

The Locational Spread

The locational spread is a mechanism that is part of the process of managing network congestion (see [Monitoring and mechanisms triggering](#)).

The principle of this mechanism is to call on the market to shift gas entries, initially made upstream of a limit, to downstream of this limit.

Participation in this mechanism is open to all shippers, but is conditional on the signature of a dedicated contract with GRTgaz and a membership of the Pegas platform (support for calls for tenders): [Locational product - agreement with GRTgaz](#)

A video tutorial to present the different steps to participate in Locational Spread is available [here](#).

Think you already know all about Locational Spread? Test your knowledge [here](#)

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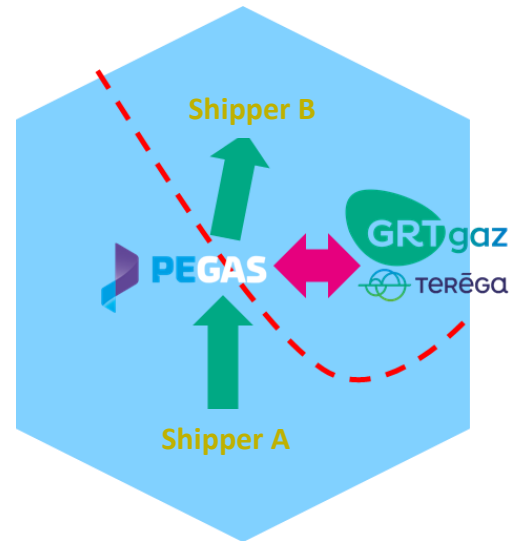
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How Locational Spread works & Timings

How Locational Spread works

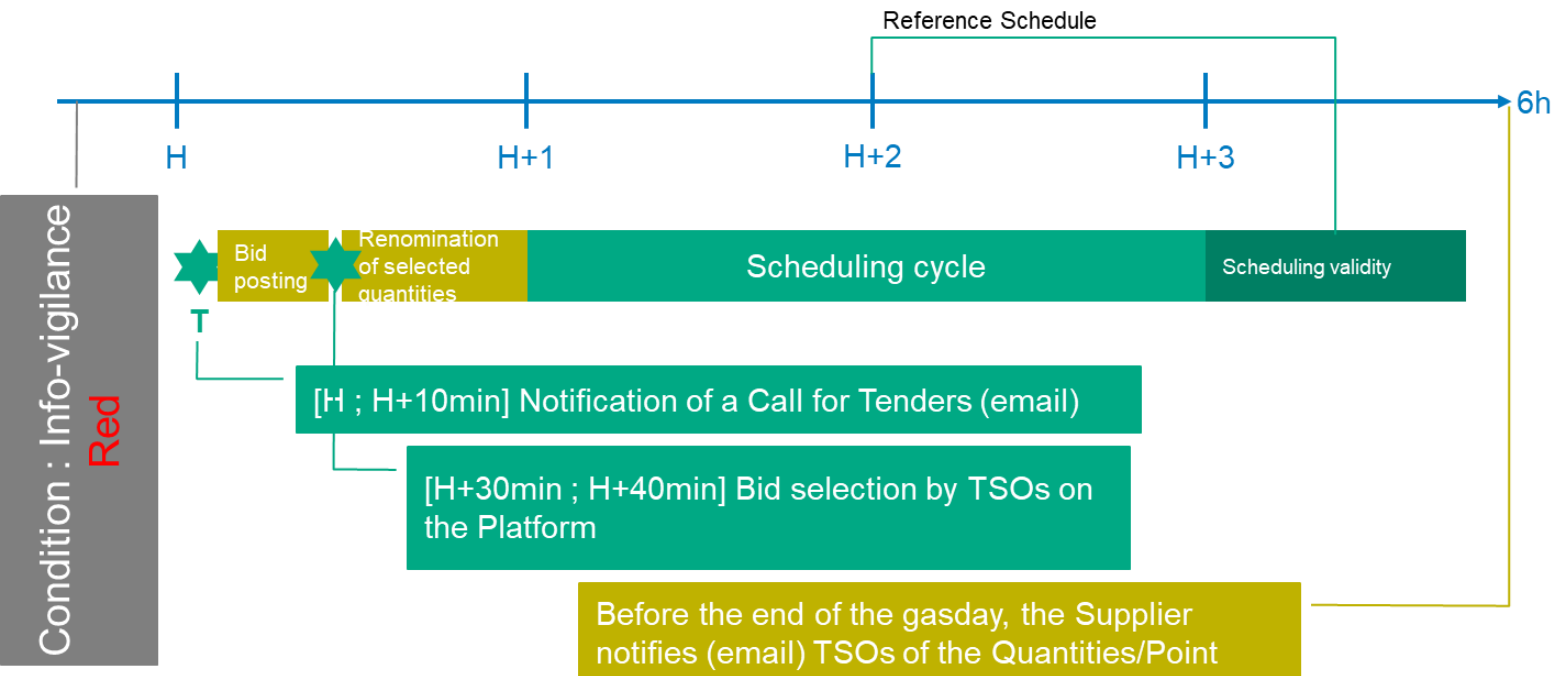
The concept of Locational Spread is to trigger a double Locational product in within-day. The Locational product is a product associated with an obligation for the localization of the gas delivered or received.

In this case, the TSOs buy gas downstream of a limit, in exchange for a commitment by the seller to deliver this gas downstream, and sell the same quantity of gas upstream, in exchange for a commitment by the buyer to offtake this gas upstream.



Timings

Calls to Locational Spread are only launched intraday. In addition, within the limits allowed by the network, calls are launched during working hours from 9am (UTC+1).



How a call for tenders is carried out

Issuing the call for tenders

TSOs notify qualified suppliers (those who have signed the dedicated contract) of the need to use the Locational Spread by means of an email containing the following information:

- Gas Day
- Maximum time to submit bids
- Reference Program
- A range of the total volume requested by the TSOs (*New*)
- Powernext products concerned and direction
- Eligible physical points associated with each Powernext product



Call for Tenders: XXXX-XX-XXX
General Terms and Conditions - Version 2018-1 of 1st November 2018

Dear Sir/Madam,

We hereby inform you of GRTgaz and Teréga's requirement to use a locational product on [day's date] under the following conditions

- Bid selection criteria : from XXh30 to XXh40
- Reference Scheduling : XXh+2h
- Demanded specifications :

Direction for GRTgaz	Buying	Selling
<u>Powernext product</u>	GRTgaz - Teréga PEG Downstream	GRTgaz - Teréga PEG
<u>Volume sought</u>	[xxx] MWh/d at 25°C	[xxx] MWh/d at 25°C
<u>Network limit(s) reached</u>	xxx	
<u>Contractual points sought</u>	[*]	[*]

*1 or several GRTgaz and/or Teréga contractual point(s) :

PIR : Dunkerque, Oltmans, Oberzellbach, Pirineos

PIV : Virtuallix

PITTM: Montoir, Dunkerque LNG

PITS: Nord-Ouest, Nord-Est, Nord-Atlantique, Lussagnet

You can take part in this Call for Tenders via the Powernext platform dedicated to locational products.

GRTgaz and Teréga will select the offers according to Powernext's market rules.

It is recommended to the Qualified Suppliers to post the entire volumes offered in their Bids.

As a reminder, in the context of this Call of Tenders, Preferred Suppliers must :

- ✓ change their requested quantities, to reflect their selected offer(s), before the full hour after the Call of Tenders
- ✓ notify GRTgaz and Teréga by email to the following generic address infovigilance@grtgazterega.fr by inserting the excel file made available in this e-mail renamed with your contract code and duly completed (contract code, direction for the TSOs, quantity for each PCR) by the end of the gas day.

The diagram illustrates the order book structure for GRTgaz-TEREGA PEG products. It shows three separate order books for different directions: 'Upstream', 'Downstream / GRTgaz-TEREGA PEG', and 'Downstream'. Each order book has columns for Qty, Bid, Ask, Qty, Last, and TQty. Callouts provide instructions on how to place orders: 'To post offers to purchase gas upstream of the limit called.', 'To post offers to purchase gas upstream of the limit and to sell the same quantity downstream.', and 'To post offers to sell gas downstream of the limit called.'. A central callout states: 'TSOs will select best prices, regardless of whether they are explicit or implied'. Another callout explains: 'Combination of best price explicit order to create a implied spread order'.

Submission of offers

Qualified suppliers must place their offers on the Powernext platform on the order books dedicated to Locational products. Some specific rules are associated with these products:

- Only TSOs are allowed to select offers
- Iceberg orders are prohibited
- It is recommended to deposit all your volume before H+30 (start of selection by TSOs)
- TSOs select bids based on the price criterion at the time of selection

Supplier's obligations

Renomination on the Locational Point(s)

The supplier has until the full hour following the transaction (H+1) to nominate the quantities/points he intends to deliver or offtake.

He may spread its commitment over one or more points provided that they are included in the list communicated by the TSOs, for the product concerned, by means of the invitation to tender email.

Even if the supplier intervenes upstream and downstream or even directly on the spread product, there are in fact two separate commitments, one upstream and one downstream, with their respective list of eligible points.

Downstream, in the case of a sale by the vendor (delivery):

$$NominationREC_{After} = NominationREC_{Before} + Quantité_{Localisée}$$

or

$$NominationDEL_{After} = NominationDEL_{Avant} - Quantité_{Localisée}$$

Upstream, in the case of a purchase by the supplier (offtake) :

$$NominationREC_{After} = NominationREC_{Before} - Quantité_{Localisée}$$

or

$$NominationDEL_{After} = NominationDEL_{Before} + Quantité_{Localisée}$$

The nomination on the physical points must result in **net scheduled quantities**, which implies for the supplier to have the adequate capacity on the Locational Point.
The reference schedule is the one published at H+2, i.e. 1 hour after the full hour following the transaction.

Stability on the selected points until the end of the Gasday

Once a supplier has made his renominations on his chosen points, he must not go back on these renominations until the end of the gas day. However, the supplier has the option of increasing his nomination in the direction of the commitment.

On the other hand, the points not chosen by the shipper are not subject to any obligation.

In the case of a sale by the vendor (delivery):

$$NominationREC_{After} \geq NominationREC_{Before} + Quantité_{Localisée}$$

$$NominationDEL_{After} \leq NominationDEL_{Before} - Quantité_{Localisée}$$

In the case of a purchase by the supplier (offtake):

$$NominationREC_{After} \leq NominationREC_{Before} - Quantité_{Localisée}$$

$$NominationDEL_{After} \geq NominationDEL_{Before} + Quantité_{Localisée}$$

Notification of selected Locational Point(s)

The Supplier has until the end of the gasday to notify the TSOs of the Quantities per Locational Point that he wishes to offtake/deliver via the Excel file sent in the consultation email notification.

This file is downloadable [here](#)

Name of the attachment : CodeContrat_Consultation_SL_date.xlsx

Conditions Générales : version 2018-1 du 1 novembre 2018

Vérification/Check OK

Bonjour / Hello,

Nous avons été sélectionnés par GRTgaz et Teréga dans le cadre de leur Consultation pour le produit localisé / We've been selected by GRTgaz and Teréga in the context of their consultation for the locational product.

Nous vous notifiions par le présent courriel les caractéristiques suivantes de la transaction / We hereby notify you of the following features of the transaction:

Sens pour les GRT / Direction for TSOs	Achat (MWh/d 25 C) / Buy (MWh/d 25 C)	Vente (MWh/d 25 C) / Sell (MWh/d 25 C)
Volume de la transaction / Volume of the transaction	1000	300

Help for filling the file:
Check that the quantity of the entered transaction is consistent with the locational quantities

Ces quantités seront nommées sur le(s) point(s) localisé(s) suivant(s) / These quantities will be nominated on the following locational point(s):

Code contrat / Contract code	Sens pour les GRT / Direction for TSOs	Type de point contractuel / Contractual point type	Libellé du point contractuel / contractual point name	Point contractuel / Contractual point	Quantité (MWh/d 25 C) / Quantity (MWh/d 25 C)
ACH0001	Vente des GRT / Sell from TSOs	PIR	DUNKERQUE	IR0006	200
		PIR	OBERGAILBACH	IR0010	
ACH0001	Vente des GRT / Sell from TSOs	PIR	OLTINGUE	IR0011	100
		PIR	VIRTUALYS	IR0060	
		PITT	PIRINEOS	PITL-PIRINEOS	
		PITT	PIRINEOS	PITL-PIRINEOS	
ACH0001	Achat des GRT / Buy from TSOs	PITS	LUSSAGNET	PITSE	1000
		PITS		PITSL	
		PITS	CENTRE ATLANTIQUE	PS000CA	
		PITS	NORD-OUEST	PS000HA	
		PITS	NORD-EST	PS000HB	
		PITS	NORD-ATLANTIQUE	PS000HC	
		PITS	SUD-EST	PS000SA	
		PITS	SUD-ATLANTIQUE	PS000SC	
		PITTM	FOS TONKIN	IT0001	
		PITTM	FOS CAVAOU	IT0003	
		PITTM	MONTOIR	IT0002	
		PITTM	DUNKERQUE GNL	IT0004	
		PLCd	Bayet	LI1020	
		PLCd	Blénois	LI1022	
		PLCd	Martignes	LI1021	
		PLCd	Bouchain	LI1038	
		PLCd	Gennevillier	LI0545	
		PLCd	Combigolle	LI1016	
		PLCd	SPEM Montoir	LI1017	
		PLCd	Cyclofos	LI1010	
		PLCd	DK6	LI0733	
		PLCd	Pont-Sur-Sambre	LI1009	
		PLCd	Montereau	LI1024	
		PLCd	Toul	LI1029	
		PLCd	Saint-Avoid	LI1012	

All points are always present in the files. The TSOs specify the points actually called in the call for tenders,

Penalties for non-compliance with obligations

Failure to comply with the above obligations exposes the supplier to the following penalties. These penalties are applied on each side where the shipper defaults, if the shipper has participated upstream and downstream.

Failure to comply with the notification obligation

$$Penalty = (25\% \cdot Price_{average} + \underbrace{|Price_{offer} - Price_{average}|}_{\text{Locational margin}}) \cdot Quantity_{offer}$$

Failure to comply with the Locational Quantity scheduling obligation

In the event of failure to schedule the Local Quantity, in whole or in part; of scheduling on an ineligible point; or of changing the scheduling in the opposite direction for the rest of the day, the following penalty formula shall apply.

$$Penalty = |Price_{offer} - Price_{average}| \cdot \max_i Quantity_{Locational\ in\ default\ i} + \frac{25\% \cdot Price_{average}}{\text{Duration covered by the Locational Spread}} \cdot \sum_{i=\text{time of the first schedule controlled}}^{\text{End of the gas day}} Quantity_{Locational\ in\ default\ i}$$

Specific case of Highly Modulated Sites

Highly Modulated Sites are among the points eligible to participate in Locational Spread. However, several points apply specifically to these Sites:

- An authorization agreement for communication of the Site Program to the sender must be signed by any Site prior to its possible participation.
GRTgaz would only disclose the Programme to the Site shipper and only in the event of a non-compliant movement that could give rise to a penalty for the shipper by linking it to the Localised Spread commitment.
- GRTgaz checks the reliability of the Site's latest programmes each time it calls up the Localised Spread. Only good-quality programmes make the Site eligible.
- The Site must modify its programme before the full hour following the Transaction (H+1).
- GRTgaz will carry out checks both on the programme and on consumption, which must comply with the programme.

Notifications via Twitter (New)

In order to maximise market participation in Locational Spread, a complementary notification system (push mode) is offered via Twitter:

- Notifications on the status of the infovigilance in progress from D-1, in order to allow participants to better anticipate.
- Notification of the launch of a call to Locational Spread on D-Day, in order to allow participants a better reactivity.

How Twitter notifications work

GRTgaz offers signatories of the Locational Spread contract an additional channel of information on Locational Spread. GRTgaz will post the information on the private Twitter account « Infovigilance_TRF ».



Notifications published via this account will be as follows:

Nb : Only the invitation to tender email is authentic and contains all the information required to draw up your offers. The present notifications are for information purposes only. The account is managed automatically, please do not reply to tweets or send a private message to this account.

1. Notification D-1 8 pm: « Red Alert from D-1 »

The feedback of the first year of operation shows that a red vigilance at 8 pm D-1 leads to a call to Locational Spread the next day in 70% of the cases. Consequently, the first alert is triggered on D-1 if at least one limit is red. The associated message is the following:

« A red alert has been reached for the next gasday (JJ+1-MM-AAAA). A locational spread could be launched in the morning. For more information please visit our websites : t.co\SmartGRTgaz or t.co\Terega »

2. Notification D-day: « Red Alert on D-day »

Starting on D-day, a limit in red has an even higher probability to result in a call to Locational Spread. Therefore, the following notification is associated with it:

« A red alert has been reached for the current gasday (**JJ-MM-AAAA**). A locational spread may be launched in the following hours. For more information please visit our websites : [t.co\SmartGRTgaz](https://t.co/SmartGRTgaz) or [t.co\Terega](https://t.co/Terega) »

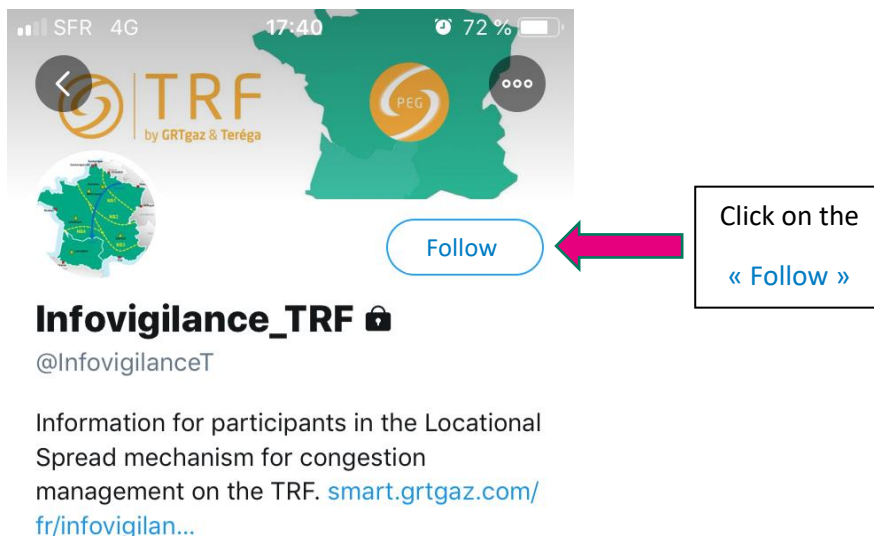
3. Notification D-day : « Launch of a Locational Spread at H+30 »

« A locational spread has just been launched, please initiate your orders on the locational platform. For more information on the demanded specifications please consult the Call for Tenders Email (ref : **AAAA-MM-XXX**). »

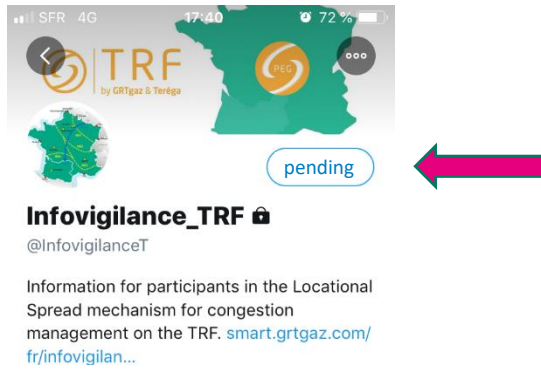
Registration and configuration

In order to receive these notifications, it is necessary to proceed with the following steps:

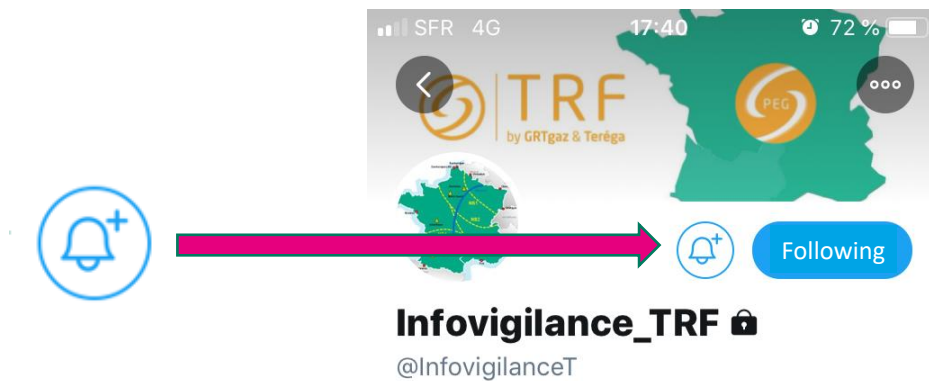
1. Have a Twitter account and download the application on your smartphone.
2. Search for the "Infovigilance_TRF" account and follow it.



3. As this account is reserved for the signatories of the Locational Spread contract, once the subscription request has been made, it is necessary to wait for validation by GRTgaz:



4. Finally it is necessary to select the notifications for Infovigilance_TRF in order to receive a notification in case of publication of one of the three tweets mentioned before:



If it is not the default parameter, you need to allow Twitter notifications on your smartphone.

5. To avoid unwanted notifications, you can set your preferences directly on the Twitter application:

