Balancing Arrangements
Review of Platform Options

Regulation EU 312/2014
'Balancing Network Code' Compliance

25 August 2016

Issued for Industry Consultation

Consultation Details

Consultation Closes: **15 September 2016**

Comments to: **Andrew Kelly**

andrew.kelly@gasnetworks.ie; and

marketdevelopment@gasnetworks.ie

Contents

1 Introduction and Background 1

1.1 Introduction 1

1.2 Background 1

1.3 Current Practice – Use of Balancing Services Contracts 2

2 Operational Platform Balancing Tools 4

2.1 Trading Platform 4

2.2 Balancing Platform 9

2.3 Issues to Consider for Both Platforms 11

2.3.1 Contractual Implications 11

2.3.2 Commercial Implications 12

2.3.3 IT Infrastructure and Systemisation Implications 14

Appendix 1: Short Term Standardised Products 15

Appendix 2: List of Questions Posed 17

1 Introduction and Background

1.1 Introduction

The purpose of this Balancing Arrangements Consultation is to present the two Platform options available to GNI to carry out its operational balancing activities, in accordance with Regulation EU 312/2014 (Balancing Network Code) [the Regulation].

This report is issued to prompt written responses from Industry, which will feed into the Regulator's decision on which Platform option GNI should utilise.

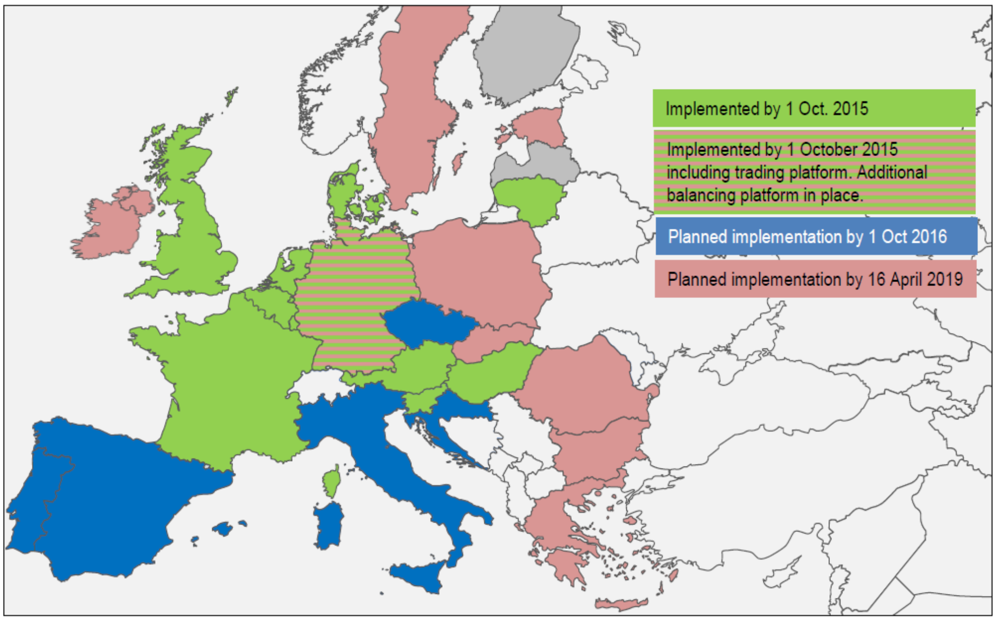
To this end, this report includes the following sections:

- ***Section 1*** - sets out the origins of this report and current balancing arrangements.
- ***Section 2*** - describes the ***Operational Platform Balancing Tools*** available to a Transmission System Operator (TSO) for balancing purposes, i.e. a Trading Platform or Balancing Platform, and the pros and cons of each. GNI's perspective on the two options are provided and questions are posed, to which stakeholder responses/ feedback are welcome.

1.2 Background

The Balancing Network Code (BAL NC) provides EU countries with several alternatives implementation dates. **Map 1** provides an overview of expected implementation dates for various EU countries from the most recently published ACER-ENTSOG Balancing Network Code Report, including a planned BAL NC implementation date of April 2019 for Ireland. Article 10 of the Regulation provides a means for Member States to transition to full implementation of the Regulation, through the application of 'interim measures' in the period between October 2015 and April 2019.

Map 1: Expected Implementation Dates of BAL NC for EU countries



Source: ACER-ENTSOG. November 2015. Second ACER-ENTSOG Report on the status of the implementation of the Balancing Network Code.

In April 2015, the CER approved GNI's Interim Measures Report on the Balancing Network Code, in turn notifying the Agency for the Cooperation of Energy Regulators (ACER) and the European Commission that Ireland would utilise interim measures. This Interim Measures Report set out a high-level roadmap towards 2019 compliance, with the intention of developing liquidity at the IBP during that period.

More recently, a Consultation Paper (January 2016), entitled *'Balancing Options Assessment',* articulated GNI's ***preliminary assessment*** of the feasibility of the various balancing options available for the implementation of an enduring solution. The options outlined at that time included:

- a Trading Platform,
- a Balancing Platform,
- trading in an adjacent zone,
- Balancing Services Contracts, and,
- Short Term Standardised Products (STSPs).

Appendix 1 describes each of the STSPs included in the Regulation.

Following a review of industry's responses to the initial Consultation Paper and further consultation with industry and the Regulator in the meantime, including several dedicated balancing workshops, this Balancing Arrangements Consultation Document presents an overview of the two Platform options that GNI is currently exploring; a Trading and a Balancing Platform.

Section 2 presents an overview of each option and poses 11 questions, to which stakeholder responses and feedback are welcome.

A complete list of the questions posed is included in **Appendix 2**. Responses provided will enable the Regulator to make a more informed decision, as to the Platform option most appropriate for TSO utilisation.

1.3 Current Practice – Use of Balancing Services Contracts

Article 8 of the Regulation describes how balancing services should be procured through a competitive public tender process and reviewed annually, to assess whether STSPs might better meet the TSO's balancing requirements and if the use of balancing services could be reduced in the subsequent year. As per the merit order established in Article 9 of the Regulation, balancing services should only be used where STSPs are insufficient.

At present, in the absence of a live Trading or Balancing Platform, GNI uses balancing services contracts to meet its operational balancing needs. Following a public tender process, 'balancing buy' and balancing sell' contracts are awarded to the successful bidder(s). The contracts provide that the balancing services supplier(s) will provide (balancing buy) or dispose of (balancing sell) gas to/from the system when requested to do so by GNI. The supplier(s) is paid the contract price for each action undertaken.

The Code of Operations includes disbursement account arrangements, which ensure that the TSO is cash neutral in respect of the balancing services contracts and distributes the contract costs amongst the Shippers, on a throughput basis.

Tenders received by GNI for the Balancing Services Contracts for the 2016/2017 gas year are currently being evaluated, and the most competitive tenders will be selected shortly.

Table 1 provides a list of the EU countries currently using balancing services contracts.

Table 1: EU Countries Using Balancing Services

Still possible to use balancing services	Use of balancing services foreseen/ under discussion	No plan to use balancing services
Germany	Bulgaria	Austria
Greece	Czech Republic	Belgium
Ireland	Spain	Denmark
Lithuania	France	Croatia
Sweden	Italy	Hungry
Slovenia	Portugal	Luxembourg
Northern Ireland	Slovakia	The Netherlands
		Poland
		Romania
		Great Britain

Source: ACER-ENTSOG. November 2015. Second ACER-ENTSOG Report on the status of the implementation of the Balancing Network Code.

Table 2 provides an overview of the pros and cons of using balancing services contracts as a balancing mechanism.

Table 2: Pros and Cons of using Balancing Services Contracts as a Balancing Tool

Pros	Cons
Enables the TSO to meet its operational balancing needs.	Designed exclusively as a tool for the TSO to engage in balancing actions with designated Shipper(s).
Confers an obligation on the contracted Shipper(s) to meet the TSO's balancing needs.	Contractual obligations may exclude certain Shippers from being able to tender for such contracts, and therefore does not facilitate market liquidity.
The TSO can fall back on these contracts, when needed, in times of insufficient liquidity on alternative Platform options.	The holder(s) of the balancing services contracts is paid a pre-determined contract price for each action undertaken – a more competitive price might be available to the TSO on a more liquid Trading Platform.

GNI's Perspective on Balancing Services Contracts

GNI believe that balancing services contracts should remain in place for the foreseeable future (even if STSPs are offered on a Trading/Balancing Platform), until such time as the TSO can be confident that the required balancing action can be met via a Trading/Balancing Platform.

As **Table 1** illustrates, Ireland is not alone in foreseeing a need for the continued use of balancing services during the interim measures period to April 2019[1]. Where GNI needs to act promptly due to a significant build-up/drop in linepack on the system, it will need a fall-back contract to secure the necessary transaction until such time as it can be demonstrated that an appropriate Platform is providing the necessary liquidity, at all times, to meet GNI's balancing needs.

It is important to note that while the STSPs provide Shippers with the opportunity to meet GNI's balancing needs, the balancing services contracts confer an obligation on the contracted Shipper(s) to do so.

2 Operational Platform Balancing Tools

The Regulation offers a number of possible tools, which a TSO may utilise for the purposes of operational balancing. Article 9 of the Regulation sets out a merit order, whereby the preferred means for a TSO to balance its system is by way of STSPs traded on a Trading Platform. However, where insufficient liquidity has been demonstrated, the Regulation allows for the use of a Balancing Platform and/or balancing services contracts during the interim period.

2.1 Trading Platform

The Regulation:

Article 3(4) of the Regulation defines a Trading Platform as '*an electronic platform provided and operated by a trading platform operator by means of which trading participants may post and accept……bids and offers for gas required to meet short term fluctuations in gas demand or supply……and at which the transmission system operator trades for the purpose of undertaking balancing actions'.*

The Regulation states that the TSO shall endeavour to ensure that the criteria outlined in Article 10 (1) are met by at least one Trading Platform and that the TSO shall trade on such a Platform for the procurement of STSPs.

[1] ACER-ENTSOG Implementation Report, 2015

A Trading Platform would need to meet the relevant criteria, as set out in Article 10 of the Balancing Code:

- Provide sufficient support throughout the gas day to facilitate trades;
- Provide transparent and non-discriminatory access;
- Provide services on an equal treatment basis;
- Ensure anonymous trading, at least until trade is concluded;
- Provide a detailed overview of current bids and offers; and,
- Ensure that all trades are duly notified to the TSO.

Any trades carried out on the Platform must be notified to the TSO by way of trade notifications (i.e. IBP Nominations), and parties may only trade on the Trading Platform if they are entitled to make trade notifications to the TSO.

The Trading Platform operator must publish the evolution of the marginal buy/sell price after each trade (or provide the information to the TSO to publish it) without delay.

Options for Implementation of a Trading Platform in Ireland

There are a number of options in terms of the both the type of Trading Platform and the operator of the Platform. In terms of Platform types, the two primary options and their key differentiating features are described below:

1. **Cleared Platform**
    - Credit and financial settlement arrangements are dealt with by the Platform operator, i.e. Shipper puts credit/margin calls in place directly with the Platform operator.
    - No bilateral credit or settlement arrangements are required between Shippers.

2. **Brokered Platform**
    - Platform provides a ‘meeting place’ for Shippers to trade, but credit and settlement arrangements are managed bilaterally between Shippers.

Likewise, there are two primary options in terms of the operating model which could be applied:

1. **TSO as developer and/or operator**
    - The TSO may develop a Trading Platform, either building new IT functionality entirely from the ground-up, or by adopting and adapting existing IT functionality from elsewhere.
    - TSO may procure a third party to develop and/or operate a Platform on behalf of the TSO.

2. **Independent Platform Operator**
    - Alternatively, an independent third party Platform operator may establish a Trading Platform, as per the criteria prescribed in the Regulation, for use by both the TSO and Shippers.
    - TSO participates on the Platform just as any other user.

Regardless of which combination of the four options above may be used, there are several issues to consider:

- ***Terms and Conditions*** - Trading Terms and Conditions would need to be developed and signed by all Platform users to standardise obligations, quantities, units, currency, payment terms etc.

  These arrangements would not necessarily be standard and would be entirely bilateral, i.e. any two parties may agree alternative terms/variations to any standard form of agreement provided by the Platform operator, should the parties so wish.

- ***STSPs*** - Short Term Standardised Products would need to be defined and incorporated in the contractual arrangements.

- ***Multi-Party Framework Contract*** - A multi-party framework contract would need to be developed by the TSO, to allow the procurement of short term (day-ahead and within-day) balancing services from multiple Shippers/Platform users on a framework basis.

- ***IBP as delivery point on GTMS*** - In all scenarios, changes to the GTMS system[2] would be required to ensure that multiple Shippers could submit IBP Nominations (with the TSO as counterparty) in response to a trade being carried out with the TSO under the multi-party framework contract, and that these IBP Nominations are distinguished as balancing actions and treated as such in the disbursements account process.

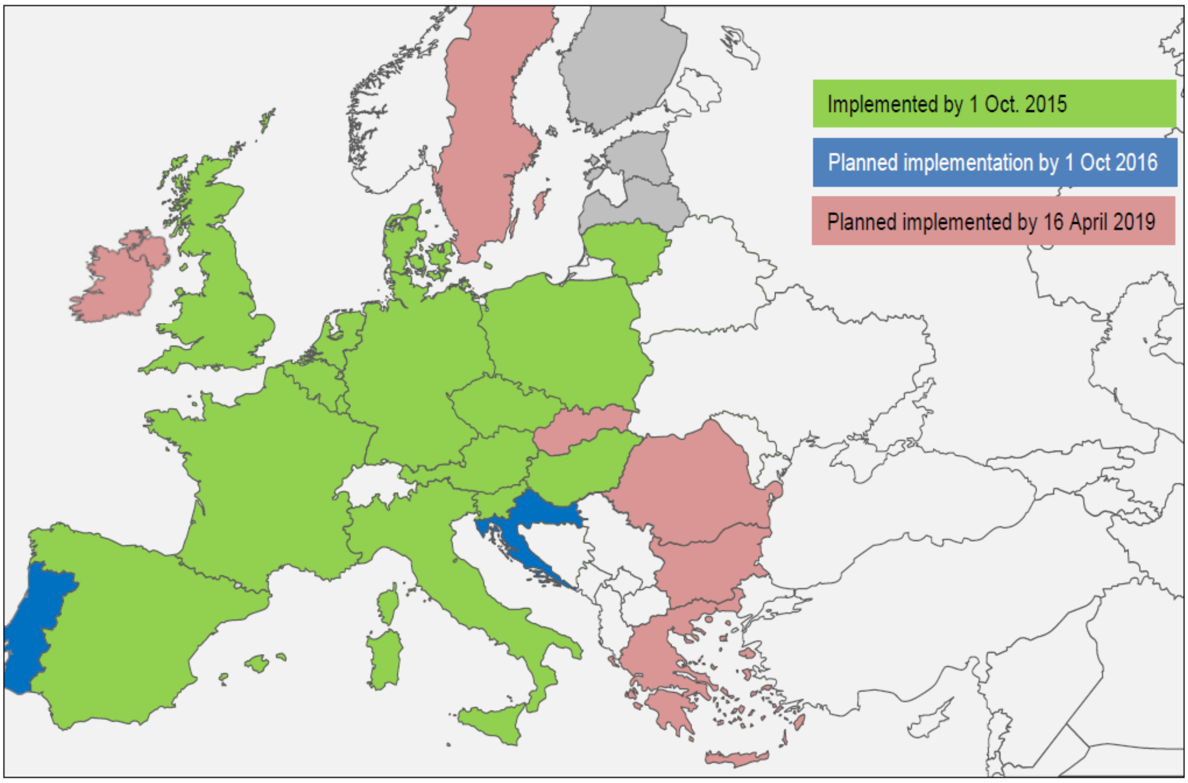
- ***Platform/GTMS IT Interface*** - The level of information flow between the Platform and GTMS would need to be agreed, designed, built and implemented.

- ***Governance/Regulatory Designation*** - Whether the TSO or an independent party develops and/or operates a Trading Platform, it will be necessary for that Platform to be designated as the Platform to be used by the TSO and potentially as the Platform for the derivation of the imbalance cash-out price. The exact manner by which such regulatory designation would be given effect is, as yet, unclear, and would need to be agreed with the Regulator.

[2] Note that current IBP Nomination and disbursement account functionality caters for a single (rather than multiple) balancing supplier delivering gas at a single entry point (rather than at the IBP).

Map 2 provides an overview of EU countries' expected implementation dates for a Trading Platform.

Map 2: Implementation of Trading Platform for Balancing



Source: ACER-ENTSOG. November 2015. [Second ACER-ENTSOG Report on the status of the implementation of the Balancing Network Code](#).

Table 3 presents the pros and cons of a Trading Platform as a means of balancing.

Table 3: Pros and Cons of a Trading Platform as a Balancing Tool

Pros	Cons
Provides a balancing tool for both network users and the TSO, thereby promoting liquidity and flexibility.	Shipper wishing to partake in balancing action trades with the TSO are required to sign-up with the Trading Platform operator.
Enables trading between market players, as well as between the TSO and market players.	May be risker from a TSO balancing perspective than the other balancing options (i.e. the Trading Platform may cease operations).
All users transact on the same basis as each other (the identity of a counterparty is revealed to the party with whom it has transacted with after a trade is made).	
Preferred solution the TSO must work towards (April 2019 BAL Network Code deadline).	

GNI's Perspective of a Trading Platform

- GNI does not believe it to be prudent, at this point in time, to develop its own Trading Platform. The TSO considers external parties to have more custom experience in the development of such Trading Platforms/screens.

- GNI notes the interest from third parties in independently developing and/or investigating the possibility of developing a Trading Platform at the IBP. GNI expects that the introduction of such a Platform would have a positive impact on IBP liquidity over time.

- It should be noted that, if a new external Trading Platform goes live, it would be an opportunity for Shippers to trade gas amongst themselves, and, consequently, balancing actions by the TSO (and therefore disbursement costs) could reduce.

- GNI will further investigate the potential regulatory and governance steps which may be required if the TSO were to utilise a third party Platform, including procurement regulations.

Views on a Trading Platform

1. What, if any, do you consider the potential benefits of GNI participating in a Trading Platform to be?
2. What, if any, do you consider the potential risks of GNI participating in a Trading Platform to be?
3. Are you aware of any party that is proposing to operate a Trading Platform at the IBP, which would satisfy the requirements of the Regulation?
4. If a Trading Platform is chosen, it will be the exclusive mechanism of completing balancing actions (unless balancing services contracts are required to be used on a day, due to insufficient liquidity). Therefore, Shippers not participating in such a Trading Platform would be unable to act as a counterparty to a GNI balancing action. What are your views on this eventuality?

2.2 Balancing Platform

The Regulation

Article 3(4) and 3(6) of the Regulation describe a Balancing Platform as '*an electronic Platform……..by means of which trading participants may post and accept……..bids and offers for gas required to meet short term fluctuations in gas demand or supply……….and at which………a transmission system operator is a trading participant to all trades'.*

Under the interim measures provisions of the Regulation (Article 47), a Balancing Platform may be used where a Trading Platform is not in place, or is not deemed viable due to insufficient liquidity.
Table 4 summaries the pros and cons of a Balancing Platform.

Table 4: Pros and Cons of a Balancing Platform as a Balancing Tool

Pros	Cons
Provides a balancing tool for the TSO.	Designed exclusively as a tool for the TSO's balancing role - does not provide the opportunity for market players to sell/buy gas to/from other market players.
TSO is a counterparty to every transaction, and all Shippers can participate.	Opportunities to develop liquidity are limited.
	Temporary measure, if a Trading Platform is not immediately viable, as a Trading Platform is the preferred solution the TSO must work towards (April 2019 BAL Network Code deadline).

How does a Balancing Platform differ from a Trading Platform?

Table 5 summarises the key differences between a Balancing and Trading Platform. The primary differentiating feature of a Balancing Platform, relative to a Trading Platform, is that the TSO must be a participant to all trades on the former. A Balancing Platform is solely a tool for the TSO to trade with Shippers to balance the system. While it offers an opportunity for Shippers to trade with the TSO, it does not facilitate trades between Shippers.

Table 5: Differences between a Balancing and Trading Platform

Balancing Platform	Trading Platform
Designed exclusively as a tool for the TSO balancing role.	Enables trading between market players, as well as the TSO, using products some of which are relevant to the TSO's balancing role.
Provides balancing tool for the TSO - the opportunity for market players to sell/buy gas to/from the TSO only. Opportunities to develop liquidity are therefore limited.	Provides a balancing tool for both network users and the TSO (thereby promotes liquidity and flexibility).
TSO is a counterparty to every transaction, and all Shippers can participate.	Enables Network User-Network User and Network User-TSO transactions. All users transact on the same basis as each other (identity of counterparty is revealed to the party with whom it has transacted with after a trade is made). Shipper involvement on TSO balancing trades will require sign-up with the Platform operator.
Balancing Platform to be built and operated by the TSO.	Trading Platform likely to be built and operated by an independent player.
Temporary measure, if a Trading Platform is not immediately viable.	Preferred solution the TSO must work towards (April 2019 BAL Network Code deadline).

GNI's Perspective on a Balancing Platform

- When GNI initially proposed a GTMS-based Balancing Platform to industry, the view of Shippers was that the TSO should instead proceed directly to utilise an available Trading Platform. However, in the absence of a live and liquid Trading Platform, GNI considers it prudent to continue to scope a Balancing Platform in parallel.

- As a Balancing Platform would most likely be developed by GNI, this would result in a higher degree of autonomy for the TSO in the development and operation of the Platform, with less of a reliance on a third party. Conversely, GNI may be more exposed to risk should errors/disputes arise in the operation of the Platform.

- At the most basic level, a Balancing Platform could take the form of a manual solution, using email (to issue TSO balancing requests, receive bids/offers and issue confirmations) and spreadsheets (to evaluate and select bids/offers received). A more sophisticated solution would see balancing requests notified to Shippers through GTMS and allow Shippers to submit bids/offers through a GTMS screen.

Views on a Balancing Platform

5. What, if any, do you consider the potential benefits of GNI participating in a Balancing Platform to be?
6. What, if any, do you consider the potential risks of GNI participating in a Balancing Platform to be?

2.3 Issues to Consider for Both Platforms

Views on Transitioning to a Platform

7. Is your preference for GNI to:
    a) move to a Trading Platform, as soon as possible, thereby initially bypassing TSO utilisation of a Balancing Platform?
    b) move to a Balancing Platform, as a first step, and then review its success or otherwise, before deciding whether to advance to participating in a Trading Platform?
        - If this is your preference, what criteria should be evaluated to measure the success or otherwise of the Balancing Platform? For example, number of balancing actions successfully completed on the Platform, price achieved, need to revert to balancing services contracts, etc.

    c) engage in another course of action?

Within this section, the issues common to the selection of a Balancing or Trading Platform for GNI are outlined.

2.3.1 Contractual Implications

Regulatory and commercial arrangements are being carefully considered, prior to selecting a Platform. In particular, utilisation of either Platform will have contractual implications, which will require prior assessment.

Contracts on GTMS

Any new regime whereby GNI would undertake balancing actions, other than via the existing framework, would require the following general principles:

1. The delivery point for all contracts would be the IBP.
2. There could be multiple buy/sell contracts on GTMS, on a single day.
3. There could be multiple versions of the same contract type on a day with different Shippers, as counterparties to the TSO.
4. An individual Shipper could have multiples of one or more actions against those contracts on a day.

GNI is scoping the required changes to GMTS referred to above; as they are common to any future balancing arrangements selected.

Balancing Services Contracts

The details of the interactions between Platform utilisation and any balancing services contracts will be decided upon, in consultation with industry and the Regulator. This matter is being actively reviewed by GNI. Although no commitment has been made by the TSO as to whether and when it might utilise either Platform, it is intended that if GNI does so, it will do so for all of its balancing requirements, with a balancing services contracts only being used where required, e.g. when there is no market interest on a day. Balancing services contracts are likely to continue in place until it is deemed that there is sufficient liquidity on either a Balancing or Trading Platform.

Clear rules will have to be developed to confirm the scenarios when GNI is unable to secure the necessary trade on the selected Platform and is therefore reliant on the balancing services contract.

2.3.2 Commercial Implications

Utilisation of either Platform will necessitate prior establishment of detailed procedures relating to pricing decisions and contractual arrangements by GNI. It should be noted that the TSO undertakes balancing actions on behalf of Shippers, financed via the disbursement account [Code of Operations: Section 1.4 Part E], and therefore any credit risk associated with balancing transactions could adversely affect the disbursements account.

8. What types of credit arrangements should be put in place between GNI and a counterparty on either Platform (e.g. Parent Company Guarantee/Letters of Credit etc.)?
9. In conditions of insufficient liquidity on a Platform, what criteria should apply to determine when GNI should revert to the relevant balancing services contract on a given day?

10. The following **Table** outlines a series of potential scenarios (A-F); these include GNI undertaking/not undertake balancing actions, and trades taking/not taking place on a Platform. In each blank cell, please insert details on the cashout price that you consider appropriate to apply in each scenario.

Scenario	**Cashout Buy Price to Apply to Shippers' Short Positions**	**Cashout Sell Price to apply to Shippers' Long Positions**
A. GNI has no balancing (buy or sell) requirements, but there are trades on a Platform.		
B. GNI has no balancing requirements, and there are no trades on a Platform.		
C. GNI has balancing **buy** requirements, and has to utilise the balancing services contract.		
D. GNI has balancing **sell** requirements, and has to utilise the balancing services contracts.		
E. GNI has balancing **buy** requirements, and trades these out on a Platform.		
F. GNI has balancing **sell** requirements, and trades these out on a Platform.		

11. Are there any additional comments/considerations that you wish to make, at this stage of the Balancing Arrangements consultation process? If yes, please elaborate.

2.3.3 IT Infrastructure and Systemisation Implications

Utilisation of either Platform will have IT infrastructure and systemisation implications.

- Sources and flows of Platform related information into and out of GTMS would have to be established. This would necessitate associated costs and resources by GNI.

- GTMS functionality would need to be amended to ensure that multiple parties could submit IBP nominations with GNI as the counterparty, and that these IBP nominations could be identified as 'balancing actions', and treated as such in the disbursements account and billing processes. Doing so, would result in a single invoice/credit note being issued by GNI, per month, per Shipper.

Code Modifications are anticipated to be required and, if so, will be consulted upon accordingly.

Appendix 1: Short Term Standardised Products

Short term standardised products (STSPs) are a suite of products, which serve as a mechanism to deliver short-term flexibility to:

- Shippers, in order to balance their individual portfolios; and
- the TSO, in order to balance the system as a whole.

Article 7 of the Regulation describes four types of STSP:

- Title;
- Locational;
- Temporal;
- Temporal Locational;

Article 9 of the Regulation establishes a merit order requiring the TSO to prioritise the use of title products, followed by the remaining STSPs, and finally the balancing services contract. Further descriptions of each product are provided below.

Product Descriptions
Title Products
Title products involve a simple trade of gas between two parties at the Irish Balancing Point (IBP). The product does not mandate a physical location at which the Shipper's associated entry/exit renominations must take place. Title products should be used by the TSO in situations where the system is either long or short, but where delivery/offtake of a certain quantity of gas at *any* point on the network will be sufficient to address the system imbalance on the day.

Being the simplest of the STSPs, this product is likely to be used both for Shipper-to-Shipper trades and also for TSO to Shipper trades. It is the product placed highest in the merit order and should be the first product used by the TSO, assuming that there is not a locational or temporal element to the TSO's balancing needs on a given day.

A high-level representation of the TSO using a title trade is as follows:

STEP 1: TSO posts a title trade bid/offer on the Platform, selects from the bids/offers received, and completes the trade with the Shipper counterparty on the Platform.

STEP 2: TSO and Shipper counterparty submit matching trade notifications (IBP Nominations) on GTMS - this is mandatory under the terms of the contract.

STEP 3: Shipper counterparty may amend its entry and/or exit nominations (at any physical location(s) it chooses) to keep its own portfolio in balance - ***this is NOT mandated by the contract and is entirely at the Shipper's discretion.***

Locational Products
Locational products comprise of a trade of gas between the TSO and a Shipper counterparty at the IBP, and an associated entry or exit renomination by the Shipper at a physical location specified by the TSO.

This product should be used by the TSO in situations where the system is either long or short, but where the delivery/offtake of gas at a specific location on the network is required to address the system imbalance on the day.

A locational product can only be initiated by the TSO and cannot be used as a Shipper-Shipper trade. It sits below title products in the merit order, meaning that the TSO should first attempt to meet its balancing needs through the use of title products.

A high-level representation of the TSO using a locational trade is as follows:

STEP 1: TSO posts a title trade bid/offer on the Platform, selects from the bids/offers received and completes the trade with the Shipper counterparty on the Platform.

STEP 2: TSO and Shipper counterparty submit matching trade notifications (IBP Nominations) on GTMS - this is mandatory under the terms of the contract.

STEP 3: Shipper counterparty must amend its entry and/or exit nominations at the physical location specified by the TSO, in a quantity equal to that of the associated IBP trade - ***this is mandated by the contract and is not at the Shipper's discretion.***

As part of the design of any locational product, the TSO would need to specify the entry/exit points or groups thereof, which applied to each product.

Temporal Products
As with the title and locational products, a temporal product involves a trade of gas between the TSO and a Shipper counterparty at the IBP. Additionally, it allows the TSO to specify a start and end time during which the gas should be delivered and the hourly flow rate at which it should be delivered.

This product should be used by the TSO in situations where the system is either long or short, but where the nature of the system imbalance is such that the delivery/offtake of gas is required within a specific time period.

A temporal product can only be initiated by the TSO and cannot be used as a Shipper-Shipper trade. Again, the TSO should first attempt to meet its balancing needs through the use of title products.

Temporal Locational Products
Temporal locational products are effectively a combination of the locational and temporal products outlined above, and are used when the TSO has both locational and temporal requirements as regards system balancing.

Appendix 2: List of Questions Posed

Views on a Trading Platform

1. What, if any, do you consider the potential benefits of GNI participating in a Trading Platform to be?
2. What, if any, do you consider the potential risks of GNI participating in a Trading Platform to be?
3. Are you aware of any party that is proposing to operate a Trading Platform at the IBP, which would satisfy the requirements of the Regulation?
4. If a Trading Platform is selected, it will be the exclusive mechanism of completing balancing actions (unless balancing services contracts are required to be used on a day, due to insufficient liquidity). Therefore, Shippers not participating in such a Trading Platform would be unable to act as a counterparty to a GNI balancing action. What are your views on this eventuality?

Views on a Balancing Platform

5. What, if any, do you consider the potential benefits of GNI participating in a Balancing Platform to be?
6. What, if any, do you consider the potential risks of GNI participating in a Balancing Platform to be?

Views on Transitioning to a Platform

7. Is your preference for GNI to:
    a) move to a Trading Platform, as soon as possible, thereby initially bypassing TSO utilisation of a Balancing Platform?
    b) move to a Balancing Platform, as a first step, and then review its success or otherwise, before deciding whether to advance to participating in a Trading Platform?
        - If this is your preference, what criteria should be evaluated to measure the success or otherwise of the Balancing Platform? For example, number of balancing actions successfully completed on the Platform, price achieved, need to revert to balancing services contracts, etc.
    c) engage in another course of action?
8. What types of credit arrangements should be put in place between GNI and a counterparty on either Platform (e.g. Parent Company Guarantee/Letters of Credit etc.)?
9. In conditions of insufficient liquidity on a Platform, what criteria should apply to determine when GNI should revert to the relevant balancing services contract on a given day?
10. The following **Table** outlines a series of potential scenarios (A-F); these include GNI undertaking/not undertake balancing actions, and trades taking/not taking place on a Platform. In each blank cell, please insert details on the cashout price that you consider appropriate to apply in each scenario.

Scenario	Cashout Buy Price to Apply to Shippers' Short Positions	Cashout Sell Price to apply to Shippers' Long Positions
A. GNI has no balancing (buy or sell) requirements, but there are trades on a Platform.		
B. GNI has no balancing requirements, and there are no trades on a Platform.		
C. GNI has balancing **buy** requirements, and has to utilise the balancing services contract.		
D. GNI has balancing **sell** requirements, and has to utilise the balancing services contracts.		
E. GNI has balancing **buy** requirements, and trades these out on a Platform.		
F. GNI has balancing **sell** requirements, and trades these out on a Platform.		

11. Are there any additional comments/considerations that you wish to make, at this stage of the Balancing Arrangements consultation process? If yes, please elaborate.