

December 2009

**JOINT NOTE FROM EUROGAS AND EFET IN RESPONSE TO EC REQUEST FOR SUGGESTIONS ON POTENTIAL HARMONIZATION WITH RESPECT TO EUROPEAN LNG RECEIVING TERMINAL SERVICES AND ACCESS CONDITIONS**

This note has been developed in response to a request from the EC to Eurogas and EFET to suggest a list of services and parameters relating to LNG importation terminals which could be considered for harmonization/ standardization.

The following sections list preliminary potential areas for consideration of harmonization.

EFET and Eurogas support the aspiration to move, where practicable, to standardized terminal rules, regulations, directives, and orders applicable to LNG Receiving Terminals in Europe. EFET and Eurogas believe such measures would aid the further development of the secondary capacity market.

All areas below are points for consideration grouped into appropriate operational segments:

**1°) ACCESS, SCHEDULING, SLOTS AND CAPACITY**

- Standardized Minimum Range of Gas Quality Specifications
- Standardised contract year
- Standardised online capacity booking tool
- Publish all available capacity in advance of the contract year
- Slots allocation and conflict-solving procedures should be non-discriminatory and transparent
- Slots should be considered firm as soon as allocated
- Standardised procedures to allocate and confirm slots
- After primary allocation, publish all non-allocated slots with Monthly updates
- Standardisation of UIOLI principles (should be applied in a transparent and non discriminatory way)
- Excess terminal capacity and excess slots should be made available as soon as possible in a transparent and non discriminatory way without affecting other users' allocations

**2°) RIGHTS AND LIABILITIES**

- Long-term users' rights and liabilities should be compatible with those of short-term users
- Liability for breach of acquired commitments should be established
- Responsibilities of both terminals and users should be clearly and objectively defined
- Reciprocity for rights and obligations should apply to both Terminals and Users including compatibility, discharging performance and demurrage

**3°) VESSELS DISCHARGING - OPERATIVE RULES DESIGNATION**

- Information required by Terminals (LSOs) should be standardized. Objective vetting and homogeneous criteria of required documents and information to be submitted by vessels. Documentation, structure and information requirements should be homogeneous across all terminals
- SIRE membership of relevant Terminal staff would be desirable
- Appropriate qualification requirements for Terminal staff and Vessels crew
- Terminals should have 24 hours per day shipping access except when environmental or operational restrictions apply
- Standardised requirements for Measurement, Sampling, and Testing procedures. All terminals should use one standard unit of measurement for LNG (in volume and energy)
- All terminals should operate under the same vessel safety and environmental requirements
- Standardisation on nominations for vessels, loading notifications and when and how ETA and NOR notices should be tendered

#### **4°) AREAS FOR TRANSPARENCY**

- How and when vessels should be nominated
- Loading notifications
- When and how ETA and NOR notices should be tendered
- Laytime duration calculation
- Port demurrages
- Port services
- Discharging rates
- Provide information to the users about their daily existences (not public)
- Scheduled discharges and maximum allowed ship size
- Actual discharges and maximum allowed ship size
- Terminal stock levels and send-out – aggregate - public
- Non-allocated or released primary slots [could also optionally add secondary slots] and maximum allowed ship size per available slot
- Planned and unplanned outages across terminal users Operational abilities of the terminal (including minimum/maximum discharge rates/ship sizes/etc, allowed vessels)
- Publish the Terminal Rules, Regulations, Directives, and Orders
- Availability of unbundled services
- Ability to swap stock via IT platform / sell

#### **5°) IT PLATFORM DEVELOPMENT**

- Relevant data (unless confidential to an individual shipper) should be made available to market participants on the same basis and for no additional direct charge
- This data (unless confidential to an individual shipper) should be made easy available on a part of the LSO website that is publically accessible Provision of information in a raw data format is crucial for market participants to undertake their own analysis
- Publication in English language and the use of consistent units will reduce costs for market participants and facilitate market entry and integration. In case publication is in other languages as well, the English publication should not be later than in other languages

#### **6°) OTHER AREAS**

- Establishment of a common language and terminology for the communications, especially between Terminals operators and Vessels crew
- Possibility of provisions and fuel supply to the Vessels in the Terminal
- Possibility of LNG stock management, regas capacity management and swaps by the users
- Standardization of procedures in case of Force Majeure events or Unplanned Maintenance including prompt notification of terminal users
- Availability of harbour services relative to size of the terminal

The list represents areas for consideration which may improve LNG import terminal services by ameliorating the trading potential and reinforcing the European internal gas market.

EFET and Eurogas are willing to continue to work on these issues with the involvement of other stakeholders during the coming months.