



Publishing date: 07/09/2012

Document title: on ENTSOG's 2012 Annual Summer Supply Outlook

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**OPINION OF THE AGENCY FOR THE COOPERATION OF ENERGY  
REGULATORS No. 05/2012**

**of 5 September 2012**

**ON ENTSOG'S 2012 ANNUAL SUMMER SUPPLY OUTLOOK**

THE AGENCY FOR THE COOPERATION OF ENERGY REGULATORS,

HAVING REGARD to Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing a European Agency for the Cooperation of Energy Regulators<sup>1</sup>, and, in particular, Articles 6(2) and 6(3)(b) thereof;

HAVING REGARD to Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005<sup>2</sup>, and, in particular, Articles 9(1), 9(2) and 8(3) thereof;

HAVING REGARD to the favourable opinion of the Board of Regulators of 4 September 2012,

WHEREAS:

- (1) The European Network of Transmission System Operators for Gas (hereafter referred to as "ENTSOG") has developed, adopted and published on 24 May 2012 the Summer Supply Outlook 2012 pursuant to Article 8(3)(f) of Regulation (EC) No 715/2009,
- (2) Pursuant to Articles 6(2) of Regulation (EC) No 713/2009 and Article 9(1) of Regulation (EC) No 715/2009, the Agency shall monitor the execution of the tasks referred to in Article 8(1), (2) and (3) of Regulation (EC) No 715/2009 and report to the Commission,
- (3) Pursuant to Article 6(3)(b) of Regulation (EC) No 713/2009 and Article 9(2), first subparagraph, of Regulation (EC) No 715/2009, the Agency shall provide an opinion to ENTSOG on, *inter alia*, relevant documents referred to in Article 8(3) of Regulation (EC) No 715/2009, as submitted to the Agency pursuant to Article 9(2), first subparagraph, of Regulation (EC) No 715/2009,

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<sup>1</sup> OJ L 211, 14.8.2009, p. 1

<sup>2</sup> OJ L 211, 14.8.2009, p. 36

- (4) The 2012 Annual Work Programme of ENTSOG foresees further work as described in Article 8 of Regulation (EC) No 715/2009, in particular regarding the development of annual summer and winter supply outlooks,

HAS ADOPTED the present Opinion on ENTSOG's Summer Supply Outlook 2012 for submission to ENTSOG and the European Commission, with the following main findings, recommendations, comments and guidance:

## 1. MAIN FINDINGS

- a. The overall approach taken by ENTSOG for the production of the Summer Supply Outlook 2012 is identical to the one used for the Summer Supply Outlook 2011. The Outlook is produced by applying the same modelling tool as previously used for the 2011 Summer and Winter Supply Outlooks.
- b. The objective of the Outlook is to assess the robustness of the gas supply infrastructure in all parts of Europe while carrying out maintenance and injection programmes and assuring flexibility for network users. The objective is coherent with Article 8(4) of Regulation (EC) No 715/2009 which calls for an assessment of the adequacy of the gas system to supply current and projected demands for gas according to the requirements of Article 8(3)(b) of Regulation (EC) No 715/2009. An immediate objective of the Outlook is to assess whether the gas network system is able to support achieving full underground storage levels by 30 September 2012.
- c. The main conclusion of the Outlook is that the modelling results prove the gas system's ability to meet summer demand, while also carrying out proper system maintenance, and to achieve the highest possible gas stock levels within the EU by the end of September in the reference case.
- d. The methodology and modelling approach de-emphasise the assessment of actual seasonal gas supply as such, by using a baseline flat supply level and different supply patterns (supply source share variations) and overall supply volumes set 10% higher than the baseline. The baseline itself is the Average Daily Supply for 2012 as defined in the Ten-Year Network Development Plan for 2011-2020 (TYNDP 2011-2020), which is non-binding and may differ from actually observed levels of supply during the season. The approach may thus potentially discount certain substantial gas supply concerns, particularly those that have a short-term perspective (seasonal) rather than long-run (multi-annual) perspective, diverge from past projections, are primarily of regional or European importance or do not have direct relevance to gas storage stock levels.
- e. ENTSOG plans to provide a preliminary review of potential major events occurring during the season by the next autumn. A comprehensive review of summer 2012 dynamics will be released in the spring of 2013.

## 2. RECOMMENDATIONS, COMMENTS AND GUIDANCE

- a. The Agency welcomes the production of the Summer Supply Outlook 2012 pursuant to Article 8(3)(f) of Regulation (EC) No 715/2009 and reiterates its expectation that any future winter and summer supply outlooks developed by ENTSOG will be submitted to the Agency in compliance with first subparagraph of Article 9(2) Regulation (EC) No 715/2009.
- b. The Agency expresses its appreciation of ENTSOG's determination to ensure the functioning of a robust, secure, and efficient pan-European system of gas transmission and ENTSOG's effort to streamline the Community-wide assessments of supply, both through ten-year network development plans and seasonal outlooks. The Agency recommends greater attention in the Outlooks regarding short-term perspectives on supply as such, by analysing information about possible actual supply variations and disruptions, in addition to the focus on the gas network robustness.
- c. The Agency welcomes the application of a modelling approach for assessing the robustness and sensitivity of the European gas network regarding possible demand and supply variations, while inviting ENTSOG to continue its work on the improvement of its modelling tool methods, input and output parameters, and the level of detail on regional and route-of-supply scale. In particular, regarding the model currently applied, the Agency suggests that ENTSOG considers using separate blocks for the respective market areas in Germany, in a manner similar to the one used for France, Poland and Romania.
- d. The Agency welcomes ENTSOG's work regarding the development of the applied methodology, while recommending a more detailed analysis of potential variations in supply patterns (for instance, considering a more substantial role for LNG supplies in some countries), of any lessons learnt regarding possible supply constraints and supply disruptions, and of the ways in which such variations and constraints in supply could be handled. In particular, the Agency invites ENTSOG to assess the impacts of decreased supply levels in cases of potential supply disruptions from third countries and/or indigenous production.
- e. The Agency appreciates and encourages data provision on demand, supply and storage filling levels by Transmission System Operators and Storage System Operators, while inviting ENTSOG to further expand the direct involvement of key stakeholders, such as producers, suppliers and shippers, and to apply their data to the analysis and cross-checks of scenarios and the validation of past projections. Furthermore, the Agency suggests that ENTSOG considers the Outlook's assessments in the light of relevant publicly available data, as well as proactively requests stakeholders' views regarding the content of the outlooks and events which

could significantly impact Europe's seasonal gas supply. In this respect, the Agency welcomes ENTSOG's intention to start assessing potential major events that could affect supply during the season and to begin providing comprehensive reviews of past seasonal dynamics.

- f. Regarding the timing for the production and publication of the Summer Supply Outlook 2012, the Agency recommends an earlier publication of future outlooks in order to allow for a higher-level immediate perspective on supply and demand trends during a forthcoming season and potential "warning" in case of specific events. In that regard, the Agency invites ENTSOG to consider using the outlooks as a tool for the provision of supply analyses for the timely signalling of potential bottlenecks or other supply-side issues between the elaboration and submission of the biennial TYNDPs.

Done at Ljubljana on 5 September 2012.

For the Agency:



Alberto Pototschnig  
Director



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