



SERVICES

Rue Ducale 83
B 1000 Brussels

Tel +32 2 209 0500
Fax +32 2 209 0501

gie@gie.eu.com
www.gie.eu.com

Ref.:
06GLE179-final

Position Paper on “Services offered by the Terminal Operators”

Preamble

Based on the 2nd Gas Directive, GLE Services Working Group has prepared a document clarifying the different type of services that may be offered by each Terminal Operator (hereafter “TO”).

To analyse this subject, the present work has been divided into two main sections:

- a summary of the contents of 2nd Gas Directive which explicitly address the issues related to the LNG Terminal activities and to the “**ancillary services**”;
- a definition of the “**specific services**” that can be offered by TO’s in addition to the “ancillary services necessary for regasification” mentioned in the 2nd Gas Directive.

1. “Ancillary services” according to the 2nd Gas Directive

The definitions of the 2nd Gas Directive 2003/55/EC of the European Parliament and of the Council of 26th June 2003 on “common rules for the internal market in natural gas”, (repealing the Gas Directive 98/30/EC) that have been taken into account by the GLE Services Working Group to clarify the different types of services that may be offered by each TO, are the following:

Article 18, comma 1, defines the dispositions about TPA to LNG facilities: “*Member States shall ensure the implementation of a system of third party access to [...] LNG facilities based on published tariffs. Member States shall ensure that these tariffs shall be approved prior to their entry into force by a regulatory authority*”.

Article 2, comma 11, defines an LNG facility as a “*terminal which is used for the liquefaction of natural gas or the importation, offloading, and re-gasification of LNG, and shall include ancillary services and temporary storage necessary for the re-gasification process and subsequent delivery to the transmission system, but shall not include any part of LNG terminals used for storage*”.

Article 2, comma 14, gives a general definition of ancillary services: “*ancillary services means all services necessary for access to and the operation of [...] LNG facilities and/or storage facilities including load balancing and blending, [...]*”.



Article 2, comma 9, defines a storage facility, with an explicit reference to LNG: *"storage facility means a facility used for the stocking of natural gas and owned and/or operated by a natural gas undertaking, including the part of LNG facilities used for storage but excluding the portion used for production operations, and excluding facilities reserved exclusively for transmission system operators in carrying out their functions"*.

Article 19, comma 2, completes the dispositions about storage, defining that *"the provisions about storage shall not apply to ancillary services and temporary storage that are related to LNG facilities and are necessary for the re-gasification process and subsequent delivery to the transmission system"*.

Article 22 [...], provides the possibility of new LNG facilities or significant capacity increases to be exempted from TPA, access to storage and tariff regulation.

According to the 2nd Gas Directive, "ancillary services necessary for regasification" are defined as the services necessary to access the activities common to all the TO's under TPA, and needed for the regasification process; i.e. the unload of discrete quantities of LNG and their regasification into a continuous flow of natural gas.

As necessary for the regasification process, "ancillary services necessary for the regasification process" are already included in TO's regasification contracts of, which, in accordance with the definitions of "LNG facility" and "ancillary services" of the 2nd Gas Directive, and without prejudice to Article 22 of the same Directive, comprehend the activities that each TO must provide under TPA in order to perform the regasification activity.

The activities of the "LNG facilities" strictly necessary to perform the regasification activity are the following:

- unloading of LNG carriers (including quantity measurement, along with TU, ship owner and customs authority, as the case may be, quality measurement, and the redelivery, if requested by the ship and available, of the boil-off gas);
- operational storage of LNG – meaning the minimum LNG storage capacity needed for the TU to store 1 LNG cargo, being regasified over a minimum period of time, taking into account the maximum available contracted regasification capacity and that cannot be provided by alternative storage flexibility providers;
- regasification (and gas intake to the pipeline network, including quantity and quality measurement at the redelivery point).

2. "Specific services"

In addition to the activities listed above and the related "ancillary services necessary for the regasification process" submitted to TPA, there are other services that are not strictly necessary to perform the regasification activity, and that can be:

- proposed by the TO to the TUs, or
- requested by the TU, directly negotiated between TO and TU;

Please note that these services may not be available at all the Terminals. GLE proposes these services to be called **"specific services"**.

Due to the specificity and nature of these services, GLE Members agree that TO's should define their "specific services" tariffs separately, outside any regulated mechanism.



However, GLE Members acknowledge that according to the different countries specificities and national legislations, some of the "specific services" listed below may be treated similarly to the "ancillary services necessary for the regasification process and may consequently have regulated tariffs.

GLE Members have identified two natures of "specific services" and divided them into two different groups:

- "technical specific services" performed in the plant but considered as services not strictly necessary for the regasification process;
- "trading specific services" made available by the TO's to the TU's as, amongst others, a "facilitator" of a secondary market.

In order to clarify which kind of services should be considered as "specific services", GLE Services Working Group developed a study identifying all types of services available in the different LNG Terminals represented in GLE.

"Technical Specific Services"

A non exhaustive list of "specific services" is presented herewith.

Wobbe correction index: service whereby the Wobbe Index of LNG or of the associated natural gas is corrected if such Wobbe index is out of the applicable range accepted by the TO or by the Transmission System operator, as the case may be.

Odorising: service whereby a prescribed dosed trace flow of an additive is injected into the natural gas flow in order to provide a readily perceptible smell at a very low concentration in air. This typical smell serves as a warning indication of the accidental presence of natural gas in ambient air.

Additional storage: service whereby LNG storage capacity is offered to the TUs above the operational storage capacity, as defined above.

Additional send out: service whereby LNG send out capacity is offered to TU above the basic send out capacity.

LNG truckloading: service whereby LNG is loaded into a road truck.

Ship to Ship loading: service whereby LNG is transferred from one ship to another, while both ships are safely berthed at the LNG Terminal.

Tank to Ship loading: a service whereby LNG is transferred from the TO's LNG storage tank to an LNG ship's cargo tank(s).

Tanker cooling down: service whereby LNG is loaded into an LNG ship's cargo tanks at a controlled small flow rate. The LNG Ship then sprays this LNG into the ship's cargo tank(s) to cool these down to cryogenic temperature.

Gassing up: service whereby inert gas is removed from the ship's cargo tank(s) by displacing it with warmed up LNG vapour and subsequently the ship's cargo tank(s) are cooled down by a controlled spray of LNG.



Ship Approval: service whereby, amongst others, the GLE Ship Approval Procedure is applied to a specific LNG ship.

Liquefied nitrogen loading: service whereby all the necessary shore-based services are available for the liquid nitrogen loading from a road truck (or other mean) onto the LNG ship, including or not the commodity.

Nitrogen inerting: service whereby (after LNG unloading and stripping), the natural gas is removed from the ship's cargo tank(s) by displacing it with denser nitrogen gas.

"Trading Specific Services"

Re-gasification capacity trading: service whereby the trade of the re-gasification capacity amongst TUs or amongst TOs is facilitated.

LNG inventory trading: service whereby the trade of the LNG quantity (or part of it) in storage amongst TUs or amongst TOs is facilitated.

Storage capacity trading: service whereby the trade of storage capacity amongst TUs or amongst TOs is facilitated.

Unloading slot trading: service whereby the trade of unloading capacity amongst TUs or amongst TOs is facilitated.

"Trading specific services" are influenced by, amongst others, the level of gas liberalisation and the flexibility requested by the market.