

North West – IG meeting

18 October 2012

EK offices, The Hague

DRAFT MINUTES

Participants			
Robert	Spencer	NMa/EK (chair)	
Menno	van Liere	NMa/EK	
Bjorn	ter Bruggen	EI	
Anders	Falk	EI	
Sigrún	Eyjólfsdóttir	DERA	
Keelin	O'Brien	CER	
Carole	Mathieu	CRE	
Geert	Van Hauwermeiren	CREG	
Michael	Jenner	Ofgem	
Chris	Logue	National Grid	
Colin	Hamilton	National Grid	
Thierry	Deschuyteneer	Fluxys	
Anne	Boorsma	GTS	
Christian	Auer	Open Grid Europe	
Christophe	Poillion	GRTgaz	
Thomas	Huerre	GRTgaz	
Annett	Wilde	Gasunie Deutschland	
Heather	Glass	ENTSOG	

1. Welcome and approval of the agenda and approval of minutes of last IG meeting

On behalf of NMa, Robert Spencer welcomed all participants and emphasized to be very pleased with the number of attendance to the meeting (given the work load in Europe). In this matter, Robert also indicated that it can be expected that the interest for regional work – now that the first European network codes are being finalized – is likely to increase again in the near future. Following these announcements, the agenda for the meeting and the minutes of the previous IG meeting (March 2012) were approved.

Decisions agreed:

- The draft minutes of the last IG meeting and the draft agenda for this meeting were approved.

2. Update on current projects

2.1 GRI NW Investment project

On behalf of the TSOs, Fluxys presented the preliminary steps envisioned by TSOs to draft the 2013 GRIP. In this matter, it was explained that the 9 countries that participated in drafting the first GRIP will also participate in drafting the second version of the GRIP. Currently, TSOs are determining who will act as TSO coordinator for the new GRIP and will thus act as first contact for external stakeholders and bear responsibility for coordinating the tasks to reach the targets set by the group.

The second edition of the GRIP will build on the experience gained during the realisation of the first GRIP, but also best practices of other GRIPS. Next to that, the response from EFET (as brought forward during the consultation of the first GRIP) and the recommendations of the RCC how the new GRIP could be further enhanced as to be “fit for purpose” will also be taken into account, as well as the ACER report that will highlight similarities/differences and recommendations for convergence of the different GRIPS (expected end of December 2012). Finally, the GRIP will build on the TYNDP 2013 – 2022, but also on national plans.

It is expected that drafting of the second edition of the GRIP will start early 2013 and a draft version should be ready at the beginning of July. TSOs envision to send this draft version to GRI NW stakeholders as to understand feedback of stakeholders within GRI NW by September 2013 and final publication – once adjustments are considered – around 1st October 2013.

On behalf of the NRAs, CRE explained in more detail that the ACER analysis of the different GRIPS will be an overall assessment and will focus on the description and evaluation of content of each GRIP, assess the consistency and coherence (methodology, assumptions, coherence with the TYNDP) between the GRIPS and make general recommendations. In its analysis, ACER will use the RCC recommendations of GRI NW (the only GRI where an opinion on the GRIP was elaborated) as input. In fact, GRI NW will be presented as a good example of cooperation and dialogue between the RCC and TSOs (after the publication of the GRIP 2011-2020). The opinion will be published in December 2012.

TSOs were asked whether the GRIP could also take on board Projects of Common Interest (PCIs). In this matter, TSOs explained that it could be possible to provide an explanation of PCIs for the region in the GRIP. At the same time, the current selection process as is taking place in Europe is merely a pilot project and the PCI list will be a indicative list. In this matter, at least for now, it seems difficult to take this on board.

CER remarked that the GRIP only contains TSO projects, but not any commercial projects. Fluxys explained that the GRIP is for TSOs only and contains both FID and non-FID projects.

Decisions agreed:

N/A

2.2 Feasibility of implicit allocation in the gas market

NMa – as project leader – explained the approach of the workshop on implicit allocation that will take place the day after the RCC meeting. In this matter, NMa explained that the morning session of the workshop is meant to explore the added value of implicit allocation in the gas market. In the afternoon session the design issues related to the implicit allocation mechanism will be discussed in an open dialogue. The RCC will present several statements on the design issues and envisions to discuss these in a “lower house debate” style. Each statement is introduced via an elevator pitch and participants can – once a statement has been discussed – anonymously vote

With regard to the next steps, NMa envisions to draft minutes of the GRI NW workshop (for internal RCC use only) and an evaluation of comments and based upon input received during both the workshop and the public consultation. Based upon these document, the RCC position paper will be revised – if necessary – and finalized. The aim is to present the final RCC position paper during the Stakeholder Group meeting on 23 November in Copenhagen.

Decisions agreed:

- N/A.

3. Project approach for upcoming projects

3.1 Assessment of market liquidity/ degree of market integration within GRI NW

The Gas Target Model has identified several steps how the internal gas market can be realized, including enabling functioning wholesale markets. In this matter, the Gas Target Model has recommended that NRAs should assess market liquidity and the degree of market integration in close cooperation with stakeholders within the framework of the Gas Regional Initiatives. Where necessary for creating functioning wholesale markets, NRAs shall explore measures to improve market liquidity and the degree of market integration.

Programme Office has elaborated first thoughts how GRI NW could assess market liquidity and market integration in the region. In general, assessment of market liquidity should be done on a national level (by the national NRA and TSO(s)). To ensure that market liquidity can be assessed, a common set of indicators needs to be identified that each NRA and TSO(s) can answer (ideally by using existing information, such as national reports). Next to that, each country could identify projects that boosted liquidity on a national level, allowing the region to identify best practices how liquidity can be raised on national level. From an organisational point of view, Programme Office envisions that a Task Force will be formed (consisting of representative(s) from NRAs, TSOs and/ or stakeholders, e.g. traders). This Task Force will bundle all factsheets into report and identify certain best practices that could have raising liquidity in the gas market.

GRTgaz indicated that the proposed Task Force should not only consist of NRAs, but also of TSOs, hub operators, traders (through EFET) etc. Programme Office explained that it is indeed envisioned that a variety of stakeholders of the region will be represented in the Task Force. Fluxys and GTS remarked that a functioning wholesale market should be the goal and emphasized that liquidity is not a means in itself (and indicators are only a tool). Next to that, Fluxys indicated a good definition of a functioning wholesale market should be defined upfront of the project. Also, information that is needed to measure a functioning wholesale market can sometimes be commercially sensitive and it should be ensured that such information can be used.

With regard to indicators to be used, GRTgaz indicated that CEER – in its Gas Target Model – has already presented several indicators (such as: HHI, RSI, total consumption etc.) that could be used. At the same time, it was emphasized that there is a difference between hub indicators and more general indicators. Fluxys remarked in this matter that it would also have merit – given their experience in measuring issues such as competition – to talk to competition authorities and to arrange a meeting with CIEP, as they a) have criticized the CEER indicators and b) presented some own thoughts how to measure market liquidity.

Programme Office explained that the RCC already agreed that national considerations should be taken into account when the results of the inquiry are presented. If the indicators are presented without any explanations of the characteristics of a national market, strange conclusions could be drawn that do not reflect the national market. Some NRAs also suggested that for each country a country description is provided that explains a) how the national market has developed (what actions have been taken, for what reason and what were the subsequent results). It was concluded that it should be clear from the start what will be precisely monitored: sec hub liquidity and/ or the national gas market as a whole.

Decisions agreed:

N/A.

3.2 Coordination of the (early) implementation of network codes

Programme Office explained the first thoughts how GRI NW could monitor the timely implementation of the network codes. The network codes are an important step to achieve an internal market and all stakeholders should have a shared ownership towards implementation. Given the role of the network codes in achieving the internal market, timely and coordinated implementation needs to be ensured. Network codes can only have effect if the rules are implemented in the same way at both sides of an interconnection point. Certain network codes might need regional interpretation to ensure that the codes are “fit for purpose”. Next to that, lessons learned from pilot projects should be identified and widely shared to avoid “pitfalls” when implementing. Also, (before or during implementation) a (regional) solution for a “pitfall” should be identified if necessary. Also, drafting of checklist per network code to identify what needs to be implemented is envisioned.

Finally, a small Task Force will be set up per network code to draft a checklist and write the progress report. National NRA and TSO(s) jointly provide input and the Task Force will bundle all checklists and send report to ACER/ ENTSOG/ EC/ Member States.

It was emphasized by several participants that the monitoring process should be kept practical and avoid duplication with other monitoring work (by ENTSOG and/ or ACER). Also, GRI NW should be used as a platform where experiences can be shared and progress monitored.

Decisions agreed:

N/A.

4. Update on CAM roadmap/ Joint European Capacity Platform

TSOs explained that 16 TSOs – following the network code for CAM – are currently involved in setting up a Joint Capacity Platform the platform. This platform should be “up and running” by 1 April 2013. The aim of this initiative is to merge existing capacity platforms (TRAC-X, Capsquare and Link-4-hubs) and to capitalize on existing technologies to develop a platform which consists of established and well-tested functionalities. The goal of the platform is to implement the future European Market Rules (Network Code for Capacity Allocation Mechanism – CAM). TSOs explained that the new company (“Newco”) is an open cooperation that allows all TSO to participate in the cooperation: a) become shareholder, b) connecting to the platform via pilot project or c) joining the platform on a service-based level. During the implementation phase, a broad communication to the market to give feedbacks on the objectives and the timelines will take place. For the interconnections with the platform, specific sessions with shippers will be organized. When Newco will be established, a Shippers’ Group will be put in place to fully fit the platform with the market needs/expectations. The platform focus will be on capacity allocation Capacity management and accountability remains within the TSOs.

Programme Office explained that on 6 November a meeting will take place between the 16 TSOs that are involved in the platform and the NRAs that regulate the involved TSOs. The aim of the meeting is to identify and discuss (regulatory) bottlenecks that avoid the rapid setting up of the platform and thus should be solved in the short term. The meeting is thus not meant to determine the future governance of the platform.

With regard to, it was explained that a CAM roadmap is jointly drafted by ACER and ENTSOG. This document presents all projects in Europe that are CAM related. Next to that, a governance structure will be proposed that should ensure that – amongst other things – lessons learned from pilot projects can be quickly shared. During several occasions – including the Madrid Forum – stakeholders have indicated to be very positive about the roadmap. In the upcoming months, the roadmap will be further enhanced and on 15 December a meeting will take place to do so. Following a question from CREG, it was explained that the roadmap will be updated, but this will take time and it is likely to take place once or twice a year.

Decisions agreed:

- N/A.

5. Upcoming Stakeholder Group meeting

The 10th Stakeholder Group meeting will take place on 22 and 23 November 2012 in Copenhagen. Programme Office explained briefly the agenda: Part I will focus on progress achieved (and next steps to be taken) in GRI NW projects, while part II will focus on (European) projects that are of regional interest for stakeholders within GRI NW. Finally, part III of the agenda will focus on pilot projects for CAM that take place within GRI NW region. Programme Office invited all NRAs to let NMA know if they have any ideas on additional topics for the Stakeholder Group meeting (and consider – given the current agenda – to what extent this topic could be covered).

Decisions agreed:

- N/A.

6. Next meetings

Programme Office explained that no further meetings are scheduled for 2012, the meeting schedule for 2013 will be drafted and send to stakeholders before the end of the year.