

OPINION No 09/2020
OF THE EUROPEAN UNION AGENCY
FOR THE COOPERATION OF ENERGY REGULATORS
of 18 December 2020

**ON THE REVIEW OF GAS NATIONAL NETWORK
DEVELOPMENT PLANS TO ASSESS THEIR CONSISTENCY WITH
THE EU TEN-YEAR NETWORK DEVELOPMENT PLAN**

THE EUROPEAN UNION AGENCY FOR THE COOPERATION OF ENERGY
REGULATORS,

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 1775/2005¹, and, in particular, Article 8(11) thereof,

Having regard to the outcome of the consultation with ACER's Gas Working Group,

Whereas:

1. INTRODUCTION

- (1) The Opinion reviews the most recent editions of the EU gas national development plans (NDPs) in connection with ACER's tasks to assess the consistency with the EU-wide Ten-Year Network Development Plan (EU TYNDP) pursuant to Article 8(11) of Regulation (EC) No 715/2009.
- (2) The consistency of the NDPs and EU TYNDP is analysed on the basis of information provided by all 27 EU national regulatory authorities (NRAs) from 11 August until 11 September 2020². The projects' consistency is analysed based on information publicly available from ENTSOG, and the NRAs' review of the draft TYNDP 2020 project candidates, which took place between 8 August and 11 September 2019.

¹ OJ L211, 14.8.2009, p. 36.

² Malta and Cyprus submitted responses to the questionnaires. Their responses are included, although these NRAs were not always in a position to provide the required answers, and marked "other options/n.a." when responding. Cyprus currently has no gas or infrastructure, but infrastructure projects are planned to bring gas to the country or deliver it to other countries. Malta switched its primary source of energy from heavy fuel oil to natural gas in 2017, and gas accounted that year for approximately 70% of the energy consumption in the country. Natural gas to Malta is delivered as LNG and used for power generation in a combined cycle gas turbine (CCGT) plant.

- (3) This Opinion assesses:
- a. The consistency of the most recent NDPs across Europe with the draft Community-wide network development plan (TYNDP 2020), covering individual projects as well as methodological aspects, and analysing the NDPs' evolution since 2018 when the previous survey was carried out.
 - b. The integration of Energy Transition goals into the gas network development processes, in particular for NDPs.

2. MAIN FINDINGS

2.1. Regulatory aspects related to gas NDPs: unbundling and certification

- (4) The NRAs reported that there are 45 certified TSOs and one certification procedure ongoing. The certified gas TSOs and the chosen certification model have changed very little during the last 2 years³.
- (5) In the following Member States (MSs), three or more certified TSOs exist and operate: Germany (14), Spain (4), and Italy (3). All other MSs have one or two certified TSOs.
- (6) The Full Ownership Unbundling (OU) model is chosen by 12 MSs, followed by the Independent Transmission Operator (ITO) model (6 MS). In some MSs where two or more TSOs operate (France, Germany, Greece and Spain), two or more unbundling models have been implemented.
- (7) In nearly half of the MSs, there are specific provisions in place in the national regulatory framework regarding NDPs in line with the provisions of Article 22 of Directive 2009/73/EC⁴, which relates to national network development plans and the

³ Changes during the last 2 years: 1 TSO in Italy (TAP AG) has been certified as ITO. The Croatian TSO is under in the process of TSO certification under Full Ownership Unbundling (OU) model. The gas transmission grid of Finland has recently been unbundled as a new TSO, Gasgrid Finland, which was certified on 19 August 2020. In Hungary, the assets of the ownership unbundled TSO, MGT, were acquired by the ITO-certified TSO, FGSZ, and the two companies merged into one. In Latvia, the two major shareholders of the Latvian TSO have changed in 2020, and the NRA is currently assessing the shareholders' compliance with the certification requirements.

⁴ Art. 22(7): “In circumstances where the transmission system operator, other than for overriding reasons beyond its control, does not execute an investment, which, under the ten-year network development plan, was to be executed in the following three years, Member States shall ensure that the regulatory authority is required to take at least one of the following measures to ensure that the investment in question is made if such investment is still relevant on the basis of the most recent ten-year network development plan: (a) to require the transmission system operator to execute the investments in question; (b) to organise a tender procedure open to any investors for the investment in question; or (c) to oblige the transmission system operator to accept a capital increase to finance the necessary investments and allow independent investors to participate in the capital.

Where the regulatory authority has made use of its powers under point (b) of the first subparagraph, it may oblige the transmission system operator to agree to one or more of the following: (a) financing by any third party; (b) construction by any third party; (c) building the new assets concerned itself; (d) operating the new asset concerned itself. The transmission system operator shall provide the investors with all information needed to realise the investment, shall connect new assets to the transmission network and shall generally make its best efforts to facilitate the implementation of the investment project. The relevant financial arrangements shall be subject to approval by the regulatory authority.

NRA powers to ensure relevant investments are made. In this respect, NRAs have not reported any case in which a TSO, other than for overriding reasons, was not able to execute during the subsequent 3 years a mandatory investment as foreseen in the NDPs.

2.2. Key NDP features

Gas vs. cross-sectoral NDPs

- (8) It is possible for NDPs to cover several energy sectors (e.g. gas, electricity, oil, heat, etc.). 24 (89%) NDPs are gas-specific, of which 4 NDPs also include hydrogen development aspects. Only the Danish NDP and the outdated Spanish NDP⁵ from the year 2008 can qualify as cross-sectoral (electricity and gas), while Malta reports that its plan covers all kinds of energy transport infrastructure (electricity, gas, hydrogen and oil). The picture is very similar to that observed two years ago, and does not seem to provide evidence of a shift to a more integrated electricity and gas planning or network assessment, or towards joint electricity and gas network development plans⁶.
- (9) ACER notes that most current gas NDPs do not include hydrogen developments, which are expected to be of significant importance in view of the need to decarbonise or reduce the carbon footprint of hard-to-abate sectors such as heavy industry and heavy duty transport. Hydrogen is expected to be included in more of the upcoming NDPs, or at least this is a possibility under study.

Single vs. consolidated NDPs

- (10) In 3 (Austria, Germany and Spain) out of the 6 MSs where more than one TSO exists, there is a consolidated NDP. In Portugal, there are different operators for underground gas storages (UGS) and liquefied natural gas (LNG) infrastructure, but the NDP proposals for all gas infrastructure are coordinated and presented by the TSO. In Romania, the 2 UGS operators' development plans are included in the NDP. In Italy, the largest TSO (Snam Rete Gas) also assesses the potential interlinkages between projects put forward by different TSOs.
- (11) ACER reiterates its view that the elaboration of a consolidated transmission NDP, possibly also including LNG and UGS projects, in MSs where more than one network operator exists, would provide added value by presenting joint analyses of investment needs and reflecting such needs in a single document.

Stakeholder consultations

- (12) Stakeholder consultations are essential for devising NDPs which serve the needs of network users, both at national and EU level. ENTSOG carries out a public

⁵ Cross-sectoral elements include: single publication jointly listing gas and electricity infrastructures, consistent and coordinated electricity and gas demand and supply projections, analysis of interdependencies of electricity and gas developments, close cooperation of electricity and gas network operators.

⁶ However, joint scenarios seem to be implemented or are under advanced discussion in several MSs.

stakeholder consultation during the elaboration of the draft EU TYNDP, thus offering a platform for the engagement of market players and other stakeholders.

- (13) With a few exceptions, most NDPs are prepared with a varying degree of stakeholder involvement and engagement. In particular, public consultations of NDPs are usually held during the preparation stage and involve existing and potential network users and other relevant stakeholders.
- (14) 19 out of 27 responding NRAs provided information regarding the timeframe of the stakeholder consultation in the context of the drafting of the NDP. Most NDPs foresee firstly a stakeholder consultation, including the views of network users, followed by the drafting of an NDP proposal by the TSO, which is then submitted to the NRA or another public authority for its opinion or approval.
- (15) ACER stresses that gas network expansions should be primarily demand-driven and notes a significant gap between the great number of project proposals put forward by project promoters in the EU TYNDP and the lack of firm commitment of network users to capacity increases, as demonstrated during the last incremental capacity process⁷. Network expansions could also serve other needs, for example related to insufficient market integration, security of supply, or sustainability, but these needs are very limited in the EU given the improved market integration and the existence of a robust and resilient gas system⁸.

Frequency of publication of the plans

- (16) The EU TYNDP is published every other year and more than 90% of the NDPs are published at least every other year, showing an improvement of 10 percentage points compared to the previous review. With the exception of the outdated plans in Spain and Sweden, which date back to 2008, all NDPs are up-to-date and have been published during the last 2 years⁹. In addition, 15 NRAs indicated the existence of a draft NDP, with approval/publication expected soon (by the end of 2020).
- (17) ACER positively notes the existence of up-to-date national plans and recalls the importance of keeping them up-to-date. ACER reaffirms its view already expressed in its Position on the Revision of TEN-E Regulation and Infrastructure Governance¹⁰, that a biennial gas NDP would enhance the consistency of the NDPs and the EU TYNDP.

⁷ ACER Monitoring update on incremental capacity projects and virtual interconnection points, July 2020 https://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20Monitoring%20update%20on%20incremental%20capacity%20projects%20and%20virtual%20interconnection%20points.2020.pdf

⁸ As ENTSOG states in the Seasonal Gas Supply Outlooks and the Disruption Scenarios under the Security of Gas Supply Regulation assessments.

⁹ The Portuguese NDP last approved version is from 2017 but an updated version will be published by end 2020.

¹⁰ http://www.acer.europa.eu/Official_documents/Position_Papers/Position%20papers/ACER_CEER_paper_on_TEN_E.pdf

- (18) ACER notes that in the independent transmission operator (ITO)¹¹ and independent system operator (ISO)¹² models, gas TSOs are obliged to submit their respective NDPs to the NRA every year, in compliance with the European gas legislation (Articles 22(1) and 41(3)(c) of Directive 2009/73/CE). However, in electricity the frequency of NDPs was recently changed from yearly to at least every two years in the recast electricity Directive 2019/943 (Article 51 (1)). ACER supports changes to the gas directive that would foresee biennial gas NDPs by default, in order to align their timing with that of the EU TYNDP, help to align them with the periodicity of electricity network planning, and achieve better cross-plan and cross-sector consistency.

Regulatory environment and oversight

- (19) ACER notes once more that the level of regulatory oversight is generally higher for NDPs than that of the EU TYNDP. In nearly 50% of the cases, the authorities, the NRAs in most cases and/or the Ministry in some cases, are formally empowered, albeit in different ways, to approve, reject or validate the NDP proposals of the TSOs. Conversely, the regulatory oversight of the EU TYNDP is mainly carried out in the form of a non-binding ACER Opinion on the draft EU TYNDP and on the consistency of NDPs and the EU TYNDP. ACER recalls that the governance over the elaboration of the EU TYNDP should be strengthened. ACER and CEER in their recent Position on the Revision of TEN-E Regulation and Infrastructure Governance¹³ recommended providing powers to ACER to issue binding guidelines for the TYNDP development and amendment requests on the draft TYNDP. Improved regulatory oversight over the TYNDP process should promote more efficient and selective investments in line with the public interest to the benefit of energy consumers.
- (20) In several MSs, NRAs play only a limited consultative role in the process of NDP elaboration and have no effective powers to review or validate the NDPs. ACER reaffirms its view that NRA oversight and decision-making powers over cross-border projects and projects with cross-border impact should be strengthened, given that NRAs play an important role regarding investment requests for PCIs under Regulation (EU) No 347/2013. ACER deems that the strengthening of the NRAs' regulatory powers over NDPs could have a positive effect on improving the consistency of national and EU-wide network planning.

2.3. Input used to elaborate the NDPs

- (21) Scenarios are a key element framing the environment under which infrastructure projects are assessed. They include, among other aspects, projections of gas demand, supply, energy efficiency, CO₂ emissions, and fuel prices.

¹¹ Cf. Chapter IV of Directive 2009/73/EC.

¹² Ibid, see Article 41(3)(c).

¹³ See footnote 10 for the link to the Paper, and section 1.3, ACER scrutiny upon European Ten-Year Network Development Plans.

- (22) 9 (33%) NDPs consider a single scenario, 8 (30%) 3 scenarios, and only Slovenia considers 2 scenarios. However, 8 NRAs reported other options for scenario development. Most gas NDP scenarios are subject to a public consultation, and in addition some NDPs target specifically certain stakeholders in their consultations, such as universities and academics, market players (shippers) and governmental bodies and regulatory authorities. Most NDPs, 18 out of 27 (67%), consider gas demand breakdown by type of customers or by economic sector.
- (23) ACER stresses the importance of having consistent scenarios at national and EU level, as aligned as possible with the National Energy and Climate Plans (NECPs), also in view of the consistency of evaluating the merits of projects included in plans.

2.4. Output of the NDPs

Identification of investment gaps, categorisation and assessment of projects

- (24) As was the case two years ago, for most NDPs the identification of investment gaps and the assessment of the degree to which specific projects address them are typically based on a combination of approaches¹⁴. ACER recommends complementing the generic approach to infrastructure needs (top-down approach) with a case-specific analysis of individual projects and economic tests revealing the market interest in the projects (bottom-up approach).
- (25) The EU TYNDP should be further improved to allow for an identification of the investment gaps and projects matching such gaps. Projects which do not clearly meet any need should not be included in the EU TYNDP.
- (26) ACER welcomes the use of project-specific criteria, such as maturity, for categorising projects listed in the EU TYNDP, and notes that some progress has been achieved in the use of such criteria for categorising NDP projects. In addition, other criteria could be considered for categorising projects in NDPs, such as contribution to sustainability and decarbonisation, sector integration, security of supply, and market integration.
- (27) ACER notes that natural gas would have to be decarbonised in the mid- to long-term in view of the decarbonisation and climate neutrality objectives of the Energy Union¹⁵, significantly affecting the needs for gas transportation services and infrastructure. Existing gas infrastructure in the European Union is well-developed, resilient and fit for the purpose of serving gas demand and capacity needs during a transitional period to a de-carbonised future. In this context, all gas infrastructure projects should unambiguously demonstrate quantitatively their contribution to sustainability and the decarbonisation objectives.

¹⁴ Possible approaches to investment gap identification include: evaluation after an in-depth analysis of the “needs” of infrastructure (top-down approach); outcome of the system and/or market modelling; a case-by-case analysis of project candidates (bottom-up approach); projects as outcome of an economic test.

¹⁵ In November 2019, the Council of the European Union noted that by 2050 “green gases” – mainly hydrogen (H₂) and biomethane – could represent from 30% to 70% of total gas use <https://data.consilium.europa.eu/doc/document/ST-13854-2019-INIT/en/pdf>

- (28) A greater focus on analysing the options for reducing emissions, for example via network adaptations and investments aimed at increasing the use of biomethane and the blending of hydrogen produced from renewable sources, is recommendable. Large-scale import gas pipeline projects, which traditionally feature in EU network plans, should be thoroughly scrutinised in view of their contribution (or lack thereof) to energy transition goals, and, if unable to meet sustainability and decarbonisation criteria, should only be justified in regions unambiguously showing compelling security of supply or competition needs.

Cost data availability and transparency

- (29) Most NDPs (17 out of 27) include information about investment costs. However, the NDPs of 8 MSs (30%) do not include any cost information, which is explained by confidentiality concerns of project promoters. ACER recommends that all NDPs include cost information, in particular investment costs information, as it is essential for any evaluation of investment proposals.

Consistency of cross-border capacities and projects in NDPs

- (30) Only 6 NRA respondents (29%) were in a position to confirm that the estimated cross-border capacities are in line with the capacities available in neighbouring MSs. The majority of NRAs (62%) were not able to assess this, and 2 (10%) NRAs noted that cross-border capacities were not aligned. ACER deems that the development of cross-border capacities and other projects with significant cross-border impact should be better coordinated across neighbouring NDPs.

2.5. Methodology used for the elaboration of NDPs

Use of market, network, sector-integrated studies, and CBA

- (31) 67% of the respondents noted that NDPs include market studies, including projections of gas market fundamental data. The use of network modelling studies in NDPs via hydraulic simulations (carried out for assessments of the ability of the network to cover stress/high demand situations) was reported in 19 out of 27 instances (70%).
- (32) However, sector-integrated studies, at least covering the electricity and the gas sectors, are much less frequently used: only 6 (22%) NRAs¹⁶ report the use of such studies in NDPs.
- (33) More than half of the NDPs do not use a cost-benefit analysis (CBA) for evaluating the merits of gas infrastructure investments. Only 3 NDPs¹⁷ include an assessment of the value of the cost of disruptions of gas supply due to potential supply interruptions.

Technical aspects: modelling tools, network topology

- (34) The modelling tools and the network topology currently used for the elaboration of the EU TYNDP are generally less sophisticated and detailed than those typically used for the preparation of NDPs. Consequently, the assessments and the identification of

¹⁶ Hungary, Ireland, Latvia, Portugal, Spain and Sweden.

¹⁷ Bulgaria, Italy and Latvia.

physical capacity bottlenecks, as well as the simulation of gas infrastructure operational conditions, are generally more robust in NDPs than in the EU TYNDP. ACER has repeatedly called on ENTSOG to consider improving the modelling performed for the purpose of the EU TYNDP, by further building on the expertise, models and tools used by TSOs to develop NDPs. In this sense, ACER welcomes ENTSOG's endeavours to replace its internally developed network simulation software tool (NeMo Tool) with more powerful software offering more functionalities, such as an interlinked electricity and gas model, which would enable better analysis for the EU TYNDP 2022¹⁸.

2.6. Energy Transition Aspects in Gas NDPs

Hydrogen developments in gas NDPs

- (35) The most recent NDPs of 8 MSs¹⁹ already address hydrogen (H₂) developments. The main aspects that are covered are network adaptations needed to enable H₂ blending in gas networks and connection points for H₂ injection. In the upcoming German gas NDP, H₂ will be included solely for information purposes. Some NRAs report that current TSO unbundling provisions and the legal framework governing NDPs may prevent gas NDPs from covering H₂ developments as part of the gas NDP process and investment plans. In addition, some NRAs have reported studies and initiatives for adapting the natural gas transmission system to green H₂ and RES gases in the context of NECPs.

Biomethane developments in gas NDPs

- (36) Compared to hydrogen, more NDPs (11, 41%) address biomethane developments. When biomethane is covered, NDPs include at least two of the following aspects²⁰: network adaptations needed to enable biomethane injection at transmission level, direct connection points for biomethane injection at transmission level, reverse flow capacity from distribution to transmission networks, and biomethane production potential (estimates of installed capacities for biomethane production).

Future gas NDPs in view of Energy Transition goals

- (37) The majority of the respondent NRAs (14 out of 17, 82%) indicate that, while the focus of future NDPs should be on traditional gas infrastructure, NDPs should be more open to including energy transition aspects. More than 80% of the NRAs are of the view that gas NDPs should be better coordinated and interlinked with electricity NDPs. Most of the respondent NRAs (10 out of 17, 59%) fully or mostly agree on having sector integrated plans covering at least electric and gas sectors.

¹⁸ See Section 6.2.10 of ENTSOG's draft Annual Work Programme for 2021 https://www.entsog.eu/sites/default/files/2020-08/ENTSOG%20Draft%20Annual%20Work%20Programme%202021_For%20Public%20Consultation_%20High%20resolution.pdf

¹⁹ Belgium, Croatia, Denmark, France, Ireland, Latvia, Malta and Slovenia.

²⁰ The French NDP covers all of them.

- (38) Therefore, ACER is of the view that there is an apparent mismatch between the currently limited coverage of energy transition aspects in NDPs, and the NRAs' clear support to giving more attention - and indeed priority - to biomethane and hydrogen in future network plans.
- (39) ACER considers that energy transition aspects should be included without delay in gas network planning, and encourages initiatives and legislative reforms at the national and EU level²¹ that would make such inclusion possible in the near future, in order to rapidly and efficiently enable the proper consideration of energy transition aspects in gas network planning.

2.7. Consistency of Projects in NDPs and the draft EU TYNDP 2020

Consistency of project inclusion in plans

- (40) ACER notes that 146 out of the 236 projects included in the draft EU TYNDP 2020 (62%) are listed in NDPs, down from the 75% level observed for the EU TYNDP 2018²² projects. Considering only TYNDP projects located in EU MSs, this percentage is similar (63%, 139 out of 221) and again much lower compared to the EU TYNDP 2018 (78%). Only in 12 countries does the level of project inclusion consistency exceed 70%, i.e. at least 7 out of 10 projects included in the draft EU TYNDP 2020 are also a part of NDPs, while a full (100%) project consistency is observed in 8 NDPs²³. This decrease in project consistency ratio is explained by the inclusion in the EU TYNDP 2020 of 46 Energy Transition Projects, a new category of heterogeneous projects potentially contributing to energy transition²⁴, none of which has been included in the most recent gas NDPs. If Energy Transition Projects are not counted, the level of project consistency in NDPs and the EU TYNDP 2020 is similar to the one observed in the EU TYNDP 2018.

²¹ E.g. Legislative changes at EU level under the forthcoming revised Trans-European Energy Networks (TEN-E) Regulation, the revised Third Energy Package for gas (Directive 2009/73/EU and Regulation (EC) No 715/2009/EC) and at national level in ordinances governing the gas NDP processes.

²² See Acer Opinion No 14/2019 on ENTSOG's draft TYNDP 2018, https://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2014-2019%20on%20the%20ENTSOG%20draft%20TYNDP%202018.pdf

²³ Austria, Bulgaria, Estonia, Hungary, Lithuania, Malta, Portugal, Slovenia.

²⁴ See p. 12 of ENTSOG's PID for TYNDP 2020: "These are projects which facilitate the integration of renewables, the achievement of decarbonisation and efficiency targets, reduction of other air pollutants, sector coupling initiatives. They include, but are not limited to: Power to Gas intended for the production of hydrogen and synthetic methane; Biomethane production plants; Hydrogen production following steam methane reforming or similar processes; Reverse flow projects between DSO and TSO in order to facilitate flows of renewable/decarbonized gases; Upgrading of gas transmission grid to receive blended or pure hydrogen; Carbon Capture and Storage - CCS and/or related CO₂ transport being national or cross-border; and Carbon Capture and Use - CCU and/or related CO₂ transport being national or crossborder"

https://www.entsog.eu/sites/default/files/2019-05/TYNDP%202020_Practical_Implementation_Document_20190502_0.pdf

Consistency of project data items

- (41) ACER and NRAs crosschecked the input data (project attributes) of the TYNDP 2020 project candidates as submitted by the project promoters. The NRAs reviewed the draft TYNDP 2020 project candidates at an early stage of the TYNDP 2020 development process²⁵. The NRAs' views and comments on the projects were communicated to ENTSOG, with the main aim being improving the quality of the input data of the TYNDP 2020 and allowing NRAs to express their general comments and concerns on the TYNDP 2020 projects at an early stage.
- (42) Out of 22 responding NRAs, 16 NRAs had comments and remarks on TYNDP 2020 projects²⁶, both on project data items and on the general need for the TYNDP projects. Reported non-aligned data between the draft EU TYNDP 2020 and NDPs for projects were of a diverse nature, but mostly concerned technical and factual discrepancies.
- (43) ACER is of the view that the potential consequences of such apparent discrepancies or misalignment of data at project level varies by importance and may be, to a large extent, explained by the natural evolution of a given project between the moments when it is listed in the EU TYNDP and in the respective NDP. In any case, ACER calls on project promoters to ensure that coherent and reliable project information is provided in NDPs, in the EU TYNDP, and during the project implementation monitoring.

EU TYNDP as a plan based on NDP projects

- (44) ACER stresses, once again, that Regulation (EC) 715/2009 requires that the TYNDP be based, in particular, on NDPs and, where appropriate, on EU aspects of network planning. From this perspective, ENTSOG should strive to bring the number of projects listed in the TYNDP but not listed in NDPs to a sufficiently low level, as already recommended by ACER in its Opinion No 11/2018²⁷.
- (45) ACER welcomes ENTSOG's work for providing transparent information on the consideration of EU TYNDP projects in the most recent NDPs, including the promoters' justification of the reasons for not including projects in the relevant NDP(s). ACER is concerned by the overall deterioration of project consistency between NDPs and the present draft EU TYNDP, in comparison to the two earlier editions of the EU TYNDP, mostly explained by the inclusion of the so-called Energy Transition projects in the EU TYNDP, which are not included as NDP projects. ACER notes that some of the Energy Transition projects accepted by ENTSOG (e.g. power-to-gas, hydrogen and biomethane production, carbon capture and storage) are market-based activities which should be in principle open to competition of market players.

²⁵ From 8 August 2019 until 11 September 2019.

²⁶ Austria, Belgium, Croatia, Cyprus, Czech Republic, France, Greece, Hungary, Ireland, Italy, Latvia, Malta, Slovak Republic, Spain and United Kingdom (Northern Ireland).

²⁷ https://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2011-2018%20on%20the%20review%20of%20national%20NDPs%20consistency%20with%20EU%20TYNDP.pdf

TSOs should remain precluded from having ownership rights in such competitive facilities, and their investments should be primarily focused on network investments allowing gases with low or zero carbon impact to be injected into the networks.

- (46) ACER advises project promoters to include or apply first for the project inclusion in the relevant NDP(s), before applying in the EU TYNDP process, or, should no NDP exist or the project be located outside the EU, ensure that the relevant authority, be it NRAs or Ministries, reviews the project before filing for the EU TYNDP. Projects listed in a European-wide plan should reasonably expect support at national level, or otherwise risk to be seen as unrealistic or exceeding the necessary investment needs.
- (47) ACER reiterates its recommendation that, in principle, projects not having obtained “*ex-ante*” regulatory review in the context of the NDPs or in another way, should not be included in the EU TYNDP, unless they are new and recent proposals.

3. CONCLUSION

- (48) ACER reviewed the most recent edition of the EU gas NDPs and assessed their consistency with the draft EU gas TYNDP 2020. This comprehensive review included assessments of the methodology used for the elaboration of the national and the EU-wide network development plans and of the project-level consistency among national and EU plans for projects with cross-border impact.
- (49) ACER welcomes the active participation of all NRAs by way of providing the necessary data and input.
- (50) ACER welcomes the improvement of the EU TYNDP’s transparency via cross-references to the NDP investment item (project) codes, and via the justifications provided by promoters in cases where a project is not included in the relevant NDP(s). The collaborative attitude of ENTSOG, in terms of allowing NRAs to share their views regarding project data shortly after the submission of candidate projects to the draft EU TYNDP 2020, resulted, in some instances, to data reconciliation between the NDPs and the draft EU TYNDP.
- (51) However, ACER is concerned by a falling level of project consistency between NDPs and the present draft EU TYNDP 2020 in comparison to the two previous editions of the EU TYNDP, which is largely explained by the inclusion in the EU TYNDP 2020 of the so-called energy transition projects which are not part of most recent NDPs.
- (52) ACER recommends the following to improve the consistency of NDPs with the EU TYNDP:
 - a. A gas NDP should be prepared and published in each MS at least every 2 years, in pursuit of enhanced consistency with the EU gas TYNDP, as well as with electricity network plans.

- b. A consolidated transmission NDP should be considered for each MS where more than one TSO exists²⁸, possibly also including LNG and UGS projects.
 - c. Adequate consultations of the draft NDPs and due coordination between operators should take place during the preparation of the NDPs regarding the development of cross-border capacities and other projects with significant cross-border impact.
 - d. NRAs' regulatory oversight²⁹ over the NDPs should be strengthened in those MSs where, so far, this oversight has been limited.
 - e. Due attention should be paid to the consistent identification of the needs for gas infrastructure capacity in the NDPs, in particular for cross-border projects, and the mapping of infrastructure proposed against the identified needs.
 - f. Cross-references should be included in the NDPs between the NDP investment item (project) codes and the EU TYNDP codes, in the same way as this is currently done in the EU TYNDP.
 - g. Project cost data should be included in all NDPs³⁰.
 - h. The sustainability dimension of projects should be emphasized in gas network planning, for which initiatives and reforms of the network planning framework at national level may be needed. NDPs should focus their attention primarily on investments allowing gases with low or zero carbon impact to be injected into the networks.
- (53) ACER recommends ENTSOG and project promoters to improve the consistency of future EU TYNDPs with NDPs, and in particular:
- a. Taking into the utmost consideration the views of NRAs on gas system development needs, especially if the need for one or more project candidates is questionable.
 - b. Improving the EU TYNDP modelling approach, in particular by making it more transparent and allowing integrated energy system assessments.
 - c. Reconciling the large number of investment projects in the NDPs and the TYNDP with the lack of network user appetite for financing capacity expansions, as well as the projected mid- and long-term downward trend in gas demand.

²⁸ Austria, Germany and Spain already publish consolidated NDPs. France, Italy should consider publishing a consolidated NDP.

²⁹ Oversight is seen as limited when NRAs provide non-binding scrutiny (e.g. opinion) on draft plans, as is the case in Belgium, Denmark, Estonia, Ireland, Latvia, Luxembourg, Portugal and Spain, without hard powers to approve or issue binding amendment requests on draft plans.

³⁰ The NDPs of the following MSs do not include any cost information: Cyprus, Denmark, Finland, Hungary, Ireland, Romania, Slovak Republic, and Sweden.

- d. Including project costs and monetised benefits data in the EU TYNDP, while ensuring that the confidentiality claims of promoters are not detrimental to achieving an adequate level of cost transparency.
- e. Making sure that the EU TYNDP is based on the NDPs.
- f. Considering the need to decarbonise the gas sector as a main driver for future EU TYNDPs, and the implications of the projected changes in gas supply patterns and operations for gas network investment needs, which are likely to move away from large-import pipelines towards network repurposing to allow more green and low carbon gases.

Done at Ljubljana, on 18 December 2020.

- SIGNED -

*For the Agency
The Director*

C. ZINGLERSSEN

Enclosures, data Annexes:

- I – National Development Plans: Methodological Aspects
- II – Consistency of NDP/TYNDP Projects