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DECISION
regarding the approval of the
Regulation for programming, functioning and dispatching
of the natural gas underground storages

According to provisions of art. 8 letter i) of the Gas Law no. 531/2004, as well as of provisions of art. 10 para. (4) and (5) of Law no. 351/2004,

The President of National Regulatory Authority in Natural Gas Sector issues the present decision.

Art. 1. – The Regulation for programming, functioning and dispatching of the natural gas underground storages foreseen in the annex which is part of present decision, is approved.

Art. 2. The responsible compartments within National Regulatory Authority in Natural Gas Sector, underground storage operators, National Transport System operator, producers, suppliers, eligible consumers, and legal foreign persons, beneficiaries of transit service via Romania's territory will accomplish the provisions set up by present decision.

Art. 3. – The present decision shall be published in Monitorul Oficial of Romania, Part I.

President of National Regulatory Authority
in Natural Gas Sector

Dan Pantilie

Bucharest, November 2, 2004

No. 1,353

REGULATION ON PROGRAMMING, FUNCTIONING AND DISPATCHING OF THE NATURAL GAS UNDERGROUND STORAGE

CHAPTER I Subject matter. Scope

Art. 1 The *Regulation on programming, functioning and dispatching of the natural gas underground storages* hereinafter called the *Regulation* lays out technical, technological and commercial rules and requirements aimed at ensuring the storage in a transparent, objective and non-discriminatory manner.

Art. 2 The Regulation is applicable to *operators licensed for natural gas underground storage*, hereinafter called *storage operators*, as well as to producers, operators of National Transmission System, suppliers, eligible customers and foreign legal persons who benefit from transit through Romanian territory as beneficiaries of storage services (booking of capacity, input and off-take of gas).

Art.3 The Regulation is applied together with the *Regulation on regulated access to natural gas underground storages*, hereinafter called *Regulation on access*.

CHAPTER II Objectives

Art. 4 The objectives of the present Regulation are as follows:

- a) laying out the minimum technical requirements for ensuring access to underground storages for solicitors on an even and transparent basis to available storage capacities whilst observing the conditions relating to security, quality and environmental protection;
- b) ensuring the quality of storage services with a view to supplying gas to customers in a secure and continuous manner;
- c) observance by storage operators of principles relating to non-discriminatory treatment of storage services beneficiaries;
- d) laying out the principles underlying the drafting of underground storage programmes, the programming manner as well as the responsibilities of parties involved in the underground storage related activity;
- e) establishing the way the input and off-take of gas is due to take place on cycles, month, day and hour, separately for each storage and each beneficiary;
- f) establishing the general principles relating to the functioning, dispatching of underground storages;
- g) establishing the way information is to be provided to transmission operator, to underground storage beneficiaries, to NGND and MO.

CHAPTER III

Programming of input and off-take of gas in/from storages

Part 1

General programming principles

Art. 5 The programming of gas underground storage is performed by storage operators based on contracted signed with beneficiaries of gas underground storage services.

Art. 6 For each storage year, the deadline for starting programming the input and off-take of gas in/from storages is the date of publishing of *the Final List for reallocation of available capacities* mentioned in the *Regulation on access*.

Art. 7 When establishing the programmes for storage for each storage and each cycle, month, day, hour, the storage operators will take into account the following:

1. compliance with the priority order in accordance with the provisions of the Regulation on access;
2. technological regimes agreed with the operator of the transmission system for each storage for both input and off-take;
3. technological regimes that are the best for NTS, for both input and off-take.

Part 2

Establishing the programmes for gas underground storage on cycles of input/off-take

Art. 8 Storage operators shall base the programming on the *Final List for reallocation of capacities on storages* in accordance with the provisions of the Regulation on access and of the storage contracts of each access beneficiary.

Art. 9 Storage operators will send by 31 March at the latest to transmission operator an initial programme for input for each storage and beneficiary, detailed on month, day and hour in accordance with the model presented in Annex No. 1 drafted in such a way as to comply to the technological regimes of storages and NTS.

Art. 10 Storage operators will send by 15 April at the latest to beneficiaries of storage services and to National Transmission system/NGND, the final programme of input for each storage and beneficiary, detailed on month, day and hour as per contracts in accordance with the model presented in Annex No. 1.

Art. 11 Beneficiaries of storage service will present the storage operators with of a confirmation of signing the gas transmission contract in 10 days at the most from starting providing the storage service mentioned in the final programme.

Art. 12 Storage operators will finalise by 30 September the initial programme for off-take for each storage and beneficiary based on amounts actually stored, detailed on month, day and hour as per Annex no. 1, in accordance with the contracts and by observing the technological regimes of storages and NTS.

Art. 13 Storage operators will finalise by 15 October, the final programme for off-take for each storage and beneficiary in accordance with the contracts by observing the technological regimes of storages and NTS, detailed on month, day and hour, as per Annex No. 1.

Art. 14 The input/off-take of gas in/from storages will be measured in accordance with the gas transmission and underground storage contracts for each beneficiary of storage service.

Art. 15 Measurement of input of gas into NTS intended for storage will be performed in accordance with the transmission contract. The beneficiary ensures the delivery of information on daily inputs into NTS as confirmed by transmission system operator and NGND respectively to storage operator.

Art. 16 Monthly, 10-day and daily programmes for input/off-take as well as the changes in the amount planned will be reported by storage operators to transmission operator, NGND and beneficiaries in accordance with the terms set in the RPDF of NTS.

Art. 17 The request of beneficiaries for changing the programme will be notified to the storage operator with at least 7 days before the start of the monthly programme; as for the daily programme, possible changes will be notified by 2 p.m. the previous day.

Art. 18 The request of NTS operator for changing the input/off-take programme at the levels of hour, day, month will be notified to the storage operator according to the provisions of RPDF of NTS.

Art. 19 The delivery of data agreed between parties involved in storage performance may be done by fax or Internet; parties involved have the obligation to preserve the confidentiality of data.

Art. 20 NTS operator and underground storage services beneficiaries are held responsible for the accuracy of programme-related data delivered to storage operators.

CAPITOLUL IV

Functioning of gas underground storages

Part I

Safety in the functioning of storages

Art. 21 Storage operators have the obligation to ensure the conditions for the safe functioning of outside and in-depth infrastructure related to underground storages at planned capacity.

Art. 22 At the end of each input/off-take cycle, the storage operator makes, based on the complex programmes, an inventory of the stored gas amounts. During the relevant period, there will be performed all check-out works, technical overhauling, repairs of outside and in-depth infrastructure needed for starting the next cycle in an optimum manner.

Art. 23 The responsibility for observing the technological parameters (flow, pressure) is incumbent as the case may be on storage operators, transmission operator and/or beneficiaries in accordance with the terms of the contract.

Art. 24 Storage operators have the obligation to keep in function the necessary number of compression aggregates, as well as compression aggregates in reserve so that they ensure the performance of storage programmes.

Art. 25 Storage operators are responsible for upgrading the outside infrastructure so that it ensures the transmission in real time of measured technological parameters to both transmission operator and beneficiaries.

Part 2

Addressing deviations from gas underground storage programmes

Art. 26 In the process of running the storages, possible deviations from established programmes concerning input/off-take from storages shall be addressed as follows:

- a) disturbances caused by congestions, restrictions, failures of the infrastructure of the producer, transporter or storage operators are notified to NGND, within 24 hours from their occurrence.
- b) accidents and force-majeure cases will be urgently notified after they are ascertained. NGND ensures the conducting of the flow of information to factors involved.

Art. 27 Storage operators will adjust the input/off-take programmes to new conditions and will notify the new programming to interested parties.

Art. 28 After removing the causes that led to deviations from programme, storage operators will return within 48 hours to previous programmes and will notify this to beneficiaries, NGND, MO and NTS operator.

Part 3

Processing and delivery of data regarding measurement of amounts of gas stored in storages

Art. 29 Storage operators have the following obligations :

- a) to ensure the measuring of gas amounts at both input and off-take in accordance with the provisions of the Regulation on measuring the gas amounts traded on the wholesale market and of the legislation in force;
- b) to log in their own database the input/off-take of gas in/from each storage separately on beneficiaries;
- c) to notify hourly and daily amounts to NGND, MO;
- d) to request from beneficiaries by the 5th working day of the month next to the storage month at the latest the confirmation of data on input/off-take of gas in/from storages noted in the minute on delivery/take-in of gas.

Art. 30 Beneficiaries have the obligation to deliver to storage operators the confirmation of data on input/off-take of gas in/from storages noted in the minute on delivery/take-in of gas, by the 5th working day of the month next to the storage month at the latest.

Art. 31 Storage operators have the obligation to deliver to MO and NGND the data on confirmed input/off-take of gas in/from storages by the 6th working day of the month next to the storage month at the latest.

Part 4

Restrictions

Art. 32 During functioning situations may occur due to conditions of exploitation and ask for limitations of input/off-take of gas from storage; these measures lead to changes in the programme agreed at the beginning of storing process. The causes leading to these restrictions can be commercial or technical, including force-majeure.

Commercial restrictions

Art. 33 Commercial restrictions occur due to non-observance of:

- a) gas underground storage programmes;
- b) gas quality conditions;
- c) clauses of storage contracts;
- d) clauses of gas transmission contracts.

Technical restrictions

Art. 34 Technical restrictions occurring in exploitation of underground gas storages are due to the following causes:

- a) maximum regime pressure of outside infrastructure (compression stations, upstream pipelines etc.);
- b) maximum allowed pressure difference layer-well for exploitation at a constant filtering speed and for perseverance of physical qualities of porous-leaky layers, in both input and off-take cycle;
- c) changes in the physical characteristics of the porous-leaky layer in exploitation, due to natural or accidental causes;
- d) variation in the number of wells in production and in their flow input taking into account that piezometric wells can pass into production regime and the other way around in the development of input/off-take of gas;
- e) exploitation of gas compression stations taking into account the optimum compression rate and the maximum station efficiency;
- f) overhauling operations or planned repairs needed as a result of technical accidents;
- g) technical accidents affecting the storage capacity (for example: at wells, at the system of wells supplementation, at compression stations, at upstream pipelines, at commercial gas delivery/in-take points);
- h) the need to make the constant daily production.

Art. 35 Technical restrictions occurring in the exploitation of NTS are due to the following causes:

- a) overhauling operations or planned repairs needed as a result of technical accidents, hooking of new customers;
- b) technical accidents limiting the availability of NTS transmission capacity.

Art. 36 In case of restrictions, the storage operator will notify to the factors involved the necessary information regarding:

- the storage affected by the restriction;
- the causes which asked for restriction;
- the values of daily and hourly flows under the newly emerged situation;
- the way and period of remedy in case causes are in the nature of those listed at art. 34 points f), g), h).

Art. 37 Storage operators notify to the factors involved (producers, suppliers, transporter, beneficiaries) in case of restriction, the programme-related data in accordance with the model presented in Annex No. 2.

Part 5

System maneuvers

Art. 38 Storage operators request from and/or notify to beneficiaries and transmission operator the maneuvers done at storages and possible changes in the technological regimes in order to preserve storage safety parameters in accordance with the provisions of the contract.

CHAPTER V

Dispatching

Part 1

General Provisions

Art. 39 In order to fulfill the obligations related to ensuring the safety in the exploitation of underground gas storages, storage operators have the obligation to set up and keep a unitary and flexible structure for dispatching and respectively process surveillance, notification of data and parameters related to the activity, as well as for quick intervention at storages.

Art. 40 The dispatching is performed within an unitary-integrated system comprising functionally and relationally well defined units and compartments.

Art. 41 Storage operators' dispatchers correlate gas amounts delivered/in-taken in/from storages with transmission capacities with a view to fulfilling contract obligations, whilst observing the decisions of transmission system operator/NGND, by working together with the dispatcher of NTS and dispatchers of distribution operators.

Art. 42 The dispatcher of storage operator is the balancing coordinator of storage and it draws out forecasts of input/off-take of gas detailed on storages, beneficiaries at the level of cycle, month, day. To this purpose it gets on a daily basis from beneficiaries of storage services operational data on input/off-take of gas, as well as technological parameters of interfaces with NTS.

Part 2

Recording data

Art. 43 Storage operators' dispatchers log the parameters relating to the functioning of storages.

Art. 44 All deviations from storage programmes occurring in the functioning of storages are noted in the dispatcher's register.

CHAPTER VI

Final provisions

Art. 45 Storage operators may propose the supplementation and/or amendment of the present regulation based on needs, regulatory framework and development of relations between participants on the gas market.

Art. 46 Storage operators have the right in case of force majeure to take gas from the inactive stock (gas pillow) upon request of transmission operator/NGND or suppliers that have the public service obligation.

Art. 47 Beneficiaries of gas taken from the inactive stock (gas pillow) have the obligation to restore it within the first 60 days from restarting the input cycle.

Art. 48 Storage operators may perform swapping operations with no prejudice to the beneficiaries of the underground gas storage services with a view to ensuring the balance of NTS, security and continuity of supply.

Art. 49 The gas left in storages at the end of the full storage cycle will be subject to a new underground storage contract concluded by the end of validity of initial contract and valid from the first calendar day of the next storage cycle.

Art. 50 Definitions of certain terms and abbreviations from Regulations are included in Annex No. 3. Terms that are not defined can be found in the Gas Law No. 351/2004, and in the Technical Code of the Gas Sector, approved by Decision No. 616 of 10 June 2002 of ANRGN's President.

Annex No. 1 to Regulation

Storage operator
No./.....

Initial/final storage programme – cycle of input/off-take in/from underground storages

No.	Storage	Beneficiary	Amount of gas in relation to which it is requested input/off-take in/from underground storages [thousand cm]						Total cycle input/off-take*
		(month)		(month)			
			monthly	daily	hourly	monthly	daily	hourly	
1									
2									
3									
4									

Annex No. 2 to Regulation

Storage operator
No./.....

Offer concerning capacities of input/off-take of gas in/from underground storages

No.	Storage	Capacity of input/off-take [thousand cm]						Total cycle input/off-take*
	(month)		(month)			
		monthly	daily	hourly	monthly	daily	hourly	
1								
2								
3								
4								

*months related to cycle of input/off-take will be established by storage operator

Annex No. 3 to Regulation

DEFINITION OF TERMS AND ABBREVIATIONS

Overall storage capacity – amount of gas expressed in cubic meters under basic conditions (t.....p.....) that can be stored in an underground storage under safety conditions, within the confines allowed for by the dynamic and static parameters of the deposit and by the existing outside facilities.

Available storage capacity – capacity of underground storage to receive and give respectively an amount of gas under safety conditions, within the confines allowed for by the dynamic and static parameters of the

deposit and by the outside facilities existing at one time at a storage (at the time of beginning the input cycle).

System maneuvers – operations performed by the storage operator in order to perform the input and/or off-take to outside and/or underground infrastructure within the confines planned through the technological regimes related to these infrastructure.

Swapping – (gas exchange) is the operation leading to on-paper replacing between themselves of two amounts of gas of different categories, each of them determined by:

- their nature (import, domestic, mixture, installment, new gas etc.)
- source of origin (Romgaz, Petrom, import „supplier” etc.)
- intrinsic value of gas as merchandise plus the value of various services and incorporated obligations
- owner of gas and/or administrator thereof if the gas is in custody;
- any other characteristic related to the gas amounts subject to exchange

Active gas stock – input and off-take of gas in and from an underground storage in a full storage cycle. The amount of gas representing the active stock is equal or smaller than the overall storage capacity.

Inactive gas stock (gas pillow) – amount of gas existing or set up at the level of storage (existing or set up reserve), physically recoverable, ensuring the optimum conditions needed for preserving the technical-productive flowing characteristics.

Abbreviations

MO – Market Operator

RPF of NTS – Regulation on programming, functioning, dispatching of National Transmission System

NGND – Natural Gas National Dispatcher