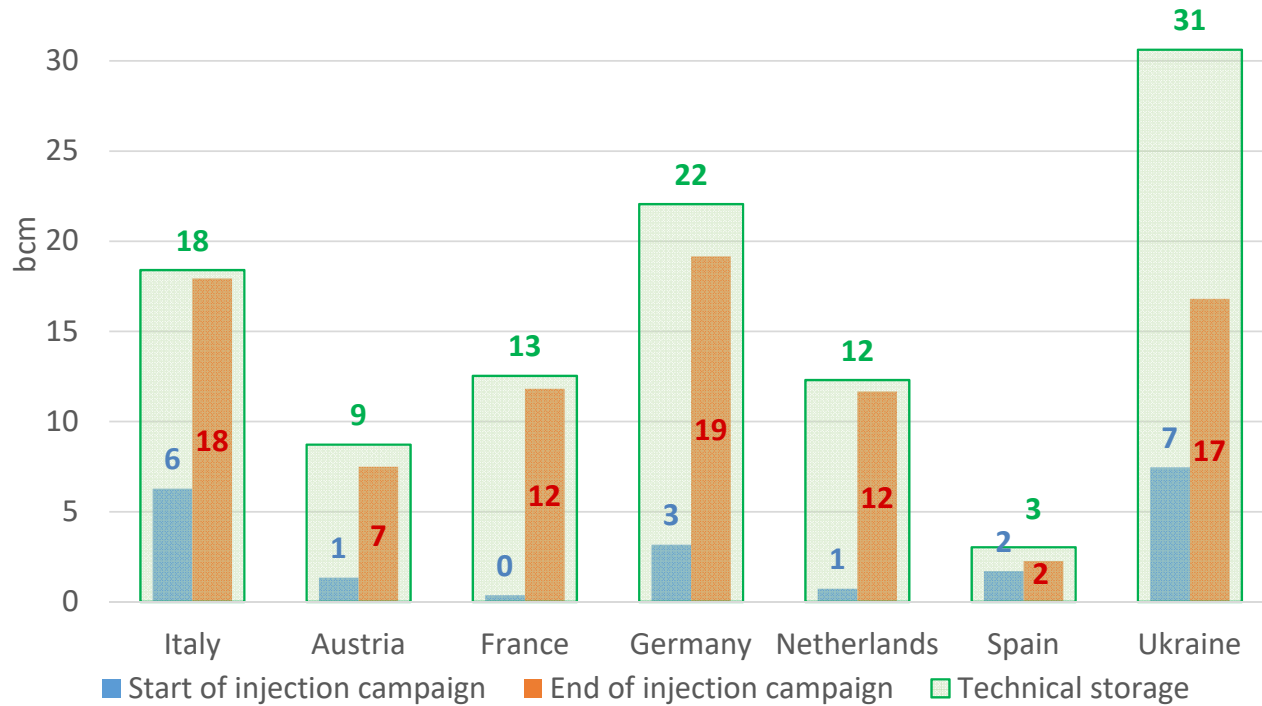


■ Power plants consumption 2018 
 ■ Power plants consumption 2017 
 — temperature 2018 
 — temperature 2017 
 - - average temperature

# Summer 2018 – Stogit gas Injection



# Italian and european stock levels



## Start of injection campaign (2018 vs 2017)

<b>ITALY</b>	-0,9 bcm (-13%)
<b>EUROPE</b>	-9 bcm (-27%)



## End of injection campaign (2018 vs 2017)

<b>ITALY</b>	+0,2 bcm (+1%)
<b>EUROPE</b>	-0,9 bcm (-1%)

# Guide line of RdB intervention

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## **Residual role of RdB:**

- Minimization of the actions made by the TSO to balance the system
- Wait as long as possible to let the market autobalance

## **Decision of intervention:**

- Focus on not overturned the system
- Attention on the available flexibilities
- In case of relevant demand oscillations, wait until the forecast model is stable

## **Price:**

- Minimum price deviation from SAP, but
- Price set at a level to move the supply sources: analysis on hub prices, spread and logistic cost

**Target:** residual balancing equal to 0



# Thank you for your attention!

For any further information please contact:

**Trading and Gas Market Office (MEGAS)**

Manager: Ing. Serena Aristarchi

Email: [serena.aristarchi@snam.it](mailto:serena.aristarchi@snam.it); [mercati.gas@snam.it](mailto:mercati.gas@snam.it)

Office phone number: +39 02 370 39045