



Publishing date: 08/02/2017

Document title: ACER Gas Regional Initiative Status Review Report 2016

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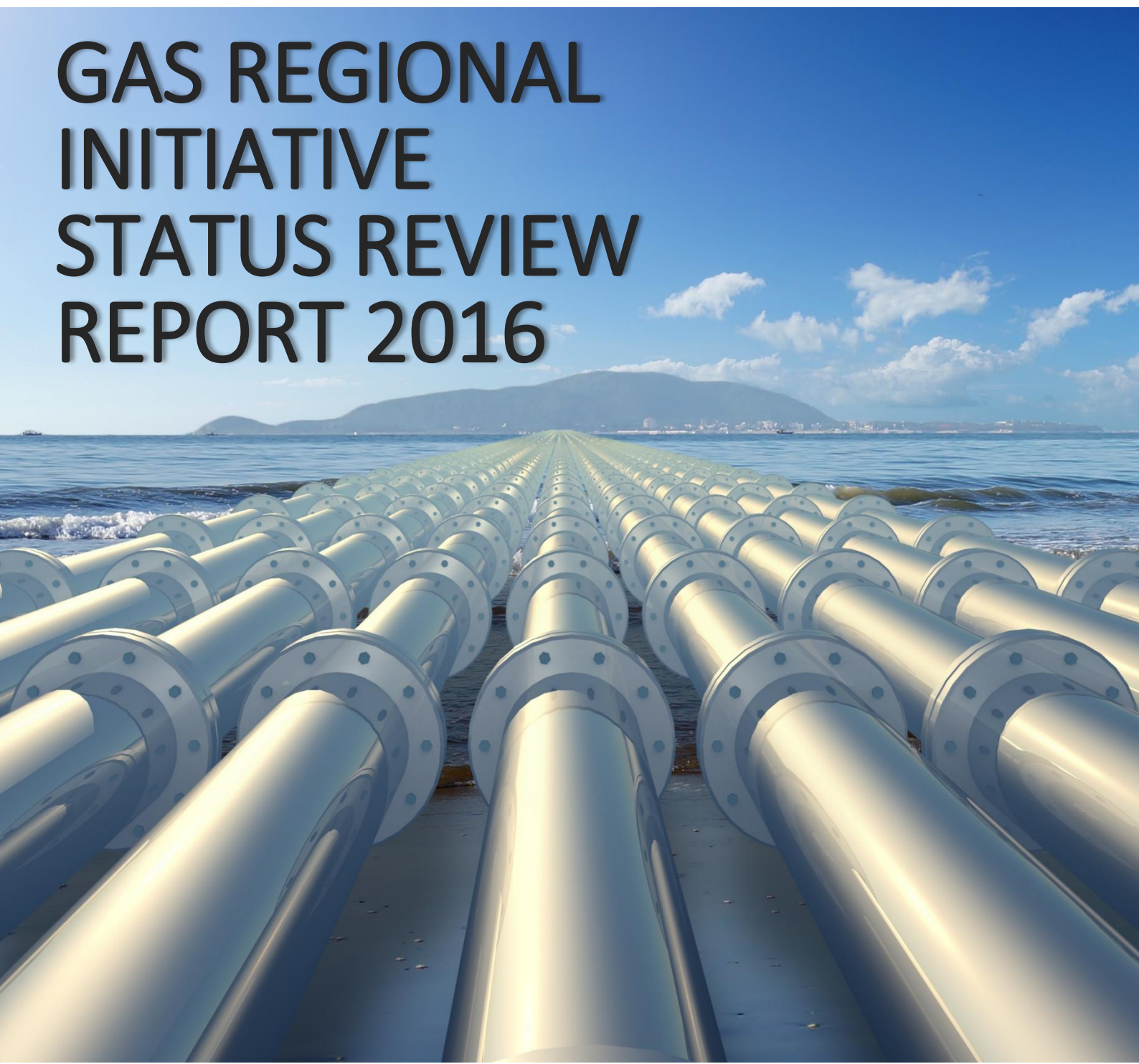
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 Agency for the Cooperation
of Energy Regulators

GAS REGIONAL INITIATIVE STATUS REVIEW REPORT 2016



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7 February 2017

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Foreword of the Director



Alberto Pototschnig, Director

The Regional Initiatives have undergone a number of changes last year. Most significantly, this was the first year during which only the Gas Regional Initiative (GRI) was active. In the electricity sector, most of the activities previously carried out under the Electricity Regional Initiative have moved to new cooperation structures. Thus, this is the first Regional Initiatives Status Review Report that covers only the gas sector.

A second important change is the fact that the South South-East Region under the GRI will now be co-chaired by a non-EU National Regulatory Authority (NRA): AERS from Serbia. This underlines the good and growing cooperation that the Agency has established with the Energy Community and its Contracting Parties, in particular on the gas side. AERS takes over the co-chairmanship from the Romanian NRA, ANRE, who stepped down after two and a half years of leading the Region together with Hungarian NRA, HEA. I would like to thank ANRE for the time and effort they have spent on the GRI, express my gratitude to HEA for their continued engagement and congratulate AERS on its first responsibility in an Agency-supported structure.

This Report provides a comprehensive overview of the activities carried out during 2016 in the two active Gas Regions: South and South South-East. As in previous years, the South Region has shown a consistent track record in making progress on a coordinated implementation of the Network Codes, as well as other topics of regional relevance. At the same time, the track record in the South South-East Region continues to be more mixed: work on collecting and disseminating information progressed well overall; however, some specific implementation projects were significantly delayed.

Going forward, the GRI should focus on completing the implementation of the Network Codes, in particular in those countries that are lagging behind. This would also provide an opportunity to seek synergies with the Agency's work on Network Codes' implementation monitoring. Such synergies will be needed, since the Agency is facing severe resource limitations. For 2017, I would expect the Agency to be able to spend less time on overall regional coordination activities, and to reduce its reporting on the GRI (including this Report).

Finally, to end on a positive note, the initiative to set up a Baltic Gas Region is most welcome. The Agency is open to explore possibilities to support also this regional market integration process. Like the other regional activities, this should ultimately contribute to a more integrated EU gas market, to the benefit of energy consumers.

Executive summary

The ACER Regional Initiatives (hereinafter RIs) have historically dealt with voluntary early implementation of Network Codes. With the progressive completion of the development of those Codes in the gas and electricity sectors, the traditional purpose of the RIs has diminished. In 2016, this led to the discontinuation of the Electricity Regional Initiative (ERI). The ERI activities have largely been transferred to the Market Electricity Stakeholder Committee. On the other hand, the Gas Regional Initiative has continued its activities, adapting to the specific regional needs and focusing on the few remaining early implementation tasks, surveys, as well as innovative projects in different fields.

This Report monitors the status and the activities carried out by the two active Gas Regions that are part of the GRI: the South GRI Region and the South South-East GRI Region (hereinafter SSE GRI Region). As of January 2017, the SSE GRI Region has a new co-chair: the Serbian National Regulatory Authority (NRA) AERS, which takes over the Romanian NRA's position. This co-chairmanship by a non-EU NRA is a sign of the positive cooperation between the Agency and the Energy Community.

Recently, the creation of an autonomous Baltic Gas Region has been acknowledged. The Agency is open to involving this Gas Region in the GRI activities.

In 2016, the participation level in the South GRI Region has been high and homogenous. The three constituent countries (France, Portugal and Spain) have been involved in the majority of projects and have frequently met, under the guidance of the Spanish chair (CNMC). This allowed for progress in the activities undertaken, as well as for a constant exchange of information. The participation level in the South South-East GRI Region has been high only for certain countries. The same holds for participation in projects. Nevertheless, the participation trend has improved compared to 2015.

The regulatory compliance of the different Member States (MSs) with the Network Codes (NCs) has been assessed in 2016 through various Implementation Monitoring Reports. These show, again, a twofold picture: while the South GRI Region has, on average, a rather high and homogeneous level of compliance with the NCs, the SSE GRI Region is confronted with a two-speed situation, as south-eastern countries still face very low compliance rates on Capacity Allocation Mechanism (CAM), Congestion Management Procedures (CMP) and Balancing (BAL).

In 2016, the South GRI Region completed an important (though late) activity with respect to the coordination of the Oversubscription & Buy-Back (OSBB) measures, which are now the same in the three countries. The Region has also cooperated towards an early coordinated implementation of the BAL NC. The market integration of the Iberian Peninsula, and possibly in the future with France, has also progressed. Work in this area will continue during the next two years. Beyond this, the renewed work programme of the South GRI Region includes activities such as an assessment of BAL and CMP implementation, and an analysis of the use of regional infrastructure and necessary investments.

The SSE GRI Region has completed a number of surveys aimed at better understanding the regional state of play of Virtual Trading Points, gas quality, Third Package implementation and transparency provisions. Some projects are still lagging behind, such as the CAM and BAL coordinated implementation at the Interconnection Point (IP) between Greece and Bulgaria. The same applies to the project aimed at proposing a new concept of licensing, which has not progressed much. On the other hand, some progress has been made in the integration of the Austrian and Czech markets. In addition, progress has also been registered in the process of defining incremental transport capacity across Romania, Hungary and Austria (ROHUAT route).

The Agency supports the GRI activities in both Regions and is keen to welcome the Baltic Gas Region. Moreover, specifically for the South GRI Region, the Agency encourages continuing the activity towards regional market integration, while for the SSE GRI Region the Agency stresses the importance of full NC implementation. Surveys and other forms of knowledge transfer remain important. However, if used alone, they cannot deliver improved market conditions, which benefit final consumers.

1. Introduction: setting the scene of Gas Regional Initiative

1.1. Background and current organisation

Origin and objective of the Regional Initiatives

The NRAs set up the Gas and Electricity Regional Initiatives (GRI and ERI, respectively) in 2006 with the support of the European Commission. The objective of the Regional Initiatives was to support a regional approach to the energy markets' integration as a step towards the completion of the Internal Energy Market (IEM).

Since their establishment, the Regional Initiatives have followed a bottom-up approach, bringing together NRAs, TSOs, ACER, the European Commission, Member States, other institutions, stakeholders and market participants, across the identified Electricity and Gas Regions.

The voluntary early implementation of the Network Codes (NCs) and Commission Guidelines (GLs) has been the main instrument within the GRI to increase the implementation level of the Third Energy Package. The voluntary bottom-up approach has secured valuable achievements and tangible results through the execution of pilot projects and the sharing of knowledge and good practices. The regional initiatives have also supported a greater cooperation between the Agency and the Energy Community, in particular in gas.

The Gas Regional Initiative in 2016

With most NCs already applicable¹, the GRI has focused on coordinated implementation, on the implementation of the provisions that have progressively kicked-in, and on speeding up late implementation. In this regard, the Agency's Implementation Monitoring Reports have identified possible areas of work where a regional approach can be beneficial.

Beyond pure regulatory implementation, overall the GRI has undertaken surveys aimed at better understanding the current regional market and regulatory conditions, and worked on infrastructure development, including pilot projects.

Until all NCs are fully implemented, the GRI can facilitate the dialogue and increase the understanding of the underlying pending issues, complementing the more formalised work of the Agency's Task Forces.

The role of the GRI can be pivotal, especially in South South-East Europe. Here, an increased cooperation and regulatory alignment at the border between the Energy Community Contracting Parties (EnC CPs) and European Member States (EU MSs) may ultimately improve final consumers' conditions in both the EU and EnC countries.

Electricity: a new cooperation framework

The Electricity Regional Initiative (ERI) ceased to exist at the end of 2015 due the changes in the sector conditions: with the entry into force of the Capacity Allocation and Congestion Management

¹ See paragraph 1.2 for further details.

Guidelines² (August 2015), and the Forward Capacity Allocation Guidelines³ (October 2016), early implementation turned into formal implementation, and the Agency's activity turned into monitoring.

Also in the area of Electricity balancing, whose NC is expected to enter into force in 2017, most projects have already been formalised. The Agency reported progress and obstacles experienced by the relevant projects during 2016 through other channels, in particular the Market Electricity Stakeholder Committee (MESCC)⁴.

Geographical scope of the Gas Regional Initiative

The GRI comprises two active GRI Regions: South and South South-East.

The South GRI Region has kept, since its establishment, a 3-country composition: France, Portugal, and Spain. The Spanish NRA CNMC has been leading the regional activities since the Region's establishment.

The SSE GRI Region includes twenty countries, as follows:

- Twelve (12) EU Member States: Austria, Bulgaria, Croatia, Cyprus, Czech Republic, Greece, Hungary, Italy, Poland, Romania, Slovakia, Slovenia, and
- all eight (8) Energy Community Contracting Parties : Albania, Bosnia and Herzegovina, Kosovo, former Yugoslav Republic of Macedonia, Moldova, Montenegro, Serbia, and Ukraine.

The EnC Secretariat plays a proactive role in facilitating the participation of the EnC CPs' NRAs in the SSE GRI Region and in the knowledge transfer to the CPs that cannot fully follow the GRI's activity.

Given the complexity of the SSE GRI Region, the NRAs have agreed upon a *rotating co-chairmanship* principle. In 2016, the Hungarian NRA (HEA) and the Romanian NRA (ANRE) led the regional activity. From 2017, the Serbian NRA (AERS) will take over ANRE's position, which has served a two-and-a-half year mandate. The presence of a CP's NRA in the leading position, supported by the Agency and the EnC Secretariat, opens up new cooperation possibilities between Member States and Contracting Parties.

In the context of the GRI, the Agency:

- Provides technical, organisational, and administrative support, according to the specific regional needs;
- Monitors the progress of the activities carried out, through the present annual Report;
- Provides high-level guidance and recommendations on regional objectives and strategies.

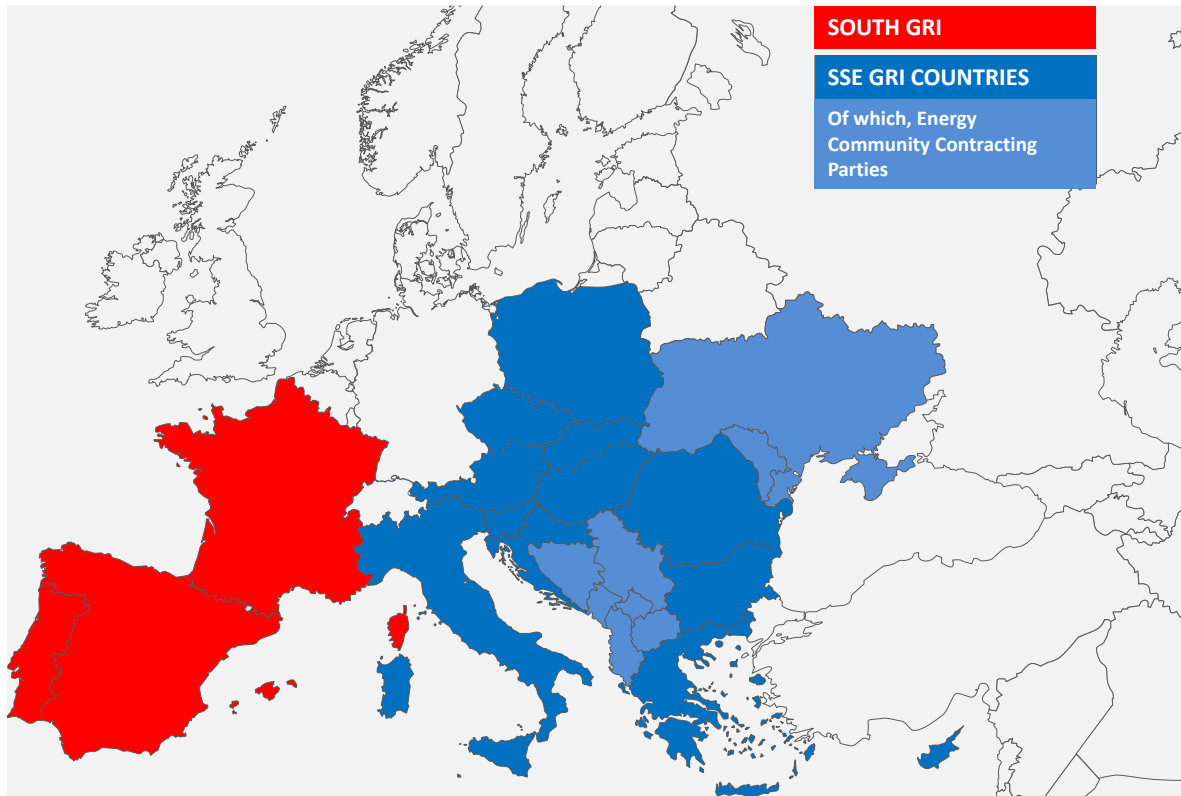
Both Regions adopt a bottom-up approach: NRAs, TSOs and other stakeholders may propose activities in relevant work areas, or pilot projects. The Agency maintains a guiding and advisory role, without directly interfering in the regional priorities.

² Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R1222&from=EN>

³ Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1719&from=EN>

⁴ Please find more information about the Market Electricity Stakeholder Committee here: <https://www.entsoe.eu/major-projects/network-code-implementation/stakeholder-committees/Pages/default.aspx>

Figure 1.1 - Geographical composition of the Gas Regional Initiative in 2016



An additional cooperation setting: the Baltic gas coordination group

Beside the South and SSE GRI Regions, whose activities the Agency coordinates, the Baltic countries have recently initiated a cooperation initiative aimed at the creation of a regional gas market.

At the beginning of 2015, the Prime Ministers of Estonia, Latvia and Lithuania agreed to create a regional gas coordination group⁵. This coordination group has been working towards the design of a market, which would at least include the national gas markets of Estonia, Latvia and Lithuania. In addition, Finland has taken part to the Baltic regional cooperation meetings and activities⁶.

The regional cooperation setting could facilitate the development of the gas sector in the Region, by providing the prerequisites for improved market liquidity, integration and competitiveness. This would allow affordable gas prices and high quality services, more attractive for both existing and new market participants.

⁵ The English version of the declaration is available at the bottom of the following webpage: <http://enmin.lrv.lt/lt/naujienos/baltijos-salys-isipareigojo-vieningai-kurti-konkurencingas-ir-visiskai-veikiancias-duju-ir-elektros-rinkas-regione>

⁶ As at December 2016, Estonia, Finland and Latvia still held a derogation from the application of certain provisions of the Third Energy Package, included the Gas Network Codes. For more details, see: article 49 “Emergent and isolated markets” of the Gas Directive 2009/73/EC (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0094:0136:en:PDF>) and article 30 “Derogations and exemptions” of the Gas Regulation (EC) No 715/2009 (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0036:0054:en:PDF>)

In order to pursue the creation of a regional market, the regional gas coordination group created an action plan in 2016⁷. The plan sets the objectives to be pursued up to 2020, which cover the three following main areas:

- developing market rules (including rules on access to the network, balancing and trading, ensuring a well-coordinated joint balancing zone with efficient capacity allocation mechanism) and market enablers (duly functioning market area, as well as convenient virtual trading hub and regional gas market exchange);
- creating an entry-exit system with a common gas transmission tariff, complemented with an effective inter-TSO compensation mechanism, if found necessary under the chosen regime;
- pricing and possible socialization of costs related to infrastructure (LNG and storage facilities), accounting also the increased security of supply and diversification benefits it provides to the Region.

The Agency welcomes the activity of the Baltic initiative, and is open to consider opportunities for further cooperation and coordination.

Meetings and organizational structure

Both Regions present, on paper, a similar organisational structure. They adopt the following meetings' configurations:

- The **Regional Coordination Committees (RCCs)**, comprising the NRAs⁸, the Agency and the European Commission (EC). The RCCs identify the regional priorities and discuss the regulatory and policy implications.
- The **Implementation Groups (IGs)**, which include, beyond the RCCs, the TSOs, and the other entities which are directly involved in the specific work area or pilot project, such as Virtual Trading Point (VTP) or Booking Platform's operators. The IGs discuss, analyse and solve technical issues.
- The **Stakeholder Groups (SGs)**, involving also all potentially interested market participants, such as network users, shippers, traders, associations, consumers, producers and Member States' representatives. The SGs discuss the topics addressed in the work programmes and provide the market with the necessary feedback to accomplish a successful implementation.

Beyond the Region-specific meetings, the Agency organised four GRI **Coordination Group** meetings (CG) in 2016. All NRAs from the EU and CPs, not only those belonging to the active GRI Regions, can participate to the CG, together with the EC and the EnC Secretariat⁹.

In spite of the fact that the structure described above is the same in the South and South South-East GRI Regions, in reality the Regions present very diverse situations.

⁷ For further details, see: Developing of Baltic gas markets, the priority for 2016 (<http://enmin.lrv.lt/en/news/development-of-baltic-gas-market-the-priority-of-2016>) and Regional Gas Market Coordination Group - Progress Report No 1 ([http://enmin.lrv.lt/uploads/enmin/documents/files/RGMCG%20Progress%20Report%20No%201%20\(2015-12-09\)\(2\).pdf](http://enmin.lrv.lt/uploads/enmin/documents/files/RGMCG%20Progress%20Report%20No%201%20(2015-12-09)(2).pdf))

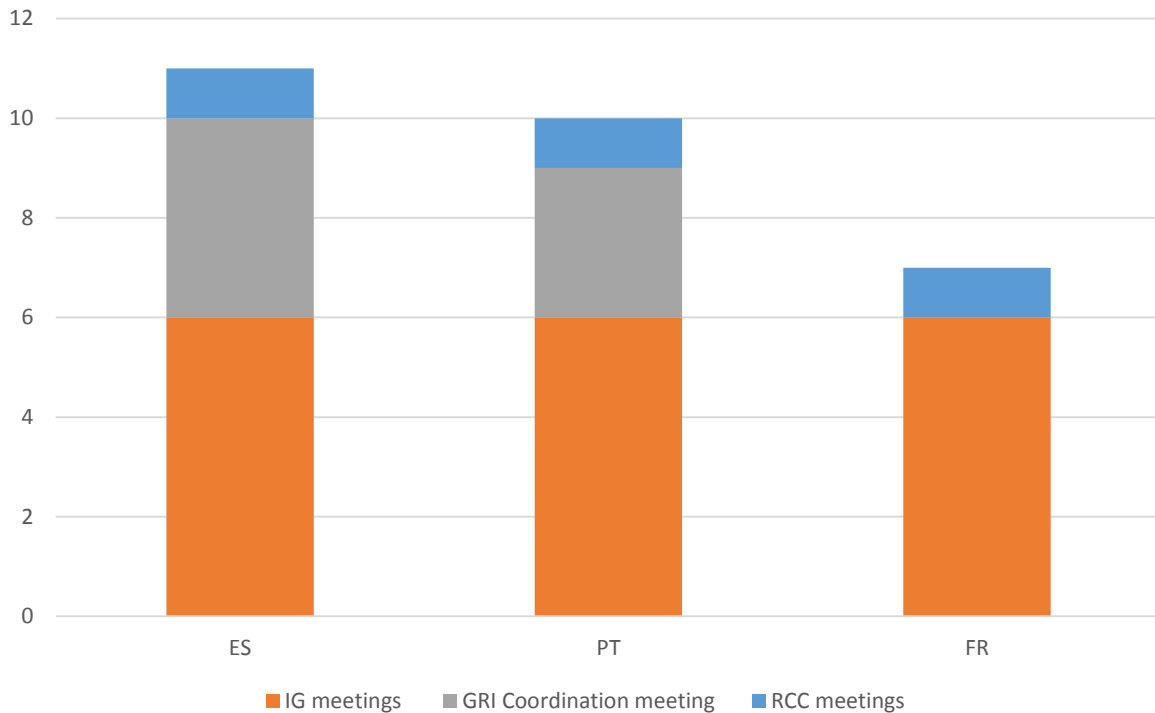
⁸ Including the EnC Secretariat for what concerns the SSE GRI.

⁹ In the case of the Energy Community, only the Secretariat has so far participated, and then reported to the CPs. The German NRA (BNetzA) was often present to the CG meetings.

In 2016, in the South GRI Region, the NRAs and TSOs met six times for IG meetings. All relevant parties (the regulators CRE, CNMC, ERSE; the TSOs TIGF, GRTgaz, Enagas, REN) participated to all six IG meetings.

Beyond the IG meetings, the NRAs and TSOs had restricted meetings on specific topics and projects carried out at regional level, such as the Iberian market integration.

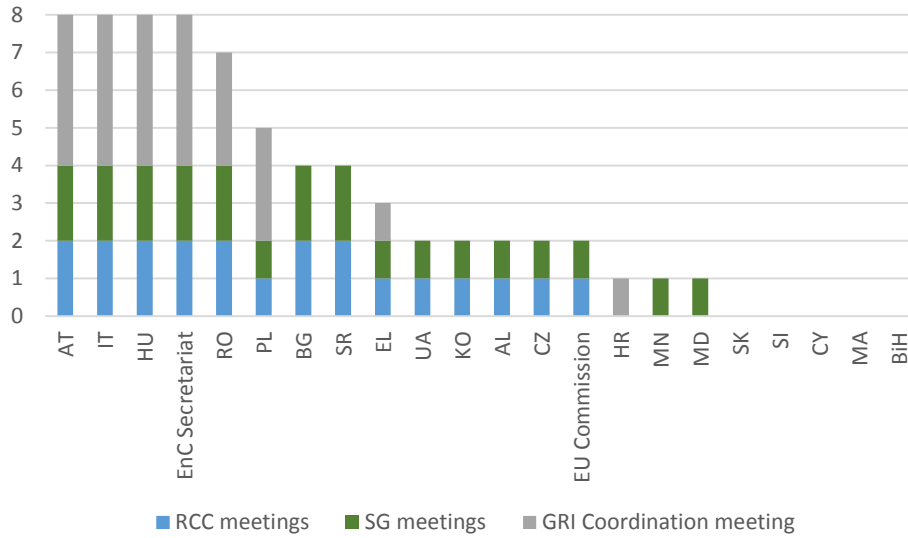
Figure 1.2 - South GRI Region: total meetings attended per MSs in 2016



In the SSE GRI Region, NRAs met twice in 2016: in July (in Budapest) and in December (in Bucharest) for the Regional Coordination Committee. On the same occasions, TSOs and Stakeholders were invited to participate to Stakeholder meetings. Unlike in the South GRI Region, there were no Implementation Group meetings in the SSE GRI Region in 2016.

The absence of IG meetings mirrors the lack of technical cooperation on certain topics at regional level in the SSE GRI Region. Here, the regional meetings mostly served as a forum to spread knowledge, often collected via surveys promoted as part of the Region's work programme. Generally, in 2016, the participation rate of EnC Contracting Parties' NRAs went up, whereas the participation of EU MSs' NRAs remained steady. The chart below provides an insightful overview of the participation of SSE GRI NRAs to the meetings.

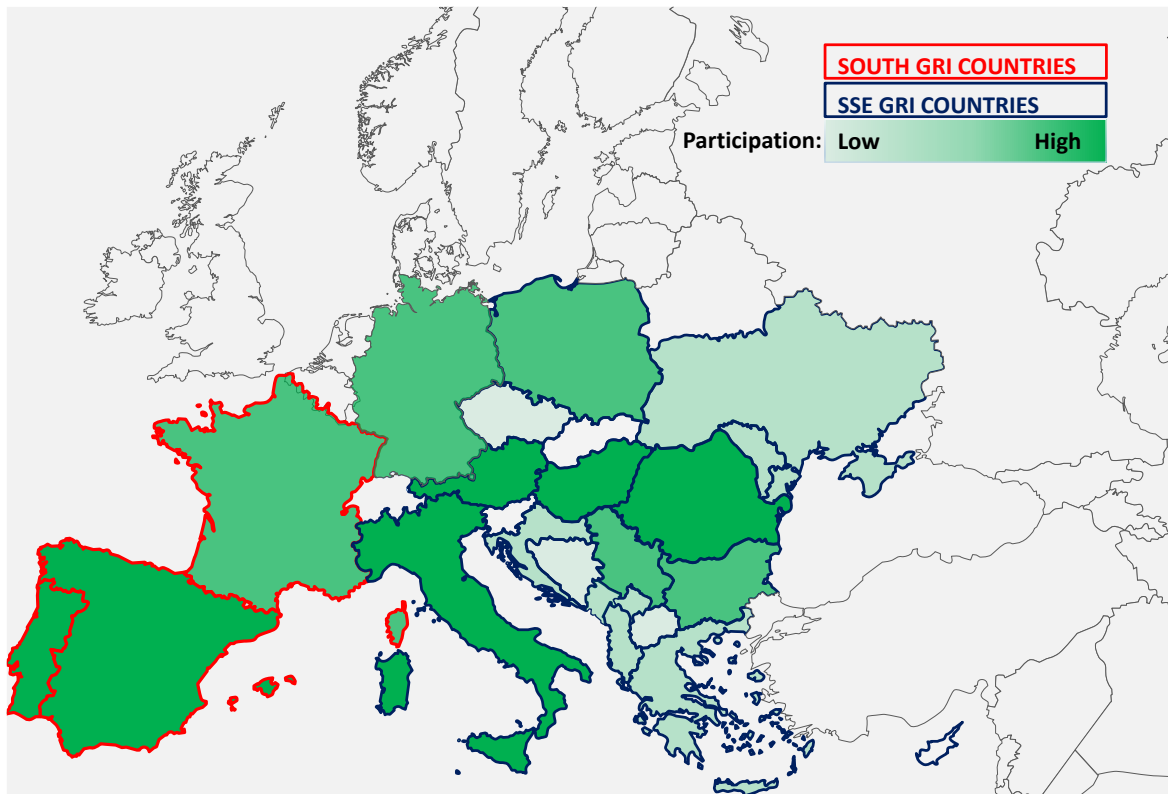
Figure 1.3 - South South-East GRI Region: total meetings attended by NRAs and institutions in 2016



The map below provides an overall view of the participation to the meetings of the GRI. It shows that a limited number of NRAs closely followed the GRI activity in 2016.

It should be kept in mind that the different participation levels could, at least to some extent, be explained by the broad difference in resource endowments across the NRAs involved.

Figure 1.4 - Overall participation rate to the GRI Regions' meetings.



The regional work plans: projects and work areas

Both Regions undertake their regular activities based on the updated regional work plans.

In 2016, the South Region continued its work according to the work plan 2015-2016¹⁰. After several meetings and consultations with TSOs and the Agency, the South GRI finalised the new work plan for 2017-2018¹¹.

The South South-East GRI updated the previously existing work plan 2015-2018 in July 2016¹².

Chapters 2 and 3 of this report deal in detail with the progress achieved on all items of the regional work plans, respectively for the South and South South-East GRI.

For a better understanding, in this sub-paragraph we provide the actual involvement of NRAs in the regional activities under the GRI, presenting some summary statistics.

In 2016, the South GRI has worked on the following areas:

- Coordinated oversubscription and buy-back (OSBB) mechanism;
- Project of Common Interest (PCI) selection process;
- Regional infrastructure plans;
- Iberian market integration;
- Implementation of the balancing (BAL) NC;
- Interconnection agreements (IAs) in the context of the Interoperability and Data Exchange (IO&DE) NC.

It is worth noting that all regional NRAs and TSOs actively participated in most work areas. The involvement occurred at a technical and policy level, through the participation in several IG and RCC meetings. The organisational strength of the Region has enabled it to reach commonly agreed solutions in most areas and to keep a lively dialogue on others.

The South South-East GRI has been active in 2016 in the following areas:

- Survey on functioning and transparency of the VTPs;
- Survey on the implementation of the Third Energy Package provisions;
- CAM NC implementation at the GR-BG border (pilot project);
- Coordinated exchange of BAL interim measure reports between BG and GR (pilot project);
- Market integration in Central Europe, involving Austria and the Czech Republic (pilot project);
- Design of an open season to offer incremental capacity via the ROHUAT route (pilot project);
- Re-visiting of wholesale licensing requirements (concept paper);
- Assessment of gas quality parameters;

¹⁰ South GRI work plan 2015-2016:

[http://www.acer.europa.eu/en/Gas/Regional %20Initiatives/Gas_regional_work_plan/Documents/GRI%20WP %202015-2016%20Nov%202014_FINAL.pdf](http://www.acer.europa.eu/en/Gas/Regional%20Initiatives/Gas_regional_work_plan/Documents/GRI%20WP%202015-2016%20Nov%202014_FINAL.pdf)

¹¹ Further details on the new work areas can be found in paragraph 2.3 of this report.

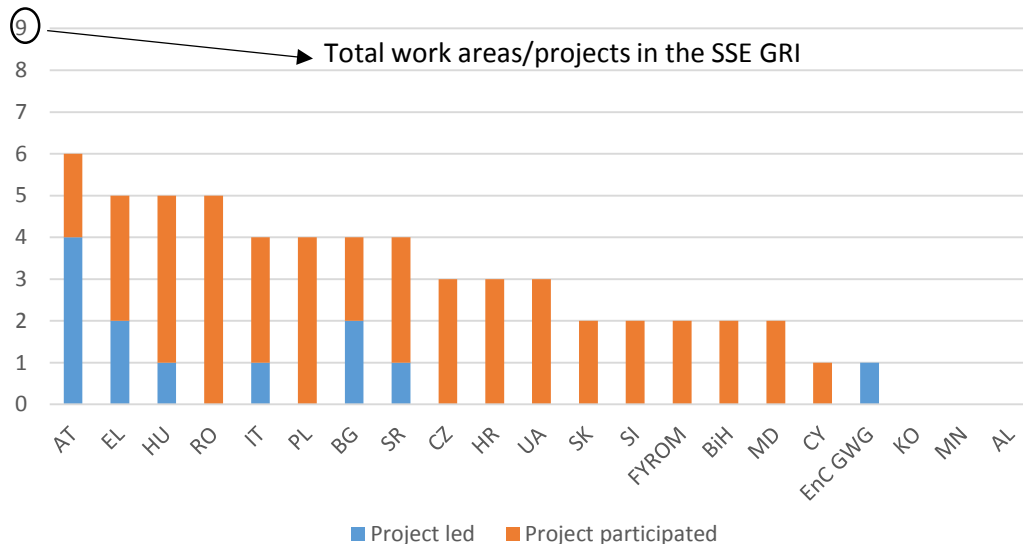
¹² Updated South South-East GRI Work-plan 2015-2018:

[http://www.acer.europa.eu/en/Gas/Regional %20Initiatives/Gas_regional_work_plan/Documents/GRI SSE W ork_Plan_2016-2018%20-%20July%202016.pdf](http://www.acer.europa.eu/en/Gas/Regional%20Initiatives/Gas_regional_work_plan/Documents/GRI_SSE_Work_Plan_2016-2018%20-%20July%202016.pdf)

- Assessment of transparency requirements and use by EnC CPs' TSOs of the ENTSOG Transparency Platform.

While almost all NRAs participated to the surveys and the assessments, other projects involved only a limited number of countries.

Figure 1.5 - Participation of GRI SSE NRAs to the regional projects.



Various reasons can explain this finding:

- the geographical impact of the project;
- the relevance (or lack thereof) of the specific topic for some of the SSE countries;
- the difficulty to agree between NRAs on the projects' scope and objective.

All of the above-mentioned elements derive from the different maturity of the countries' gas markets and the geographical size of the Region.

Beyond mere participation to a project, whose intensity can vary (replying to a questionnaire, commenting on a concept paper, trying to develop new interconnection, etc.), it is worth mentioning that the Austrian NRA (E-Control) led the majority of pilot projects in 2016.

The proposed analysis calls for the possibility of adapting the focus of the SSE GRI to the activities that better fit the nature of the Region: focusing on surveys, assessments and a more restricted group of implementation projects, probably of a sub-regional scope, may be more suitable to the Region's needs and capabilities.

1.2. Regional regulatory and market state of play

This paragraph provides some background elements to enable the understanding of the current situation of the gas markets and regulatory framework in the two GRI Regions. The reports quoted rely mostly on 2015 data.

Market conditions in the GRI Regions¹³

Promising gas wholesale markets dynamics were observed in 2015 in the South Region and in the majority of the SSE Region. Bulgaria, Croatia, Romania and Slovenia still needed to undergo further progress though.

- **South GRI**

In 2015, in the South Region gas demand increased by 8.3% in France, 10.5% in Portugal, and 3.7% in Spain.

In terms of supply diversification, France could rely on ten different sources, Portugal on six, and Spain on eight.

The French gas hub Trading Region South (TRS) showed improved activity and liquidity, whereas the Iberian hub showed improved activity, but low liquidity, since it started working just on the Spanish side on 15 December 2015.

- **SSE GRI**

In 2015, in the SSE GRI gas demand underwent a steady increase, with the highest rate marked by Slovakia (+21.1%).

Some countries were still mainly dependent on Russian imports (more than 60% of total supplied gas for Bulgaria, Greece and Slovakia).

Hub liquidity progressed in Austria, the Czech Republic, Italy, Poland, and Romania¹⁴. Croatia and Slovenia do not feature an active transparent trading venue, despite having a VTP. Bulgaria and Greece have not established a national VTP.

Taking into account both long-term contracts and hub products, the SSE GRI continued to have some of the highest gas prices in the EU. Overall, hub price differences with respect to NW Europe persisted, with the exceptions of Austria and Italy.

State of implementation of the CMP GLs and contractual congestion at EU interconnection points¹⁵

The CMP GLs¹⁶ are applicable from October 2013 across the EU. The Agency formally monitored the implementation of the CMP GLs in 2015. In 2016, the Agency carried out an update of the monitoring exercise¹⁷.

¹³ Sources: ACER/CEER Annual Report on the Results of Monitoring the Internal Electricity and Gas Markets in 2015 - Key Insights and Recommendations, November 2016:

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20Market%20Monitoring%20Report%202015%20-%20KEY%20INSIGHTS%20AND%20RECOMMENDATIONS.pdf and ACER/CEER Annual Report on the Results of Monitoring the Internal Gas Markets in 2015, September 2016: http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20Market%20Monitoring%20Report%202015%20-%20GAS.pdf

¹⁴ Although with a high variation in the volumes traded and number of trades.

¹⁵ Source: ACER annual report on contractual congestion at interconnection points in 2015:

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%202016%20Report%20on%20Congestion%20at%20IPs%20in%202015.pdf

¹⁶ Commission decision of 24 August 2012 on amending Annex I to Regulation (EC) No 715/2009 of the European Parliament and of the Council on conditions for access to the natural gas transmission networks <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32012D0490&from=EN>

¹⁷ Implementation Monitoring Report on Congestion Management Procedures (Update 2016):

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/Implementation%20Monitoring%20Report%20on%20Congestion%20Management%20Procedures%20-%20Update%202016.pdf

- **South GRI**

There has been progress in the implementation of the CMP GLs in the three countries of the South GRI. The NRAs and TSOs have agreed on the details of a coordinated mechanism for over-subscription and buy-back¹⁸, which was initially agreed to be implemented in April 2017¹⁹.

Only France made capacity available in 2015 using the OSBB mechanism, through a pre-existing over-subscription mechanism, at the border with countries other than Spain.

Contractual congestion occurred at the French in-country North-South connection (*Liaison Nord-Sud*). However, it seemed that congestion has meanwhile disappeared, as the March 2016 auctions for this IP cleared at the reserve price.





- **SSE GRI**

Implementation of CMP GLs has not yet been completed, since, according to latest information available to the Agency (December 2016), four countries still lack OSBB or FDA. Among those countries, Bulgaria has not implemented any mechanism yet, while Romania has implemented LT UIOLI, but only at one IP. Italy has only recently decided to adopt FDA UIOLI as the main tool to prevent congestion²⁰.

Table 1.1 - Implementation of CMP mechanisms in SSE EU MSs (updated in June 2016)

IMPLEMENTATION	MS	CZ	EL	SI	SK	PL	HR	AT	HU	IT	RO	BG
	CMP											
OS&BB/FDA		FDA						FDA		FDA		
SURRENDER												
LT UIOLI												

Key:

	timely implementation by 1.10.2013
	Late implementers
	Not yet implemented
	FDA in the design phase

Abbreviations:

CMP:	Congestion Management Procedures
OS&BB:	Oversubscription & Buy-back
FDA:	Firm day-ahead Use-it-or-Lose-it
LT UIOLI	Long-term Use-it-or-Lose-it
MS:	Member State

Data sources: ACER survey (2014,2016), ENTSOG survey (2016)

Contractual congestion occurred at some IPs within the SSE GRI: between Bulgaria and Greece, Romania and Bulgaria, and the Czech Republic and Poland. Congestion was generally due to the non-offer of firm products with a duration of at least one month for use between 2015 and 2017.

¹⁸ Specifications of communication, timelines for the additional capacity offer, calculation of trigger values, buy-back process via PRISMA, as well as the split of costs between TSOs for the buy-back procedure.

¹⁹ At the 41st South GRI meeting on 24 January 2017, Enagas (Spanish TSO) proposed to postpone the implementation of the approved OSBB scheme to April 2018, due to IT issues. The South GRI and the Agency will follow closely the process.

²⁰ *Delibera 4 agosto 2016 (464/2016/R/gas): Completamento dell'implementazione delle disposizioni europee in materia di risoluzione delle congestioni presso i punti di interconnessione con l'estero del sistema nazionale dei gasdotti:* <http://www.autorita.energia.it/it/docs/16/464-16.htm> .

According to the CMP Guidelines, the TSOs should obligatorily apply the FDA UIOLI mechanism as of 1 July 2016 at all aforementioned congested IPs, even in case other CMP mechanisms are already in place (such as OSBB). Among the countries affected by contractual congestion, only the Czech Republic is in the process of complying with this provision²¹. On the contrary, other NRAs do not apply the obligation to apply the FDA UIOLI in case of contractual congestion.

State of implementation of the CAM NC²²

The NC on CAM is applicable as of 1 November 2015 at the relevant Interconnection Points (IPs) in the EU. The year 2016 saw the Agency's first implementation monitoring period for the CAM NC²³.

- **South GRI**

The countries of the south GRI have almost fully implemented the NC CAM provisions. Only the section on Principles of Cooperation showed a relatively low implementation rate (50%).

- **SSE GRI**

The countries almost entirely implemented the CAM NC's provisions. The average regional implementation (75%) rate is lower than the European one (82%). Italy and Slovakia marked the highest scores, respectively 88% and 86%. At the other hand of the spectrum, Bulgaria is lagging behind, with an overall implementation rate of only 28%.

The Agency suggests late implementers to concentrate their efforts on the areas of capacity bundling, VIPs, and capacity maximisation.

State of implementation of the BAL NC²⁴

The year 2016 saw the Agency's first implementation monitoring period also for the BAL NC²⁵. The implementation state differs between the two Regions. While the South GRI sees a more homogeneous NC application, the SSE countries have applied different approaches and display, overall, slower progress.

- **South GRI**

In the South GRI, France implemented the code in October 2015, whereas Spain and Portugal did so in October 2016.

²¹ Austria had opted to apply FDA UIOLI since the beginning of the application of the CMP GLs and has no contractual congestion.

²² Commission Regulation (EU) No 984/2013 of 14 October 2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and supplementing Regulation (EC) No 715/2009 of the European Parliament and of the Council: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:273:0005:0017:EN:PDF>

²³ Implementation Monitoring Report on the Capacity Allocation Mechanisms Network Code: http://www.acer.europa.eu/official_documents/acts_of_the_agency/publication/implementation_monitoring_report_on_the_capacity_allocation_mechanisms_network_code.pdf

²⁴ Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks: http://www.acer.europa.eu/en/Gas/Framework%20guidelines_and_network%20codes/Documents/EC%20reg%20NO%20312-2014%20BAL%20NC.pdf

²⁵ ACER Report on the implementation of the Balancing Network Code: http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20Report%20on%20the%20implementation%20of%20the%20Balancing%20Network%20Code.pdf and related technical annex: http://www.acer.europa.eu/en/Gas/Framework%20guidelines_and_network%20codes/Documents/Annex%20II-IV_2016_11_07_for_publication.pdf

According to the analysis performed by the Agency until early November 2016, France had reached an implementation rate of 96%, Spain of 84%, and Portugal of 51%.

- **SSE GRI**

Hungary, Slovenia and Austria implemented the BAL Code in 2015, Croatia, Italy and Czech Republic in 2016, whereas Romania, Bulgaria, Greece, Slovakia and Poland have chosen to apply interim measures and are part of the 2019 implementation cluster.

The figure below shows the overall implementation rate per MSs, according to the information collected until October 2016.

Table 1.2- Implementation rate of the BAL NC per MS in the SSE GRI (updated in October 2016)

Implementation rate	SSE GRI EU MSs			
70-80%	SI	HU	CZ	PL
50-70%	AT	IT	HR	SK
below 50%	EL	RO	BG	

Implementation dates:

- By 1 October 2015
- By 1 October 2016
- By 1 October 2019
(Interim Measures)

Detailed implementation state for each country can be found in the Country assessment section of the Agency's implementation monitoring report of the BAL NC²⁶.

New implementation monitoring areas: the IO&DE and the Tariffs (TAR) NC²⁷

The IO&DE NC is applicable as of 1 May 2016. The Agency plans to publish a monitoring report in 2017.

On 8 October 2016, the final comitology vote for the TAR NC took place. The Code is expected to enter into force in April 2017. Chapters 1, 5, 7, 9, 10 will apply starting from October 2017, while chapters 2, 3 and 4 will apply from 31 May 2019. The Agency will start the monitoring activity of the TAR NC in 2018.

²⁶ See reference in footnote 25, pages 66-135.

²⁷ The NC passed comitology vote on 30 September 2016 and is expected to be published by the end Q1 2017.

2. Activity of the GRI South

The Spanish regulator, National Commission for Markets and Competition (CNMC), has been leading the South Region of the Gas Regional Initiative since its creation. The Region's activity aims to integrate Portugal, France and Spain into one single regional gas market. More than 140 stakeholders are involved among shippers, gas infrastructure operators, regulators, ministries, ACER and the EC.

In 2016, the second year of the scope of the current regional work plan, the South GRI held five Implementation Group meetings with the objective of carrying out the tasks and reaching the agreed milestones. In addition, CNMC organised a Stakeholder Group meeting in Madrid.

On 29 November 2016, the NRAs approved the new work plan for the period 2017-2018²⁸. It includes several activities and projects that are instrumental to the proper implementation of the European regulation, in order to move forward on the consolidation of the internal market.

Figure 2.1 - Map of the South GRI gas transmission network



The Region's main achievements in recent years are listed below:

- The **interconnection capacity** between France and Spain has increased following two coordinated **Open Season procedures** in the Region aimed to foster new investments. As a result, in 2015, the interconnection capacity between France and Spain was 7.5 bcm/y in the flow direction from Spain to France, and 5.5 bcm/y from France to Spain.
- After the work started in 2011, the first coordinated auction to allocate capacity products at the two virtual interconnections points: VIP PIRINEOS (FR-ES) and VIP IBERICO (PT-ES) took place in March 2014. Currently, **yearly, quarterly, monthly, daily and intraday products are auctioned through the PRISMA platform**, in compliance with the CAM NC and the NRA's agreements inside

²⁸ The updated work-plan is available at:

[http://www.acer.europa.eu/en/Gas/Regional %20Initiatives/Gas_regional_work_plan/Pages/Gas-Regional-Work-Plans.aspx](http://www.acer.europa.eu/en/Gas/Regional%20Initiatives/Gas_regional_work_plan/Pages/Gas-Regional-Work-Plans.aspx)

the Region.

- NRAs, with the participation of stakeholders²⁹, have been monitoring the implementation of the **transparency requirements** pursuant to Regulation (EC) No 715/2009 by all gas infrastructures operators.
- In order to prevent and solve contractual congestion at the cross-border interconnections, the Region has adopted a **harmonised** Over-Subscription and Buy-Back scheme, which will be applied from April 2016 at the VIPs in the Region.

2.1. Projects completed during 2016

2.1.1 Design and approval of the OSBB mechanism

TSOs and NRAs have worked in a coordinated way on the CMPs harmonisation in the South Region.

Once the national legislation in France, Portugal and Spain incorporated the jointly developed measures for surrender and LT UIOLI, the Region's work in 2015-2016 focused on the adoption of a common OSBB methodology.

The three TSOs involved proposed the OSBB scheme, which was submitted to public consultation³⁰ in September-October 2015. The proposed scheme defines the specifications of communication, timelines for the additional capacity offer, calculation of trigger values, buy-back process, split of costs between TSOs for the buy-back procedure, as well as the use of the booking platform PRISMA.

After the evaluation of the final text, the OSBB scheme was approved on 20 April 2016³¹ and was initially agreed to be applied as of April 2017, at the latest³².

2.1.2 Implementation of the Balancing NC

The goal in this area of the work plan was to progress on the harmonisation of the balancing regimes in the Region. For this purpose, NRAs have exchanged information on the implementation of the BAL NC in the three countries and have analysed the configuration of the national balancing zones and their integration in the Region to help developing hubs over the last two years.

²⁹ The study was performed by the RCC, and then it was presented and discussed at the SG meetings. Stakeholders were requested to identify transparency deficiencies with regard to the regulation in force and new transparency needs. The final study was then submitted to public consultation.

³⁰ Public consultation on the proposal for the Over-Subscription and Buy-Back scheme in the Region: http://www.acer.europa.eu/Gas/Regional_%20Initiatives/South_GRI/Public_Consultations/Pages/-Public-Consultation-on-the-proposal-for-the-Oversubscription-and-Buy-Back-scheme-in-the-Region.aspx

³¹ Final document available at: http://www.acer.europa.eu/Events/36th-IG-Meeting/Documents/20160428_OSBB_France_Portugal_Spain.pdf.

³² For additional information on the expected implementation date, see footnote 19.

France implemented the BAL NC in October 2015, following the adoption of the national regulation³³. On the other hand, Spain and Portugal implemented the BAL NC in October 2016, following the adoption of the respective national laws³⁴.

More details about each country's implementation of technical solutions are available in the dedicated Agency's Implementation Monitoring Report³⁵.

2.1.1 Interconnection Agreements (IAs): VIP Iberico and VIP Pirineos

During 2016, NRAs and TSOs worked on the required regulatory developments to adapt the IAs in place since 2009 in order to ensure proper compliance with the IO&DE NC.

In particular, NRAs in collaboration with TSOs worked to implement transparent IAs at the IPs, containing information about forecasts, rules for flows control, measurement principles for gas quality and quantity, rules for nomination and matching process, rules for the allocation of gas quantities and communication procedures in case of exceptional events.

The concerned TSOs sent the full text of the IA for VIP Pirineos and VIP Iberico to the relevant NRAs on 15 July 2016 and 2 August 2016, respectively. In September 2016, after the NRAs revised the compliance with the IO&DE NC, the TSOs sent to public consultation the non-confidential versions of the IAs. The public consultation closed on 15 November for VIP Pirineos and 26 November for VIP Iberico. The IA for VIP Pirineos has been finalised and the TSO has published the non-confidential version of the IA on its website³⁶. The signature and publication of the IA for VIP Iberico are at the final stages and the TSOs and NRAs should complete the process by the end of February 2017³⁷.

2.2. Ongoing projects, from 2016

2.2.1 Market integration between Spain and Portugal

Market integration between Spain and Portugal received a major boost in 2016.

³³ Deliberation of the French Energy Regulatory Commission of 15 January 2014 approving the balancing rules for the GRTgaz and TIGF transmission networks as from 1 April and 1 October 2015:

<http://www.cre.fr/en/documents/deliberations/approval/balancing-rules-grtgaz-tigf>

³⁴ For Portugal: Infrastructure Operational Code available at: <https://dre.pt/application/file/74305613> and Global Technical Management Procedures Manual at:

http://www.erse.pt/pt/legislacao/Legislacao/Attachments/1978/Diretiva%2020_2016.pdf.

For Spain: Circular 2/2015, de 22 de julio, de la Comisión Nacional de los Mercados y la Competencia, por la que se establecen las normas de balance en la red de transporte del sistema gasista: https://www.cnmec.es/es-es/energ%C3%ADa/circularesenerg%C3%ADa.aspx?udt_2808_param_detail=48404

³⁵ See footnote 25.

³⁶ Interconnection agreement VIP Pirineos: public consultation and final document:

http://enagas.es/enagas/es/Gestion_Tecnica_Sistema/Consulta_publica/Interconnection_Agreement_VIP_PIRINEOS

³⁷ Interconnection agreement VIP Iberico: public consultation:

http://enagas.es/enagas/es/Gestion_Tecnica_Sistema/Consulta_publica/Interconnection_Agreement_VIP_Iberico

The Iberian gas market (MIBGAS) was created after the adoption of national regulation in both countries. In May 2015, the Spanish Ministry of Industry, Energy and Tourism published the Act³⁸ creating the organised market and, in October 2015, the Royal Decree³⁹ regulating the Iberian gas market was adopted.

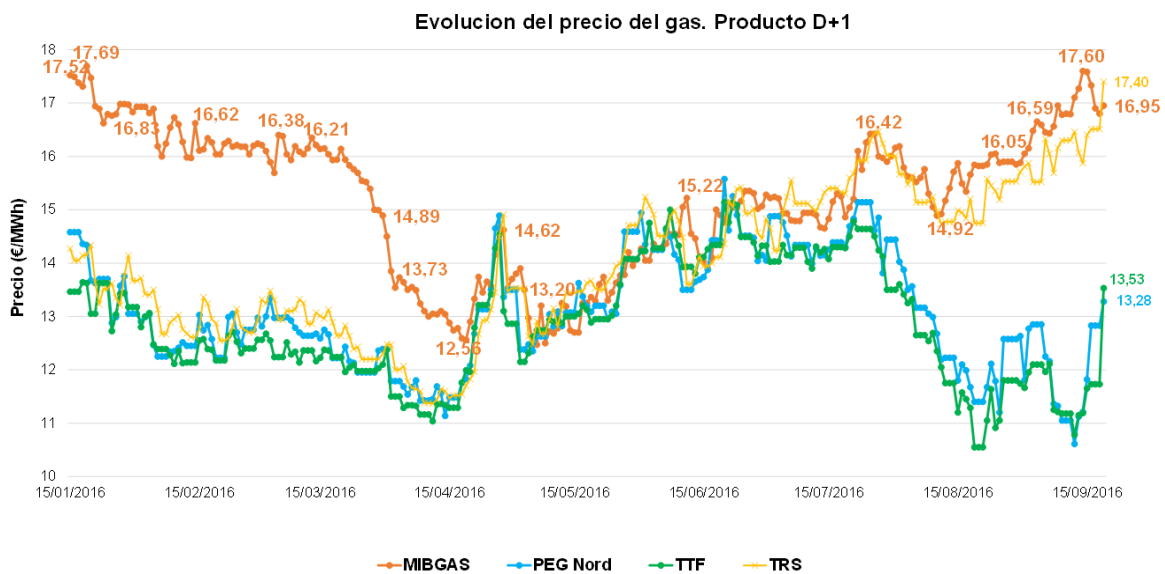
The MIBGAS' shareholders include, among others, the TSOs of Spain and Portugal (ENAGAS and REN), and the Electricity Market operators of both countries (OMEL and OMIP).

The gas exchange has been operational since 15 December 2015 for gas products delivered at the Spanish Virtual Trading Point.

The Spanish and Portuguese NRAs and TSOs, together with MIBGAS, have been closely working together to allow the Portuguese users to trade gas on the MIBGAS in the near future. The market rules to allow the above-mentioned developments have been already accommodated, but support at political level is necessary for an effective entry into force⁴⁰.

Almost one year after the creation of MIBGAS, the Day-Ahead price spread between MIBGAS and Trading Region South has significantly decreased.

Figure 2.2 - Evolution of Day Ahead prices in MIBGAS, PEG Nord, TTF and TRS



Six bilateral meetings were held during 2016 to work on the regulatory developments needed to improve the gas market integration between Spain and Portugal. Further, in order to reach this Iberian gas market integration, the first agreed step is to implement an implicit allocation mechanism with cross-border tariffs, and in the mid-to-long-term, to move towards a trading region model.

The implicit allocation mechanism implies trading capacity together with gas as a single product. The proposed interim model foresees a single market with two balancing areas, one for Portugal and one

³⁸ Boletín Oficial del Estado, Num. 122, Sec I, Pàg 43367, viernes 22 de mayo de 2015:

<http://www.boe.es/boe/dias/2015/05/22/pdfs/BOE-A-2015-5633.pdf>

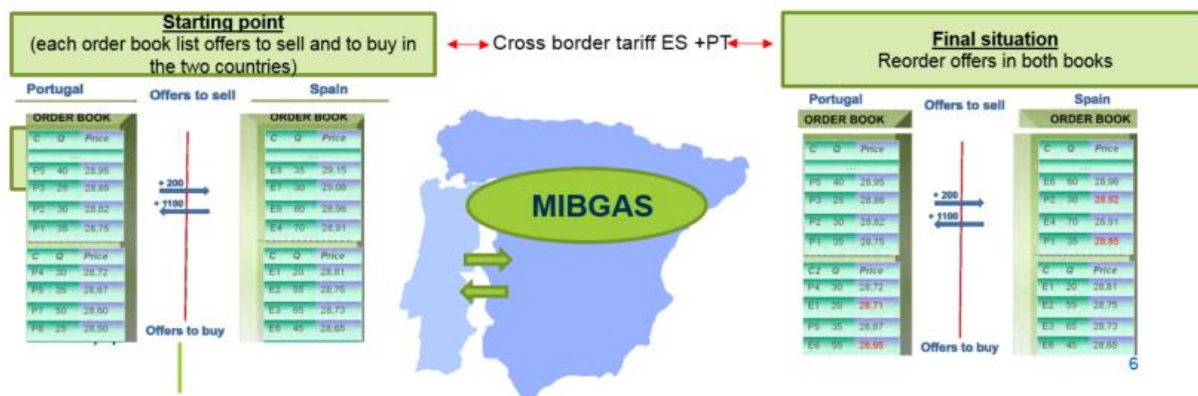
³⁹ Real Decreto 984/2015, de 30 de octubre, por el que se regula el mercado organizado de gas y el acceso de terceros a las instalaciones del sistema de gas natural: <https://www.boe.es/buscar/pdf/2015/BOE-A-2015-11725-consolidado.pdf>

⁴⁰ From a legal perspective, it is necessary to sign an international agreement between the two Governments to allow Portuguese products in MIBGAS.

for Spain. Part of the available technical capacity is set aside for the implicit allocation and the rest is allocated through explicit auctions in PRISMA, as it has been done up to now.

Regarding the functioning of the mechanism, market participants make their buy and sell offers on the Portuguese and Spanish sides in two separated order books (one for each VIP). MIBGAS includes offers from both sides in both books by adding/deducting the cross border tariff in place and reordering all offers in both order books.

Figure 2.3 - Order books in Portugal and Spain once the implicit allocation mechanism is implemented



Some other issues related to MIBGAS are currently under assessment, such as:

- the revision of CAM national rules at the VIP Iberico, in order to coordinate implicit and explicit allocation mechanisms;
- the elaboration of communication procedures between MIBGAS and TSOs;
- the impact of the implicit allocation mechanism with other rules already in place (CAM, CMP, BAL, specifically about nominations and renominations);
- the assessment of any other regulatory changes needed to prevent distortions among capacity users.

2.3. Work areas for 2017-2018

The South GRI work plan 2017-2018 establishes five main areas, with specific tasks and deadlines for both years.

In the two years to come, the work of the Initiative will focus on the following areas.

2.3.1 Analysis of the use of regional infrastructures

This work stream aims to assess the use of interconnections in the Region starting from the implementation of the CAM Network Code up to 30 September 2016. The study will address the current situation of gas interconnection in the Region, its usage, the assessment of the capacity allocated, gas flows and the congestion status. The analysis will allow proposing recommendations on capacity allocation and congestion management. The expected completion of the deliverable is June 2017.

2.3.2 Assessment of the performance of the balancing regimes

After completing the implementation of the BAL NC in all the countries of the Region, this second work stream aims to follow up on the balancing regimes at national level. The analysis will assess the unbalanced volumes, the costs, the number of TSOs' balancing actions, and other quantitative variables between 1 October 2016 and 30 September 2017. The analysis will provide new elements in order to evaluate how the different balancing regimes are performing. The deliverable is expected by December 2017.

2.3.3 Further steps in the market integration

The third target is twofold. Firstly, it consists of an assessment of the progress of the Spanish-Portuguese market integration towards the Iberian gas market. The analysis will tackle the accommodation of MIBGAS market rules, the revision of the CAM rules at the Iberian VIP so to allow a proper implementation of the implicit allocation mechanism, the elaboration of a proposal of communication procedures among MIBGAS and the TSOs, and the implementation of the market model.

At a second stage, the focus will shift towards a comparative analysis of the Iberian and French markets from a regulatory and quantitative perspective. The outcomes of this analysis will shed light on the possible way forward for the project, namely a possible extension to France.

The deadline for the first target depends on the development of the progress of the projects, addressed in paragraph 2.2.1. The second stage has three milestone deadlines: October 2017 (analysis of the rules in each market), March 2018 (assessment of market prices) and October 2018 (conclusions and recommendations).

2.3.4 Assessment of the infrastructure investment plans according to PCI regional development process

The Implementation Group will participate closely in the adoption of the PCIs list, as well as in the elaboration of the regional network plans, since the NRAs' involvement from the beginning of the process can secure higher coordination and benefits. In parallel, NRAs will assess the TYNDP proposal presented by the TSOs in accordance with the PCI regional development process. The deliverable's deadline will be set according to the PCI process.

2.3.5 Progress on CMP implementation: OSBB mechanism

After the approval of the OSBB scheme, the South GRI will follow up on the progress in the implementation of the OSBB mechanism, initially expected by April 2017⁴¹.

⁴¹ For further details on the implementation date, see footnote 19.

3. Activity of the GRI South South-East

3.1. Projects completed during 2016

The SSE GRI completed four projects in 2016.

3.1.1 Survey on transparency at Virtual Trading Points

Several Virtual Trading Points have been established in recent years across the Region. E-Control took the initiative to collect detailed information and data on the functioning of VTPs (i.e. basic rules and conditions, level of liquidity, accessibility, licensing, etc.) in the GRI SSE Region and EnC Contracting Parties.

The aim of the project was to improve the transparency of the VTPs in the SSE Region, which in connection with the implementation of the GTM II best practices in gas market design, will contribute to increase the liquidity and improve the functioning of gas markets in the Region. The project's outcome was a questionnaire answered by all the NRAs and VTP operators of the Region.

E-Control presented the survey's results at the 20th RI SSE stakeholder group meeting in Budapest, in July 2016. The outcomes cover different areas, which due to nature are not easy to sum up. The Region showed a very heterogeneous situation: VTPs are not always present and, where they do exist, they exhibit various different degrees of development.

The table below shows a summary assessment of the VTPs in the SSE Region. One of the main results is that the establishment of a VTP *per se* is not a sufficient measure to ensure a liquid, effective and transparent wholesale gas market. In fact, differences in access and operational conditions can affect the national wholesale gas prices, also independently of market fundamentals.

Table 3.1 - Summary assessment of SSE GRI VTPs

Application of following practices	AT-CEGH	CZ	HR	HU-MGP	IT-PSV	PL	RO	SI	SK
Independent VTP operator*		✓	✓		✓	✓	✓		
Transport contract not required to access VTP	✓	✓		✓	✓			✓	✓
Trading license not required to access VTP	✓				✓		✓	✓	✓
Trade notifications 30 min	No, 2hrs	No (Oct 16)	No, 2hrs	No, 2hrs	No (Oct16)	No, 2hrs	No, 2hrs	No, 2hrs	No, 2hrs
Regular shippers' meetings	✓			✓	✓			✓	✓
Consultation on VTP changes also in English	✓				Not always	✓	Not always		
Minimum notice period for market rule changes		1Month		1Month		14days			

Part of the outcome of the VTP questionnaire has been included as a case study in the ACER/CEER Market Monitoring Report 2015 published in November 2016⁴².

⁴² Case study 2, page 30 and following:

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20Market%20Monitoring%20Report%202015%20-%20GAS.pdf

3.1.2 Study on Gas Quality

Background

The European gas transmission systems are closely interlinked with those of the neighbouring Energy Community Contracting Parties, some of which represent the backbone of the gas transport system towards the EU. Therefore, the interoperability of connected gas transmission networks, both in terms of technical and market rules, remains a key requirement to the uninterrupted cross-border gas flows. In this context, and in order to further align its legal framework with the EU, in early 2016, the Energy Community initiated discussions on implementing the Gas Networks Codes and Framework Guidelines of the Third Energy Package⁴³.

In this context, the EU MSs and EnC CPs' NRAs of the SSE GRI participated in an analysis aimed at identifying the potential barriers generated by different technical interoperability rules.

The project is a follow-up of a similar one performed in 2014 only among the EnC CPs⁴⁴.

Methodology

The Serbian NRA (AERS) led the project, to which the Gas Working Group of the Energy Community Regulatory Board (ECRB) provided organizational support. The NRAs provided the data and information used to carry out the market analysis.

The report covers Bosnia and Herzegovina, FYR of Macedonia, Moldova, Serbia and Ukraine among Energy Community Contracting Parties⁴⁵, as well as Austria, Italy, Poland, Romania, Greece and Hungary as EU MSs. Poland enters the analysis only regarding its interconnection points with Ukraine.

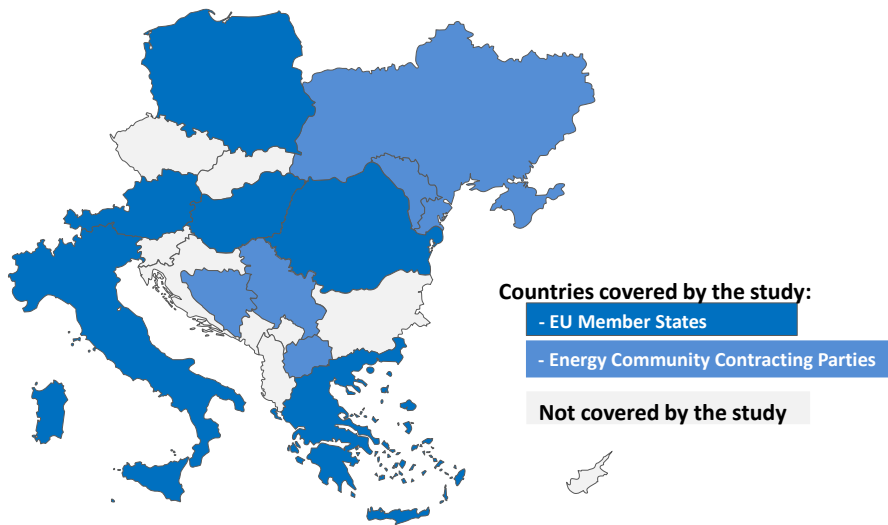
The pilot project started at the beginning of 2016 with the preparation of a questionnaire and was completed in December 2016, in line with the foreseen timeline.

⁴³ The Third Internal Energy Market Package is part of the Energy Community *acquis communautaire*, while Implementation of Network Codes and Guidelines will require separate adopting legal acts.

⁴⁴ Gas Quality in the Energy Community - Applicable Standards and their Convergence with European Standards: https://www.energy-community.org/portal/page/portal/ENC_HOME/DOCS/3714160/161917F5328F6CC9E053C92FA8C0D9AC.PDF

⁴⁵ Three Energy Community Contracting Parties, namely Albania, Kosovo and Montenegro, are not part of the analysis due to the lack of any gas infrastructure.

Figure 3.1 - Geographical scope of the study on gas quality



Content and findings

The survey compared the actual interoperability rules and practice applied at gas transmission interconnection points between Contracting Parties, as well as at IPs with neighbouring EU Member States. More specifically, the study analysed the degree of compliance with the IO&DE NC, looking into the existence of Interconnection Agreements, as well as the unit measures, the gas quality, and the data exchange standards applied.

In this way, the report aimed at identifying potential barriers to implementing the IO&DE NC at the targeted interconnection points, thereby paving the way for its early implementation⁴⁶.

To this extent, the survey's content went well beyond the scope originally defined in the SSE GRI work programme, which initially envisaged a focus only on gas quality aspects.

The analysis performed on the existing IAs at IPs between EnC Contracting Parties and neighbouring EU Member States revealed that there is a relatively large degree of compliance with the IO&DE NC provisions, especially regarding the rules for matching, allocation of gas quantities, and dispute settlement procedures.

On the other hand, the same analysis showed that the EnC Contracting Parties deviate from the IO&DE NC provisions, mostly on a technical level: at all IP sides belonging to Contracting Parties, the reference conditions, set of units, calorific values, and data exchange practices differ from the ones mandated.

Moreover, EnC CPs' TSOs do not fully comply with the publication requirements on the Wobbe-index and gross calorific value.

Yet a more prominent shortcoming is the lack of Interconnection Agreements at the IPs between the Energy Community Contracting Parties, but also at some IPs bordering EU MSs.

The final report is available on the Energy Community website⁴⁷.

⁴⁶ The IO&DE NC is already applicable in the EU. Early implementation refers to the EnC Contracting Parties.

⁴⁷ Network Code on Gas Interoperability and data exchange: Implementation in the Energy Community (December 2016): https://www.energy-community.org/portal/page/portal/ENC_HOME/DOCS/4448478/4314B6E1BA4967E4E053C92FA8C0C571.pdf

Figure 3.2 - Interconnection Agreements at CPs Interconnection Points (Source: elaboration on ENTSOG map)



Way forward

Regarding the non-compliances with the IO&DE NC that are mostly of a technical nature, the report provides a positive conclusion, since, theoretically, those might be overcome without major problems.

The lack of IAs, on the other hand, poses broader challenges, which go beyond the mere technical aspects and relate to the commercial sphere of existing transport contracts.

Based on this, the survey recommends the further implementation of the IO&DE NC in the Energy Community CPs, with the goal of aligning the legal framework and applicable standards with the EU Member States. In this manner, improved interoperability may favour cross-border trade and bring positive changes. The recommendation comes along with a call for a realistic implementation deadline, of not less than two years, and a strong plea, from EnC CPs, for a compulsory implementation of the IO&DE NC not only at the borders between the EnC Contracting Parties, but also at the borders with EU Member States.

Taking into account the above analysis, the Energy Community Secretariat and the European Commission, in cooperation with the Agency and ENTSOG, have initiated a discussion aimed at facilitating an effective implementation of the IO&DE NC in the CPs.

3.1.3 Application of transparency requirements in the Energy Community Contracting Parties

Background

Directive 2009/73/EC⁴⁸, article 18 of Regulation (EC) No 715/2009⁴⁹, as well as Chapter 3, Annex I of the same Regulation⁵⁰, provide a number of transparency requirements. Bearing in mind the importance of transparency in establishing a common and competitive gas market, this pilot project investigated the degree of compliance with the legal transparency requirements at all interconnection points between the Energy Community Contracting Parties and European Member States. Beyond that, the activity aimed at encouraging TSOs from the Energy Community CPs to publish data on the ENTSOG Transparency Platform⁵¹, as well as to address ENTSOG regarding the possibility of including their data in the online public platform.

Methodology

The Gas Working Group of the ECRB led and organized the project. The NRAs of the targeted markets provided the data and information used to perform the study. The project leader collected part of the information on the degree of compliance with the transparency requirements via web links directing to the relevant document and/or data.

The pilot project started at the beginning of 2015 with the preparation of a questionnaire and was finalised in April 2016, in line with the foreseen timeline.

The report covered the Energy Community Contracting Parties having operational gas markets, namely Bosnia and Herzegovina (Republika Srpska entity⁵²), FYR of Macedonia, Moldova, Serbia and Ukraine.

⁴⁸ Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0094:0136:en:PDF>

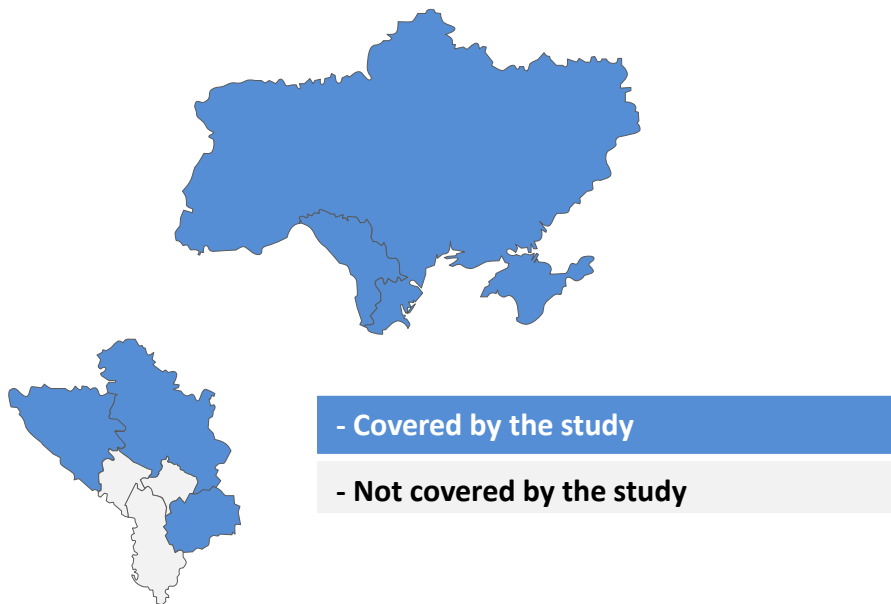
⁴⁹ Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0036:0054:en:PDF>. This Regulation is part of the Energy Community *acquis communautaire*.

⁵⁰ See footnote 16.

⁵¹ ENTSOG Transparency Platform: <https://transparency.entsog.eu/>

⁵² The entity of Federation of Bosnia and Hercegovina also has a gas market, but not yet a law defining a regulatory authority responsible for natural gas.

Figure 3.3 - Contracting Parties covered by the study on Transparency requirements



Content and findings

The pilot project reviewed the gas TSOs' publication in the light of the transparency requirements provided by the Directive 2009/73/EC and Regulation (EC) No 715/2009.

The survey showed that, in Serbia and Ukraine, primary and secondary legislation setting up rules for the functioning of the gas markets provided a solid background for fulfilling the afore-mentioned transparency requirements. Yet, in Ukraine, the full implementation of the transparency requirements was still pending, due to related national secondary legislation not having entered into force at the report's cut-off date.

Nevertheless, none of the two countries have yet finalised the unbundling of the TSOs, hence several activities envisaged by the Directive and Regulation were not yet performed.

In the other surveyed markets, the primary and secondary legislation was still to be aligned with the Third Energy Package. Therefore, data publication requirements were not yet fully compliant.

As a general observation, in the majority of cases, published information relates to system access rules, tariffs and relevant methodologies, as well as basic capacity allocation rules and technical information necessary to the network users. Conversely, information on balancing measures and relevant revenues, as well as on ex-ante and ex-post supply and demand situation was not publicly available.

The final report is available on the Energy Community's website⁵³. In addition to the summary of findings, the document also provides a detailed spreadsheet listing the degree of compliance of each surveyed country with respect to each transparency requirement of Directive 2009/73/EC and Regulation (EC) 715/2009.

⁵³ Transparency of gas transmission system operator in the Energy Community Contracting Parties - Status Review: https://www.energy-community.org/portal/page/portal/ENC_HOME/DOCS/4116408/30E78E3DAF7D69CCE053C92FA8C0A548.pdf

The joint efforts of ENTSOG and the Energy Community Secretariat allowed to timely reaching the second goal of the pilot project, namely an agreement on the publication of the Energy Community TSOs' data on ENTSOG's Transparency Platform.

However, due to the currently incomplete legal framework, CPs' TSOs achieved only limited progress in actual data provision to the ENTSOG Transparency Platform. This fact also shows limited preparedness for early implementation of the NCs. A first promising step forward in data publication comes from Ukrtransgaz, which now shares data on actual physical flows at its IPs bordering the EU.

Way forward

With the entry into force of gas secondary legislation in 2016, the level of compliance in Ukraine is expected to improve. Moreover, after the report cut-off date, adjustment of primary legislation in Moldova may trigger, in the future, some regulatory alignment including on transparency and data publication. Reforms of the legislative framework of FYR of Macedonia and Bosnia and Herzegovina were still pending at the cut-off date of the report.

NRAs are and will be primarily responsible for enforcing the rules on transparency. As a last resort, the Energy Community Secretariat has infringement competences in case of breach of the Energy Community *acquis communautaire*.

3.1.4 Survey on the implementation of the Third Energy Package

E-Control and AEEGSI developed the first version of the questionnaire in Q3 2015 and presented the respective results at the 19th GRI SSE Stakeholder Group meeting in Bucharest, in December 2015.

Due to the success of the first survey, NRAs and stakeholder requested the promoters to provide an update on the same topic the following year.

Hence, E-Control and AEEGSI developed a second questionnaire to investigate the levels of implementation of the Third Energy Package across the countries of the SSE GRI.

The questionnaire aimed at collecting information on the level of compliance with the Third Energy Package provisions of both MSs and CPs. The promoters designed the questionnaire so that the replies could highlight the different implementation of the EU market rules across the countries in the Region. The new questionnaire contained sixteen questions, allowing monitoring the progress of certain Third Energy Package provisions.

E-Control and AEEGSI presented the questionnaire's replies at the 21st Stakeholders Group meeting GRI SSE in Bucharest on 13 December 2016.

The outcome of the questionnaire shows a slight progress in the implementation of the Third Energy Package provisions compared to the previous year, for a couple of countries. Nevertheless, substantial differences remain in place in the Region and a lot of work has to be carried out to level those out. Detailed answers, showing the heterogeneity of the different solutions adopted, are available on the Agency's website⁵⁴.

⁵⁴ 21st Stakeholders Group (SG) meeting of the GRI SSE, results of the survey on the implementation of the third package: <http://www.acer.europa.eu/Events/21st-Stakeholders-Group-SG-Meeting-of-the-GRI-SSE/default.aspx?InitialTabId=Ribbon%2ERead&VisibilityContext=WSSTabPersistence>

3.2. Ongoing projects

3.2.1 Offer of incremental transmission capacity on the ROHUAT route

The project aims at creating all necessary infrastructure and the rules to allocate transportation capacity from the Romanian offshore production fields in the Black Sea via Hungary to the Austrian VTP.

The project consists of two parts. The first one includes the infrastructure development enabling the physical transportation of natural gas from the production fields to the Austrian VTP. This part falls under PCI 6.24⁵⁵ and is not directly part of this pilot project. The second one deals with the incremental capacity open season, which will allow market participants to take part in the allocation procedure. The latter part is the core of the project in the SSE GRI context. Following market participants' interest in a coordinated allocation procedure for the afore-mentioned PCI 6.24, the three involved NRAs (E-Control, HEA and ANRE) and the three involved TSOs (GCA, FGSZ and Transgaz) set up a working group aimed at designing the offer process of the concerned incremental capacity.

In February 2016, the working group surveyed the market about the preferred methodology for capacity allocation. The replies showed a preference for a mechanism based on the willingness to pay over both interconnection points, also allowing bidders to express conditional bids.

As a result, TSOs and NRAs cooperated to set up an open season rulebook. The consultation phase of the open season rulebook opened at the end of November 2016 and closed on 9 January 2017.

As shown in timeline below, the whole open season process is foreseen to end by July 2018.

The operational phase of the ROHUAT should start in October 2022.

Table 3.2 - Timeline of the Open Season for the offer of incremental capacity along the ROHUAT route

Milestone	Date
Consultation Phase	29.11.2016 – 09.01.2017
Announcement of the Binding Open Season Procedure	31.03.2017
Customer Registration	31.03.2017 – 17.04.2017
Confirmation Customer Registration (TSOs)	by 24.04.2017
Submission of bids	28.04.2017 – 31.05.2017
Economic Test I	01.06.2017 – 27.06.2017
Bid revision I	30.06.2017 – 01.09.2017
Publication of first results (TSOs)	02.09.2017
Confirmation of final results (Participants)	02.04.2018
Economic Test II	02.04.2018 – 13.04.2018
Bid revision II	16.04.2018 – 18.06.2018
Publication of the final results (TSOs)	18.06.2018
Return countersigned contract to Participants	27.07.2018

Access to the full documentation is available on Gas Connect Austria website⁵⁶.

⁵⁵ Commission Delegated Regulation (EU) 2016/89 of 18 November 2015 amending Regulation (EU) No 347/2013 of the European Parliament and of the Council as regards the Union list of projects of common interest http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:JOL_2016_019_R_0001&from=EN

⁵⁶ Documents of part two of the ROHUAT project: <http://www.gasconnect.at/en/Fuer-Kunden/Sales-Transmission%20neu/Netzentwicklungsplanung/GCA-Mosonmagyarovar>

3.2.2 Allocation of cross-border capacity between Greece and Bulgaria

In 2015, the TSOs and NRAs of Greece and Bulgaria started this project in order to comply with the provisions of the CAM NC. In early 2015, the TSOs proposed a timeline with several milestones. To date, there have been delays and despite some important achievements, the project promoters have not fully implement the proposed plan.

Table 3.3 - Initial project timeline, proposed by TSOs

Issue	Article	Remarks	Deadline
Capacity Calculation in both directions of the IP	Art. 6- Capacity calculation and maximization	Joint method for the optimization of the technical capacity, including the assessment of the pressure commitments, demand/supply scenarios, GCV	31/3/2015
Definition of capacity products offered at the IP	Art. 19 - Bundled capacity products	Definition of bundled capacity products on both sides of the IP	15/4/2015
		Definition of unbundled capacity products on both sides of the IP	15/4/2015
		Establishment of joint nomination procedure for bundled products	31/7/2015
	Art. 21 - Allocation of interruptible services	Definition of interruptible capacity products at the IP	15/4/2015
	Art. 22 - Minimum interruption lead times	Joint decision on minimum interruption lead times	15/5/2015
	Art. 23 - Coordination of interruption process	Establishment of a communication procedure, between the TSOs, concerning the notification of capacity interruption	30/6/2015
Communication and data exchange	Art. 5 -Standardization of communication	Definition of communication procedures to be developed for the implementation of CAM	31/3/2015
		Definition of data exchange formats	30/6/2015
		Alignment of information systems	15/9/2015
		Decision of booking platform	16/3/2015
	Art. 19 - Bundled capacity products	Establishment of a single allocation procedures for bundled products	30/6/2015
Tariffs	Art. 26 - Tariffs	Agreement concerning the split of revenues, in excess of the reserve price, for the provision of bundled products	1/10/2015

Despite the delays, the project promoters completed the following steps:

- Signature of the Interconnection Agreement for the IP Kulata - Sidirokastro, in June 2016, allowing commercial gas flow from Greece to Bulgaria as of 1 July 2016. The NRAs and the EC provided important support to the process. The EC welcomed the agreement as a crucial step towards implementing EU rules on one of the last cross-border points in Europe where historic transit arrangements, tailored to a single company, prevailed.
- The TSOs selected the Regional Booking Platform (RBP) as the capacity-booking platform and conducted workshops to train shippers on capacity booking through auctions;
- Both TSOs announced auctions at the IP Kulata - Sidirokastro during 4Q 2016;
- The Bulgarian TSO has activated a procedure for the allocation of non-physical interruptible capacity in the backhaul direction (from Greece to Bulgaria) and for the allocation of physical interruptible capacity in the direction from Bulgaria to Greece, at the IP Kulata –Sidirokastro;
- The TSOs conducted the first capacity auctions in December 2016.

The table below shows the progress reached for each milestone compared to the initial timeline (in the table above).

Table 3.4 - State of play of the project deliverables in December 2016 (Source: RAE)

Issue	Article	Remarks	Deadline
Capacity Calculation in both directions of the IP	Art. 6- Capacity calculation and maximization	Joint method for the optimization of the technical capacity, including the assessment of the pressure commitments, demand/supply scenarios, GCV	Finalised
Definition of capacity products offered at the IP	Art. 19 - Bundled capacity products	Definition of bundled capacity products on both sides of the IP	Finalised
		Definition of unbundled capacity products on both sides of the IP	Finalised
		Establishment of joint nomination procedure for bundled products	Delayed
	Art. 21 - Allocation of interruptible services	Definition of interruptible capacity products at the IP	Under way
	Art. 22 - Minimum interruption lead times	Joint decision on minimum interruption lead times	Started
	Art. 23 - Coordination of interruption process	Establishment of a communication procedure, between the TSOs, concerning the notification of capacity interruption	Started
Communication and data exchange	Art. 5 -Standardization of communication(*)	Establishment of a joint procedure for the definition of interruption sequence	Started
		Definition of communication procedures to be developed for the implementation of CAM	Under way
		Definition of data exchange formats	Started
		Alignment of information systems	Started
	Art. 19 - Bundled capacity products	Decision of booking platform	Finalised
Tariffs	Art. 26 - Tariffs	Establishment of a single allocation procedures for bundled products	Delayed
		Agreement concerning the split of revenues, in excess of the reserve price, for the provision of bundled products	Started

* The actions under article 5 were partly addressed by the first version of the interconnection agreement.

Regarding the next steps of the project, the NRAs expect the TSOs to send them updated progress reports.

Among the progress achieved, Bulgartransgaz has informed that it has made available day ahead capacity products at interconnection points from 10 January 2017, by means of the RBP platform. The TSO envisages offering bundled capacity products from 2018.

The NRAs are also willing to increase the cooperation to conclude the second version of the Interconnection Agreement, which should settle all contentious issues.

While acknowledging the progress achieved, the Agency underlines that the project is heavily delayed. The Agency has no clear visibility on the project and has not received enough information from the project promoters to be able to properly assess it. The Agency aims, in the context of the GRI and NCs implementation monitoring activities, to follow more closely the progress of this project and offer support to the promoters, if needed.

3.2.3 Coordination of balancing interim measures reports between Greece and Bulgaria

The Greek NRA approved the first TSO Interim Measures report on 31.08.2015. Following the provisions of paragraph 3 of Article 43 of the BAL NC, the TSO will submit an updated report to RAE, if necessary, in 2017.

In terms of relevant technical progress, during the last GRI SSE meeting in December 2016, the Greek NRA reported that the TSO/LSO has established a Balancing Platform where shippers can trade their imbalance positions and the TSO can buy residual balancing gas.

The Bulgarian NRA approved the first TSO Interim Measures report on 29 September 2015. The Bulgarian TSO is expected to submit an updated report in the course of 2017.

On 3 January 2017, the Bulgarian TSO launched the test use of the Commercial Dispatching Platform (CDP)⁵⁷. The platform, foreseen by the national law⁵⁸, is intended to increase the compliance of the national system with the BAL NC.

The Agency lacks sufficient information to extensively report on this project. Given the very low score reached by Bulgaria (9%) and Greece (27%) in the implementation of the Balancing NC⁵⁹, the Agency prompts the TSOs and NRAs to put forward as soon as possible updated interim measure reports, and to follow up on their implementation.

The Agency is keen to cooperate with the NRAs and TSOs in the GRI and NCs implementation monitoring activities in order to speed up the coordinated late implementation.

3.2.4 *Market integration between Austria and the Czech Republic*

Since early 2014, Austria and the Czech Republic have been intensely cooperating to find agreed solutions to integrate their wholesale markets. The principles stated in the revised Gas Target Model serve as a background for the project, which also considers the construction of a direct interconnection between the two countries (BACI pipeline).

The Austrian and Czech TSOs and NRAs are the most involved parties in the project. A TSO from a neighbouring country expressed interest in joining the project.

The joint working group analysed different market models. In May 2015, Gas Connect Austria (GCA) and Net4Gas (N4G) launched a market survey to receive feedback on whether the incremental capacities should be offered on a new interconnection point, or through a new concept reflecting the principles of market integration. The market survey showed a preference for market integration.

The working group discussed the possibility of first using existing capacities. Such an approach required the design of a completely new integration measure; hence, the working group concentrated its efforts in developing the Trading Region Upgrade (TRU) option concept. This concept was consulted in March 2016 via the NRAs' websites⁶⁰.

The TRU option can upgrade the use of capacity, enabling the trading of gas originating from one IP in both gas markets areas. Anyone can buy the TRU, but only those who have booked entry capacity at cross-border IPs, physical and virtual storage points, or production points in the transmission grids of GCA and N4G can use it.

⁵⁷ From the TSO's website: Introducing Commercial Dispatching Platform (CDP) and test implementation of natural gas market balancing rules:

http://www.bulgartransgaz.bg/en/news/vavejdane_na_platforma_za_targovsko_dispechirane_cdp_i_testovo_izpalnenie_na_pravila_za_balansirane-267-c15.html

⁵⁸ Natural Gas Market Balancing Rules and the Methodology to Determine the Daily Imbalance Charge, approved by EWRC with decision under Protocol no. 227 of 30 November 2016.

⁵⁹ For reference, see footnote 25. The detailed implementation rates for each country are available in the annex III.

⁶⁰ TRU consultation document: https://www.e-control.at/documents/20903/443907/2016-03-29_AT-CZ_Consultation_Document_final_clean_EN.pdf/e9a45dcf-a5dd-45e2-8f83-2b08f6d50915

By exercising the TRU option on the booked entry capacities, market players can transfer gas into the associated Austrian (or Czech), or the adjacent Czech (or Austrian) gas market. TRU also enables to access the Austrian VTP, the Czech VTP or even both VTPs at the same time.

The project promoters planned to finalise the development of the TRU concept and to publish a Q&A in Q1 2017.

If all the necessary market tests are successful, the first allocation of TRU will happen in July 2017, for use as of 1 October 2017.

3.2.5 Harmonisation of wholesale trading licensing regimes

Background

This project originated from a similar one for the V4 countries⁶¹. The V4 MSs' NRAs carried out a survey on the topic. NRAs and stakeholder discussed the responses at a number of fora. Such a sub-regional solution showed potentially limited benefits, mostly due to the lack of infrastructure connecting the V4 countries. Market participants' continued interest called for carrying on the project with an extended geographical scope, taking into account the lesson learnt at the V4 level.

Aim of the project

The project aims at jointly developing a proposal for the definition of a cluster of minimum requirements on gas wholesale trade licensing. The requirements shall be agreed and mutually recognised by all NRAs in SSE GRI. The requirements aim at:

- minimizing the administrative burdens to cross-border wholesale trade, while maintaining the transparency of licensing regimes;
- allowing sufficient NRA oversight.

The document, a concept paper, intends to develop a general economic and legal thinking applicable to each participating MS, irrespective of national specifications.

Organisational aspects

The Hungarian Energy and Public Utility Regulatory Authority (HEA) is leading the project.

In the first half of 2016, HEA drafted a concept paper, which was consulted with the other NRAs, the Agency and the stakeholders. The paper was discussed at the 20th GRI SSE Stakeholder Group Meeting, in Budapest, on 8 July 2016.

Technical aspects

The SSE GRI countries have different requirements for wholesale gas trading, as the table below shows.

⁶¹ The V4 countries are the Czech Republic, Hungary, Poland and Slovakia. More information available at: <http://www.visegradgroup.eu/>

Table 3.5 - Requirements of a licence to trade gas in the wholesale market, SSE GRE countries

GRI SSE Countries	Wholesale trading license required
Austria	No
Bulgaria	?
Czech Republic	Yes
Croatia	Yes
Cyprus	Yes
Greece	No
Hungary	Yes
Italy	No
Poland	Yes
Romania	Yes
Slovakia	No
Slovenia	No
Serbia	Yes

Source: HEA's survey to NRAs

The concept paper will not suggest adding any new burdens on the countries that do not require any license for wholesale gas trade.

For the sake of the concept paper, HEA defines:

- Minimum requirements of obtaining a license: those licensing requirements that are necessary and sufficient to allow mutual recognition of a licence across the agreeing countries;
- Minimum criteria: financial and legal criteria necessary to conduct trading activity;
- General Principles: the principles necessary to facilitate smooth operation and market oversight.

Timeline

The project's timeline has changed several time since the start of the project, which has experienced delays.

The concept paper has been drafted, consulted and discussed in the context of the GRI⁶².

The updated timeline, proposed in December 2016, of the future steps is the following:

- End of January 2017 – HEA consults the updated draft concept paper with NRAs, the Agency, and stakeholders;
- Mid-February 2017 – Closing of the public consultation;
- End of March 2017 – HEA proposes a final version of the concept paper for endorsement to the interested NRAs of the GRI SSE;

⁶² Both via email and physical meetings: at the 20th GRI SSE Stakeholder Group meeting, on 8 July 2016, Budapest; at the Madrid Forum, in October 2016; and at the 21st GRI SSE Stakeholder Group meeting, on 13 December 2016, in Bucharest (without any substantial update compared to what was already presented at the Madrid Forum).

- April 2017 – Finalisation of the project.

Results achieved

The project has, so far, experienced a number of deadlocks. HEA, in cooperation with the Agency, the interested SSE GRI's NRAs, the European Commission, and stakeholders, managed to clarify the scope of the project: the paper may realistically have NRAs agreeing on the need to decrease the overall burden associated with wholesale trading licensing and the respective reporting obligations.

The project does not foresee, at this stage, any actual implementation phase. This is because, in most countries, licensing rules are in the domain of the competent ministries, and not in the competence of NRAs.

Nevertheless, the concept paper, if finalised with a broad consensus, may bring an important message to governments, which may further decide to take initiative to improve the present situation by agreeing on lowered administrative burdens.

3.3 Conclusion and way forward

Conclusion

The South GRI, similarly as in 2015, has unfolded in an organised manner. The NRAs and TSOs, along with the active participation of stakeholders, have reached important coordinated results in the area of NCs' implementation, be it early (BAL) or late (CMP). Moreover, the Region has progressed in the challenging and promising area of market integration. The Region plans to work, in 2017-2018, on assessing the functioning of the two aforementioned projects, to analyse the use of regional infrastructure and the need of further infrastructure investment.

The SSE GRI has displayed a diverse picture. Due to the different levels of market developments, the NRAs and TSOs' size and resources, as well as national priorities, the countries have brought different contributions to the gas Region's activity. The most noteworthy and useful achievements pertain to the completion of surveys and studies aimed at better understanding the current situation of the gas sector in the Region. Even though it is worth mentioning the increasing participation of the Energy Community (one of its members, the Serbian NRA AERS, is set to co-chair the Region starting in January 2017), and the stable commitment of E-Control, some projects are delayed or not delivering. The Region is left with five projects, three of which have been deferred or target late implementations of already applicable pieces of legislation.

The SSE GRI can still be a valuable discussion forum that can allow fuller and swift implementation, even in cases where delays have occurred.

Recommendations

Regarding the South GRI, the Agency takes stock of the effective cooperation established among NRAs and TSOs, and encourages the Region to continue on this successful track.

The Agency welcomes all efforts to complete the implementation of the NCs, especially when commonly agreed cross-border, coordinated solutions are applied.

The Agency also welcomes all efforts towards pursuing the Iberian market integration, which can become a real game changer for the Region.

Regarding the SSE GRI, the Agency acknowledges an important role for the SSE GRI as a tool to:

- complete the implementation of the NCs in the MSs that are lagging behind in CMP, CAM and BAL;
- pave the way for a smooth and early implementation of the TAR NC;
- foster valuable discussions involving the NRAs, the TSOs and stakeholders;
- gather technical expertise, to the benefit of the NRAs from EU MSs and EnC CPs who may voluntarily want to apply certain provisions of the EU energy legislation;
- concretely work together among EU MS NRAs and EnC CP NRAs on gas market harmonisation and integration.

The Agency believes that voluntary implementation of pilot projects as well as explorative surveys might bring a higher benefit, if coupled with a full implementation of the NCs by all countries in the Region. Hence, the Agency plans to exploit the existing synergies between the Gas Regional Initiative and the NCs implementation monitoring activities. Applying a targeted approach may be the best way to solve existing deadlocks, thus progressing towards the creation of a single European gas market.

List of abbreviations

ACER	Agency for the Cooperation of Energy Regulators
AERS	Energy Agency of the Republic of Serbia
ANRE	National Authority for Energy Regulation
BACI	Bidirectional Austrian-Czech Interconnector
BAL NC	Balancing Network Code
CAM NC	Capacity Allocation Mechanism Network Code
CDP	Commercial Dispatching Platform
CEER	Council of European Energy Regulators
CEGH	Central European Gas Hub
CMP GL	Congestion Management Procedures Guidelines
CNMC	<i>Comisión Nacional Mercado y Competencia</i>
CRE	Commission for Energy Regulation
EC	European Commission
ECRB	Energy Community Regulatory Board
EFET	European Federation of Energy Traders
EnC	Energy Community
EnC CP	Energy Community Contracting Party
ENTSOG	European Network of Transmission System Operators for Gas
ERI	Electricity Regional Initiative
ERSE	Energy Services Regulatory Authority
EU	European Union
FDA	Firm day-ahead
GCA	Gas Connect Austria (one of the Austrian TSOs)
GRI	Gas Regional Initiative

HEA	Hungarian Energy Regulatory Authority
IA	Interconnection Agreement
IEM	Internal Energy Market
IG	Implementation Group
IO&DE	Interoperability and Data Exchange
IP	Interconnection Point
LNG	Liquefied Natural Gas
LT	Long-term
MESC	Market Electricity Stakeholder Committee
MS	European Union Member State
N4G	Net 4 Gas (Czech TSO)
NC	Network Code
NRA	National Regulatory Authority
OSBB	Over-Subscription & Buy-Back
OMEL	<i>Operador del Mercado Ibérico de Energía, Polo Español, S.A.</i>
PCI	Project of Common Interest
RAE	Regulatory Authority for Energy (Greek NRA)
RBP	Regional Booking Platform
RCC	Regional Coordination Committee
RI	Regional Initiatives
ROHUAT	Romania Hungary Austria
SG	Stakeholder Group
SSE	South South-East
TAR NC	Tariffs Network Code
TEP	Third Energy Package

TIGF	<i>Transport Infrastructures Gaz France</i> (one of the French TSOs)
TP	Trading Platform
TRS	Trading Region South
TSO	Transmission System Operator
TYNDP	Ten-Year Network Development Plan
V4	Visegrad four Group
VIP	Virtual Interconnection Point
VTP	Virtual Trading Point
UIOLI	Use-It-Or-Lose-It
WDO	Within-day obligations



Publishing date: 08/02/2017

Document title: ACER Gas Regional Initiative Status Review Report 2016

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