Publishing date: 21/05/2013

Document title: GRI Quarterly Report Q1 2013 - Final

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Gas Regional Initiative
GRI Coordination Group

GRI Quarterly Report

Q1 2013

January – March 2013

Final version
14.05.2013

A13-GRI-01

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1 Context

The entry into force of the Third energy package and the strong commitment of the Member States to complete the internal energy market by 2014 set a **firm regulatory, institutional and political background** to achieve this goal. This year, 2014 remains an even more ambitious target date, which requires a reinforced commitment to the goal of integrating the regions into a single market and the actual mobilisation of stakeholders through the Regional Initiatives process, under ACER's coordination.

In order to reach the goal, national regulatory authorities (NRAs) and ACER are trying to give a new momentum to regional and cross-regional work through the Gas Regional initiative (GRI). At the request of ACER, NRAs have revised during the first quarter of 2013 their **Work Plans 2011-2014**, reflecting the current status of regional projects and their updated planned deliverables and milestones. The Work Plans are meant to remain the main reference for regional work under the GRI framework, and a true roadmap leading to the completion of the Internal Energy Market (IEM) in 2014.

In parallel to this work at regional level, a remarkable step forward has been made towards a higher cross-regional integration with the publication in early 2013 of the Roadmap for the early implementation of the Network Code on capacity allocation mechanisms (**CAM Roadmap**[1]). The work on the CAM Roadmap was kicked-off after the **21st Madrid Forum**, in March 2012, when the Forum[2] invited ENTSOG to encourage TSOs, with the full involvement of relevant NRAs and Member States, to work towards setting up regional pilot projects and regional pilot platforms on CAM, following the principles of the CAM Network Code.

Responding to this invitation, a **CAM Roadmap** was developed during 2012 by ENTSOG and ACER, in cooperation with TSOs and NRAs, building on **pilot projects** for the early implementation of the CAM Network Code provisions, in order to identify best practices and lessons learned, and detecting potential issues and possible common solutions.

Following the successful experience of the CAM Roadmap, further work on the early implementation of Network Codes in other areas, such as balancing and interoperability, may be launched in the coming months in order to speed up early implementation also in these areas.

Finally, it is relevant to remind the recommendations set out by the Agency in the **Status Review report 2012**[3] on the Regional Initiatives. In this second edition of the report, published in February 2013, the Agency reviews progress in regional work during 2012 and makes recommendations for the way forward. In particular, ACER recognises that the GRI is not only a platform for cooperation and exchange of information, but also has an added value in promoting the early implementation of NCs. The Agency encourages all GRI actors to continue this early implementation work and also the current projects at regional level, preserving the value of regional projects in sharing good practices, learning from the experience gained and accomplishing tangible results with specific achievements in different areas. ACER will continue its coordination and reporting activities, taking stock of the consolidated work and the established practices.

[1] http://www.acer.europa.eu/Gas/Regional_%20Intiatives/CAM_roadmap/Pages/default.aspx
[2] http://ec.europa.eu/energy/gas_electricity/gas/forum_gas_madrid_en.htm
[3] http://www.acer.europa.eu/Official_documents/Publications/Pages/Publication.aspx

2 Objective of the Quarterly report

This Quarterly report aims at monitoring progress in the implementation of the pilot projects and areas of work planned in the Regional Work Plans, with a focus on the priority areas as determined by the Lead NRAs, under the guidance of the European Commission and ACER. The report serves as well to report and keep track in the areas where regional and cross-regional work is developed, as started in Capacity Allocation Mechanisms (CAM).

3 Areas for cross-regional integration of GRI work

3.1 Early implementation of Capacity Allocation Mechanisms (CAM)

Implementation Roadmap on CAM

The Madrid Forum agreed[4] that CAM should be one of the priority areas for pilot work at regional level and early implementation of the Framework Guideline and Network Code. In the 21st Madrid Forum, it was agreed that an initial implementation roadmap will be developed by TSOs, lead regulators and relevant NRAs, based on pilot projects for capacity allocation and as a second step regional allocation and booking platforms.

Capacity allocation is also the area where the development process of Framework Guidelines and Network Codes is most advanced. ACER published its Framework Guideline on 3 August 2011, and based on it ENTSOG presented its final (revised) Network Code – after issuance of ACER's Reasoned Opinion on the draft NC – on 17 September 2012.

The detailed working arrangements and time schedule for the elaboration of the CAM Implementation Roadmap were discussed by ACER, ENTSOG, GRI Lead Regulators and relevant TSOs in two meetings in Ljubljana and Brussels in July and November 2012. At these meetings, consensus was reached among all participants on the main goals and governance of the process. The main projects for the early implementation of the CAM NC were presented and the way forward was agreed for the completion of the Roadmap in the first quarter of 2013.

During the last months, ENTSOG and ACER jointly drafted the Roadmap document, with the valuable contribution from TSOs and NRAs. The CAM Roadmap was endorsed by ENTSOG Board and ACER BoR in January 2013 and finally published in ACER and ENTSOG websites on 1 March 2013[5]. The CAM Roadmap will be updated as necessary, and at least once at the end of 2013, to reflect progress in the early implementation of the CAM NC.

In the first quarter of 2013, the first meeting of the CAM Coordination and EU Stakeholders Groups, the governance structures proposed for following up the CAM Roadmap implementation, took place (6 March in Brussels). The state of play of the pilot projects was presented and a constructive dialogue was held about the issues and difficulties encountered so far and possible ways to address them. Stakeholders also had the opportunity to be fully informed about the process, ask questions and clarify doubts.

[4] See conclusions of 20th and 21st meetings in September 2011 and March 2012, respectively.
[5] http://www.acer.europa.eu/Gas/Regional_%20Intiatives/CAM_roadmap/Pages/default.aspx

List of projects currently included in the CAM Roadmap

At the end of Q1 2013, the following projects on CAM are part of the CAM Roadmap:

#	Project	Countries involved	Region(s) involved	Starting	Deadline
1	PRISMA platform	NL, DE, DK, BE, FR, AT, IT	NW-SSE	Q2 2012	Q2 2013
1a	Pilot project GTS and Gasunie Deutschland on CAM NC	NL, DE	NW	Q1 2012	Q2 2012
1b	Bundled product at Eynatten IP	BE, DE	NW	Operational since Q3 2011	
1c	Bundled product at Taisnières-H IP	BE, FR	NW	Operational since Q4 2011	
1d	Bundled product at Obergailbach IP	DE, FR	NW	Operational since Q1 2012	
1e	Bundled capacity allocation Austria-Italy	AT, IT	SSE	2011	2012-2013
2	OSP France-Spain: annual allocation of bundled short-term capacities	ES, FR	South	Nov. (yearly)	Dec. (yearly)
3	CAM harmonisation proposal between Spain and Portugal	ES, PT	South	Operational since Q3 2012	
4	CAM harmonisation proposal in the whole South region	ES, FR, PT	South	Jan. 2012	2014
5	Bundled Product - pilot at Lasów IP	DE, PL	NW-SSE	Oct. 2011	Jun. 2013
6	GATRAC bundled products	DE, CZ, SK	SSE	2011	2012+
7	Hungary/Romania Capacity bundling project	HU, RO	SSE	Q4 2012	2013
8	Day-ahead bundled product at Cieszyn IP	CZ, PL	SSE	2013	2013+

Progress review during this quarter

Project 1	Joint Capacity Platform Initiative (PRISMA) (NW-SSE)
Description of the project	In April 2012 sixteen European TSOs from 5 countries took the initiative to bundle their efforts and wide experience in the field of capacity booking platforms to move towards a joint European capacity platform. The platform will be able to handle different capacity products, offer auction mechanisms and serve different TSO backend systems. It will also offer

	secondary market services. The platform has come live on the 1 April 2013.
Significant achievements and state of play	A Memorandum of Understanding was signed in March 2012, defining the shape of this new capacity platform to meet future European market rules. Over the summer of 2012, the process and functional specifications were defined. In the last quarter of 2012, TSOs worked on the ICT specifications of the platform and also decided the new brand for the joint company: PRISMA (standing for PRImary and Secondary Market). Also 4 more TSOs have joined the platform at the end of 2012: Snam Rete Gas from Italy, and Gas Connect Austria, TAG and BOG from Austria. Finally, during the first quarter of 2013, the PRISMA company has started functioning and several meetings with shippers have been organised in different locations (6 meetings held in Amsterdam, Brussels, Milan, Paris, Vienna and Warsaw) where products and functionalities of the platform have been presented nearly 300 participants. Three additional TSO-specific workshops have also been organised.
Obstacles or delays in the implementation	Several aspects (capacity bundling, platform costs and contracts) will have to be closely monitored in order to ensure that no difficulties hampering implementation arise.
Potential divergences with the related FG-NC	Full bundling may not be possible from the beginning, for example due to challenges created by different levels of firmness or different units. Bundling may take place progressively during the early implementation period.
Actions to overcome obstacles or delays, and potential divergences with the related FG-NC	Since November 2012, regular meetings between the NRAs and TSOs that are involved in the platform are taking place, so as to timely ensure that any obstacles that could delay the due implementation of the platform are identified and sufficiently dealt with. Since the publication of the CAM Roadmap, the identified issues and possible solutions are discussed in the CAM Coordination & EU Stakeholders meetings.
Comments	This project is performed at present by 19 TSOs that are active in seven countries of the NW and SSE regions (bottom-up approach). Other TSOs are also considering their participation.

Project 1a	**Pilot project GTS – 6 TSOs on NC CAM (NW)**
Description of the project	Gasunie Transport Services B.V. (GTS) and Gasunie Deutschland Transport Services GmbH (GUD) are currently auctioning day-ahead capacity (that is not part of the technical capacity) in one interconnection point. For GTS, this pilot project serves as a stepping stone for fully implementing the rules in the network code on CAM. To gain more experience in auctioning bundled capacity and cooperating with adjacent TSOs with a view to implementing the network code on CAM, GTS has formally asked ACM's permission to launch a new, broader pilot project. Through the new pilot project – which is meant to replace the current pilot project – firm day-ahead

	capacity (that is not part of the technical capacity) will be auctioned. It is envisioned by GTS that the pilot project will apply to seven interconnection points (IPs), connecting GTS with the following adjacent TSOs: Fluxys, GUD, Open Grid Europe (OGE), Gascade and Thyssengas. GTS envisions launching the pilot project on 1 April 2013, in order to be able to auction the capacity products through the PRISMA platform. At the end of March 2013 ACM approved the pilot project (and ended the initial pilot project).
Significant achievements and state of play	Due to the fact that the new pilot project starts on 1 April 2013, no information on significant achievements and state of play can be presented in this quarterly report. However, the current pilot project can be qualified as a success. Since the start of this pilot project on 22 May 2012, over 50 market participants registered at Trac-X in order to be able to buy day-ahead capacity at Oude Statenzijl
Obstacles or delays in the implementation	There are some legal challenges for implementing rules before it becomes part of the legislation. First of all, the national network code does not allow for GTS to auction capacity, only capacity allocation on the basis of first-come-first-served is allowed. For both the current pilot project and the new pilot project, GTS has requested (and received) an exemption from this obligation. Secondly, GTS is price-cap regulated. ACM sets the regulated tariff, while with auctioning (with the regulated tariff as reserve price) there could be a price which is higher than the regulated tariff. GTS requested to allow deviating from the regulated tariff for the purpose of this pilot only and ACM permitted this.
Potential divergences with the related FG-NC	
Actions to overcome obstacles or delays, and potential divergences with the related FG-NC	There have been no further regulatory obstacles so far.
Comments	The current (initial) pilot project is performed by two TSOs that are active in two countries of GRI NW (bottom-up approach). The new pilot project is performed by seven TSOs.

Project 1b	**Bundled product at Eynatten IP (NW)**
Description of the project	Since 14/09/2011, a new bundled hub-to-hub service or product has been offered on the existing platform Capsquare. Across the Eynatten Interconnection Point between Belgium (Fluxys Belgium) and Germany (OGE), capacity was offered to ship gas from the Zeebrugge Hub to the NCG hub. The first capacity was already sold on 27/09/2011. Since that date, activity has been registered during 10% of the time period of one year, meaning in total 36 transactions up to a total of 10.654 MWh/h of Day-ahead capacity sold for a daily basis. Since the start of PRISMA in April 2013, the capacity is allocated through the platform.
Comments	

Project 1c	Bundled product at Taisnières-H IP (NW)
Description of the project	Since Q4 2011, day-ahead capacity products are offered jointly by GRTgaz and Fluxys from Zeebrugge Hub to PEG North and from PEG North to Zeebrugge Hub. In addition, bundled monthly capacity products are offered from Zeebrugge Hub to PEG North. The trading platform Capsquare had been used for this purpose until the start of PRISMA in April 2013.
Comments	These commercial offers will be transferred to the PRISMA platform once operational.

Project 1d	Bundled product at Obergailbach IP (NW)
Description of the project	Since Q1 2012, bundled monthly and day-ahead capacity products are offered jointly by GRTgaz and GRTgaz Deutschland from NCG to PEG North and from PEG North to NCG. The trading platform Capsquare had been used for this purpose until the start of PRISMA in April 2013.
Comments	These commercial offers will be transferred to the PRISMA platform once operational.

Project 1e	Bundled capacity allocation Austria-Italy (SSE)
Description of the project	This pilot project covers the work carried out by TSOs and NRAs at the Tarvisio/Arnoldstein IP towards implementing coordinated auction procedure for a bundled product to promote trading at the IP.
Significant achievements and state of play	Background: On the Austrian side, the TSO TAG started auctioning day-ahead interruptible capacity on 1 March 2012. On the Italian side, the regulator AEEG modified the rules for using entry capacity at Tarvisio so as to allow shippers to nominate an extra amount of capacity according to the results of TAG's daily auction. The auction was well accepted by shippers, and some price convergence was already observed between the Austrian hub in Baumgarten and the Italian market (PSV). Latest developments: - E-Control and AEEG run a joint market survey to collect stakeholders' feedback on a set of guidelines aimed at driving the implementation of the day-ahead capacity allocation by the TSOs. - The "*Joint E-Control-AEEG Guidelines on a day-ahead capacity allocation mechanism at the Austrian/Italian border*" were published simultaneously on the websites of both NRAs on 28 September 2012. The consultation ended on 19 October 2012 and ten responses[6] were received. - The state of play of the project was presented at the SSE SG meeting of 5 December in Milan. Daily auctions of

[6] The draft guidelines for consultation and the non-confidential responses are available at this link: http://www.e-control.at/en/market_players/natural-gas/natural-gas-market/consultation-interconnection-point-arnoldstein

	bundled capacity product should start from 1 April 2013, following the CAM NC specifications. On 4 December 2012 TAG and Snam Rete Gas joined the PRISMA platform and they will perform the joint allocation of bundled day-ahead capacity products through it. - The above Guidelines for the allocation of day-ahead capacity were approved by E-Control and AEEG on 28 February 2013. - Snam Rete Gas and TAG are offering bundled day-ahead capacity products (firm and interruptible) in both directions at the interconnection point in Arnoldstein/Tarvisio through PRISMA as of 1 April 2013, in application of the NRAs' joint guidelines.
Obstacles or delays in the implementation	Different rules (renomination) still apply at IT/AT border and the auction has been done unilaterally for now. The goal is a coordinated auction for capacity at both sides of the point. The initial obstacles to the realisation of the project have been successfully overcome.
Potential divergences with the related FG-NC	The final target of the project is in line with FG CAM and NC CAM and is being achieved by interim steps due to the complexity of the issue.
Actions to overcome obstacles or delays, and potential divergences with the related FG-NC	- Setting up of an ad-hoc Working Group between AEEG and E-Control, dealing with all subjects related to the exchange of gas between the Austrian and Italian gas systems. - Closer collaboration between TSOs promoted and monitored strictly by NRAs.
Comments	Great interest showed by market participants already in the first phase of the project.

Project 2	**OSP France-Spain: annual allocation of bundled short-term capacities (South)**
Description of the project	Annual short-term Open Subscription Periods with pro-rata allocation for 20% of the existing capacities between Spain and France.
Significant achievements and state of play	Planned starting date: November every year. Capacity was sold through OSP STC 2012 for the period from April 2013 to March 2014, with pro-rata allocation as programmed. As a result of it, all capacity was allocated in the direction France-Spain (total requests were 1.7 times higher than available capacity) and no capacity was however allocated in the other direction, Spain-France. After this procedure, CAM products will be harmonised following CAM NC requirements.
Obstacles or delays in the implementation	None.
Potential divergences with the related FG-NC	Allocation based on a pro-rata mechanism, not auction.
Actions to overcome obstacles or delays, and potential divergences with the related FG-NC	The alignment of this annual short-term OSP allocation procedure (pro-rata) with ACER's FG and ENTSOG's proposal for a Network Code on CAM (auctions) will be carried out through project 4.
Comments	

Project 3	**CAM harmonisation proposal between Spain and Portugal (South)**
Description of the project	Pilot testing of FG-NC on CAM: harmonisation of CAM and application of a joint mechanism at interconnection points between Spain and Portugal.
Significant achievements and state of play	The first application of this joint auction process took place between July and September 2012. The capacity was offered for the gas year running from 1st Oct. 2012 to 30th Sep.2013. The national regulations containing the basis of the procedure in Spain and Portugal and the Information Memorandum outlining the procedure had been previously approved in June. Some shippers were prequalified but no one qualified to participate neither in the firm yearly products auction nor in monthly products auction. Therefore, no firm capacity was allocated and no interruptible products auctions took place. During the last months of 2012, the results of this procedure were presented in IG and SG meetings and lessons learned were drawn. Two shippers sent their (confidential) comments on the development and results of the procedure. NRAs and TSOs have started to work on the definition of the features of the 2013 auction procedure, which will take place in June.
Obstacles or delays in the implementation	The first application of this procedure resulted in no capacity allocated due to the lack of interest or market participants given the current market context and perspectives for demand and for use of the interconnection Spain-Portugal. The only change foreseen so far in relation to 2012 is the allocation of quarterly products, instead of monthly ones. The tentative calendar for the auction process in 2013 was presented by TSOs to NRAs in the IG meeting of 27 February and communicated to stakeholders at the SG meeting of 30 April.
Potential divergences with the related FG-NC	Although the pilot project follows basically the CAM Network Code, some differences remain in the auction design and other less relevant aspects like the auction mechanism, due to the need to develop IT systems.
Actions to overcome obstacles or delays, and potential divergences with the related FG-NC	Even if no capacity was allocated in 2012, NRAs and operators deemed the exercise as useful to identify and implement the regulations that needed to be adapted, the documentation and processes that had to be developed and to raise awareness among shippers of the implications of the CAM NC.
Comments	Future applications of the mechanism in the South Region will have the final CAM Network Code into account, specifically since an IT platform needs to be available in the region in 2014.

Project 4	**CAM harmonisation proposal in the whole South region (South)**

Description of the project	Pilot testing of CAM NC: harmonisation of capacity allocation mechanisms in the gas interconnections in the whole South region by 2014.
Significant achievements and state of play	The South region will focus their efforts on completing the full harmonisation in the region, complying with the CAM NC. A Roadmap on CAM harmonisation in the South Region is now almost finished, in order to be ready to be implemented in 2014, both in the Portuguese-Spanish and in the French-Spanish interconnections. First definitions of aspects like the calendar products, regulatory adaptations and IT systems have already been reached. During Q1 2013, several aspects have been discussed more in detail between TSOs and NRAs, in the SG meeting of 30 January and in the IG meeting of 21 February. In particular, the definition of available capacity for the next 15 years, common criteria on several concepts (unbundled, interruptible and backhaul capacity) and the possible timing of auctions of different products have been discussed. The first auctions (of quarterly products) might start in June 2014, followed by monthly and daily auctions in subsequent months. The regulatory and IT needs to make them possible are being considered. A draft South CAM Roadmap has been elaborated. It has been submitted to public consultation during the month of March. The South CAM Roadmap is planned to be approved by Regulators once closed the public consultation. A detailed calendar of future actions was designed and agreed at the February IG meeting.
Obstacles or delays in the implementation	Not applicable (not started yet)
Potential divergences with the related FG-NC	Not applicable (not started yet)
Actions to overcome obstacles or delays, and potential divergences with the related FG-NC	Not applicable (not started yet)
Comments	

Project 5	**Bundled Product - pilot at Lasów IP (NW-SSE)**
Description of the project	The firm capacity from the German market area GASPOOL to Poland will be offered by auctions organized in line with NC CAM. The first 3 quarters of 2014 will be offered during auctions organised in June 2013. Only quarterly products will be offered. The project covers all capacity at Lasów IP which can be bundled for the gas year 2013/2014.
Significant achievements and state of play	The concept of the pilot project prepared by TSOs was accepted by both NRAs involved. The steps taken so far for the implementation of the project have been as follows: - A consultation process (with stakeholders) took place from 5 to 23 November 2012. A separate workshop was held in Warsaw on 15 November 2012.

	- TSOs analysed and discussed the outcome from the consultation process and published the summary of stakeholder responses. In parallel to this process, the Cooperation Agreement was concluded. - TRAC-X was renamed into PRISMA starting from 1 January 2013. The Service Agreement with the platform was finalised. - The contractual aspects and framework (Cooperation Agreement, Specific Terms & Conditions, Shippers Manual, etc.) have been consulted with the market during Q1 2013 and published at both TSOs' websites at the end of March 2013. - The first (pilot) auction of quarterly products are planned to be held on 3 June 2013. Further details will be published in the Auction Calendar published on the platform. - Later on, yearly, monthly and day-ahead products will be offered in subsequent months.
Obstacles or delays in the implementation	Currently not known.
Potential divergences with the related FG-NC	Currently not known.
Actions to overcome obstacles or delays, and potential divergences with the related FG-NC	None.
Comments	The aim of the project is to gain experience before the NC CAM enters into force.

Project 6	**GATRAC bundled products (SSE)**
Description of the project	This project aims at extending to other IPs the services offered by the GATRAC platform in terms of bundled capacity allocation. The first step is to focus on a possible extension to the IP Lanzhot (CZ/SK) and Baumgarten (SK/AT).
Significant achievements and state of play	Eustream joined the platform in September 2012. Eustream and NET4GAS work together with NCG and an IT provider to implement day-ahead products, in analogy to the products already offered with Ontras and GRTGaz. Joint test sessions are scheduled in June 2012 and the full operation of the product is expected at the beginning of July 2012. The state of play of the project was presented at the 13th GRI SSE SG meeting of 5 December 2012. GATRAC is currently not participating in the early implementation of the CAM NC. From 2013 no other actions are planned. GATRAC partners agreed to focus now on the proposed alternatives inside the CAM Roadmap and share their experiences in there.
Obstacles or delays in the implementation	Hesitance of some TSOs given the fact that a common European platform will need to be established following the provisions in CAM FG-NC. Participating in a platform before the entry into force of the NC carries, according to them, the risk of sunk cost. Some technical barriers are delaying the entry of new participants.
Potential divergences with the related FG-NC	The allocation performed by the platform is at present not in

	line with FG and NC CAM provisions, since it follows a first-come-first-served (FCFS) procedure.
Actions to overcome obstacles or delays, and potential divergences with the related FG-NC	The development of an explicit auctioning procedure for bundled products would serve to reach full compliance with the NC. From 2013 no other action is planned.
Comments	GATRAC could be considered as a good starting point to develop a regional platform in the future. Invitations to other TSOs to join the platform have repeatedly been issued. The positive feedback from shippers and traders is to be taken into account. GATRAC partners agreed to focus now on the proposed alternatives inside the CAM Roadmap and share their experiences in there.

Project 7	**Hungary/Romania Capacity bundling project (SSE)**
Description of the project	The aim of the project is to implement Capacity bundling according to the FGSZ-Transgaz MoU on Cooperation.
Significant achievements and state of play	The HU/RO interconnector went operational in Autumn 2010. The project was eligible for EEPR funding. It serves the purposes of both market facilitation and security of supply. FGSZ and Transgaz signed an MoU in July 2012 in order to cooperate on 3rd Energy Package issues, establishing joint working groups for: - Capacity bundling (pilot project #1) - Alignment of network usage dimensions (pilot project #2) - Operational balancing - Commercial balancing (pilot project #3) - Bidirectional interconnection A NRAs-TSOs Core Group meeting took place in Bucharest in February 2013, in order to identify challenges and tasks. At the end of Q1 2013, the project was ready to go live by April 2013. The first monthly capacity auction could take place in June. Secondary capacity market, nominations and other comfort services might follow in Q1 2014.
Obstacles or delays in the implementation	Not reported.
Potential divergences with the related FG-NC	Not reported.
Actions to overcome obstacles or delays, and potential divergences with the related FG-NC	Not reported.
Comments	

Project 8	**Day-ahead bundled product at Cieszyn IP (SSE)**
Description of the project	Since 2012 a daily product is offered at the Cieszyn IP between the Czech Republic and Poland. The capacity was previously offered on an interruptible basis. The conversion of the interruptible capacity into firm capacity became possible due to the capability on the part of the Czech operator to periodically maintain higher pressure levels. The amount of

	the firm day-ahead capacity for the next day is set in a dynamic way based on the flow conditions in both transmission systems, monitored by Net4Gas and Gaz-System SA mutually. Capacity available for the next day is published on the TSOs websites. The new pilot project shall introduce the possibility to bundle day-ahead capacity products at Cieszyn IP.
Significant achievements and state of play	Concept for the realization of the day-ahead bundled product is expected to be agreed between the TSOs. The project development will be monitored.
Obstacles or delays in the implementation	Not reported
Potential divergences with the related FG-NC	Not reported
Actions to overcome obstacles or delays, and potential divergences with the related FG-NC	None
Comments	

4 Progress Review of other regional projects

4.1 South region

4.1.1 CMP harmonisation proposal

Description of the projects and activities under this work area

The final goal of the South Region on CMP for 2014 is having in place coordinated and harmonised CMPs in all the interconnections in the region. The activities planned to reach this goal are the design of a CMP pilot project in the interconnection between France and Spain and the extension of this coordinated CMP mechanism to the cross-border capacity between Spain and Portugal.

Regarding the implications of the regulation recently approved with the new CMP guidelines (EC Decision of 24 August 2012, amending Annex I of Regulation (CE) 715/2009), the TSOs in the region are developing a detailed plan (Roadmap) on CMP harmonization.

Work developed and main achievements in this quarter

Following the publication of the CMP guidelines in August 2012, TSOs started to develop in Q3 2012 a Roadmap for CMP implementation in the region. The contents and proposals of this Roadmap have been discussed over the last months by TSOs and NRAs in the frame of the successive IG and SG meetings in the region.

The last IG meeting, held on 25 March 2013, was dedicated to discussing the CMP implementation roadmap. The discussion focused on the plans to implement surrender capacity, LT UIOLI and oversubscription and buy-back by 1 October 2013, as prescribed by the CMP guidelines.

An agreement was reached for TSOs to develop in April a document detailing how capacity surrender and LT UIOLI will be applied, with indication of the procedures including the different timescales, examples and implementation calendar. By mid-May, TSOs will send the document, as well as detailed proposals on oversubscription and buy-back, with detailed procedures and timescales, examples and implementation calendar for the three CMPs.

During June, NRAs will give feedback to TSOs on their proposals and TSOs will amend the mechanisms accordingly. In July, a public consultation will be conducted, and finally NRAs will aim to approve the mechanisms in September, for entering into force on 1 October.

Projects and activities developed under this area of work. State of play and deadlines

Project / Activity	Starting date foreseen in the WP	Deadline foreseen in the WP	Status	Main difficulties or risks
CMP harmonisation in the South region	Oct. 2012	Oct. 2013	Ongoing	Deadline: Oct 13
CMP harmonisation in the South region (including firm short-term UIOLI)	Oct. 2012	Jul. 2016	Ongoing	Deadline: Jul. 2016

4.1.2 Investment in new Infrastructure

Description of the projects and activities under this work area

Creation of a permanent framework of cooperation between TSOs in the region, ENTSOG and Stakeholders, for the elaboration of the Community-wide and Regional Investment plans, update of the GRIP and its implementation, and the identification of the projects of common interest in the region.

Work developed and main achievements in this quarter

According to the information provided by TSOs from the region in the IG meeting held on 27 February, the elaboration of the second South GRIP 2013-2022 has already been kicked off in early 2013. After several TSO meetings since October 2012, and the publication by ENTSOG of the EU-wide TYNDP on 21 February 2013, the new South GRIP has started to be prepared under the coordination of GRTgaz for this second edition. Its main drivers and objectives were presented at this IG meeting, as well as the expected process and timetable for completion. The GRIP aims to be published in Q4 2013.

Additionally, the South lead regulator continues to take part in the meetings of the EIP regional working group for North-South Interconnections in Western Europe, organised by EC in order to identify the projects of common interest (PCIs) in this corridor.

Projects and activities developed under this area of work. State of play and deadlines

Project / Activity	Starting date foreseen in the WP	Deadline foreseen in the WP	Status	Main difficulties or risks
Regular update and publication of project status of OS 2013 and 2015	Dec. (yearly)	Jun. (yearly)	Ongoing	
Drafting of the South Regional Investment Plan 2012	Jul. 2011	Jan. 2012 (COMPLETED)	Completed	
Feedback to TSOs on regional investment plan 2012	Jan. 2012	Jul. 2012 (COMPLETED)	Completed	
Input to ENTSOG for the Community-wide TYNDP 2013	Jan. 2012	Apr. 2013	Ongoing	
Creation of a working group in the region in order to test the process of PCI identification	Mar. 2012	Mar. 2013	(*)	
Drafting of the South Regional Investment Plan (GRIP) 2014	Jan. 2013	Apr. 2014	Ongoing	

(*) The identification of PCIs is being carried out through specific regional working groups fit for that purpose.

4.1.3 Security of supply

Description of the project

The final goal for 2014, defined in the updated WP 2011-2014, is to contribute to the implementation of the Regulation 994/2010, providing a forum where relevant authorities of the three countries can present progress on this issue and exchange experiences that can help them to reach this target. It is also aimed to promote both regional and cross regional cooperation in security of supply matters with an active participation of stakeholders.

Work developed and main achievements in this quarter

During this quarter, there has not been any significant news relating to the implementation of Regulation 994/2010 in the region.

4.1.4 Balancing

Description of the project

This project aims to allow the region to be in full compliance with the provisions of the Balancing Network Code, by means of contributing to the finalisation of ENTSOG's Network Code with the experience gained at the national and regional level, investigating the use of the existing and coming organised gas markets in the region for the procurement of gas for balancing purposes, analysing the current configuration of the balancing zones in the region and their possible integration and, as a result, launching a pilot project for a common balancing platform integrating balancing systems in the region.

Work developed and main achievements in this quarter

All the regional actors – regulators, TSOs and other stakeholders – actively participated in the discussion of ENTSOG's NC through ENTSOG's workshops, ACER's meetings, etc.

No significant work on this area took place during this quarter in the region.

Projects and activities developed under this area of work. State of play and deadlines

Project / Activity	Starting date foreseen in the WP	Deadline foreseen in the WP	Status	Main difficulties or risks
Contributing to the FG and NC, by raising the regional experience and lessons learned	Permanent	Permanent	Completed	
Investigation of the use of the gas markets in the region for balancing purposes	Jun. 2012	Jun. 2013	Ongoing	

Analyse the current configuration of balancing zones and possible merging of certain areas	Jan. 2013	Dec. 2013	Ongoing	
Pilot project for a common balancing platform in the three countries	Jan. 2014	Dec. 2014	Not started yet	

4.1.5 Tariffs

Description of the project

The objective is the harmonization of transmission tariff structures, initially at cross-border points between Portugal and Spain, through the realisation of a joint study for comparing the current tariff regimes in both countries, and in particular for gas consumed in a country with entry in the adjacent one, to analyse the existence of "*pancaking*" and identify other possible obstacles and proposals for improvement. Studies would be carried out proposing improvements in the tariff structures.

Regulators finalised the analysis of the responses received during the public consultation of the study on cross-border transmission tariffs in the Iberian Peninsula. ERSE and CNE analysed the comments received and elaborated a Final Document. A summary of the comments of the stakeholders was published, and the main conclusions were presented by Regulators at an SG meeting at the end of September.

General conclusions point to the fact that Stakeholders agree on the tasks included in the SGRI Work plan for 2011-2014. Stakeholders consider that full transposition of the EC Third package should be the basis for the regulatory harmonisation, and that a convergent goal for the regulatory harmonization is needed. They also favour the adoption of transitory measures, either on the regulatory side or on the operational side, as it can produce results in the short term.

Work developed and main achievements in this quarter

Each country will be working now in developing a national entry-exit system following European guidelines. A common task for launching tariff harmonization proposals shall be initiated after these national regulatory processes, during 2013. In November 2012, the Spanish regulator submitted to public consultation the methodology proposal on tariffs for access to the gas infrastructures (from 26 November to 31 January 2013).

Over the last months and during the first quarter of 2013, NRAs, TSOs and other stakeholders from the region have taken part in the process at European level for the development of the Tariffs FG, under the coordination of the Agency.

Projects and activities developed under this area of work. State of play and deadlines

Project / Activity	Starting date foreseen in the WP	Deadline foreseen in the WP	Status	Main difficulties or risks
CNE-ERSE joint study on tariff regimes in Spain and Portugal	2010	Dec. 2011	Completed	
CNE-ERSE proposal for tariff harmonization in Spain and Portugal	2010	Dec. 2012	Ongoing	
Further studies to evaluate the current tariff structures and propose improvements	Jan. 2012	Dec. 2013	Not started yet	Waiting for results of tariff harmonization experience in each country

4.1.6 Interoperability

Description of the project

The project seeks for contributing to the development of the FG and the NC, building upon the regional experience and harmonising interoperability aspects in line with the outcome of the FG and the NC developed on this area.

Work developed and main achievements in this quarter

The region is closely following the discussions to elaborate the Interoperability FG and Network Code and its members are actively participating in workshops and meetings organised to this aim.

Projects and activities developed under this area of work. State of play and deadlines

Project / Activity	Starting date foreseen in the WP	Deadline foreseen in the WP	Status	Main difficulties or risks
Contribution with the regional experience to the development of the FG and the NC	Permanent	Permanent	Ongoing	
Analysis of interoperability aspects and procedures that need to be harmonised among the three countries (in line with the FG-NC)	Jan. 2013	Jan. 2014	Not started yet	

Harmonisation of gas day, communication protocols between TSOs, quality standards, programming and nomination schedules, etc.	Jan. 2014	Dec. 2014	Not started yet	

4.1.7 Implementation of the 3rd Package

Description of the project

The aim in this area is the supervision and promotion of compliance with the implementation of the provisions on transparency in the Regulation 715/2009/EC, for transmission, LNG and storage infrastructure operators.

In early December 2011, and following the same methodology than used in the North region, NRAs of the South region sent to TSOs, and also to LSOs and SSOs, a questionnaire to check their compliance with the transparency provisions in Regulation 715/2009/EC.

A public consultation on operators' responses to the questionnaires from the operators was opened until 20th April. Since little participation was registered (only five responses were received), regulators extended the deadline for stakeholders to send comments till mid-June.

Preliminary conclusions on the responses received show a significant level of compliance, although there is some room for improvement regarding an easy and direct access to the information. The consultation also showed that subjective criteria, misunderstanding and particular national conditions can lead to different interpretations of compliance level.

Regulators elaborated in Q3 2012 a Final Report that describes the monitoring process, the evaluation of the compliance, the assessment of stakeholders' responses, the conclusions of the assessment and all questionnaires received from operators. The Final Report was presented in the SG meeting on 27 September and its main findings and conclusions were taken into account in the final ACER analysis on transparency in EU countries.

Work developed and main achievements in this quarter

This area of work is now considered completed.

Projects and activities developed under this area of work. State of play and deadlines

Project / Activity	Starting date foreseen in the WP	Deadline foreseen in the WP	Status	Main difficulties or risks
Supervision of compliance with the implementation of the new provisions on transparency in Regulation 715/2009/CE, for transmission, LNG and storage infrastructure operators	Sep. 2011	Jun. 2012	Completed	

4.1.8 Developing hub-to-hub trading in the South region

Description of the project

Promotion and endorsement of organised gas markets (hubs) and development of a true hub-to-hub gas trading in the region.

Work developed and main achievements in this quarter

This project has been kicked off in the first quarter of 2013 and the outline and expected timing was presented in the SG meeting of 30 January. Spanish and Portuguese NRAs have started to think of possible models for the creation of an organised gas market (hub) in the Iberian Peninsula (MIBGAS). A working group is being set up by CNE and ERSE and a proposal will be made for the potential creation of the organised market, in line with one of the possible models set out in the Gas Target Model: market area, trading region or even an implicit allocation mechanism.

The foreseen calendar is to have a draft document in Q2 2013, outlining the different options with their pros & cons of each option; then have a public hearing over the third quarter; and come up with a final proposal in Q4 2013 or Q1 2014.

Projects and activities developed under this area of work. State of play and deadlines

Project / Activity	Starting date foreseen in the WP	Deadline foreseen in the WP	Status	Main difficulties or risks
Hub development: Models for integration of Spain and Portugal in an Iberian gas hub	Jan. 2013	Dec. 2013	Ongoing	
Hub-to-hub gas trading in the region	Jan. 2014	Dec. 2014	Not started yet	

4.2 South-South East region (SSE)

4.2.1 Interoperability

Description of the projects and activities under this work area

Pilot project I – Adoption of common standards

In order to improve system interoperability, all the regional system within the GRI SSE should adopt, based on EASEE-gas common business practices (CBPs), the same units for measuring gas as well as a harmonized definition of the gas day, also taking into account possibilities for early NC/FG implementation with regard to interoperability and other areas.

Pilot project II – Sub-regional integration / Harmonisation of procedures

On the route from the Slovak border at Velké Kapušany to Germany via the Czech Republic, there is no harmonisation or agreement between TSOs regarding units for bookings and allocation, OBAs, ISO norms for measuring / allocating gas or nomination procedures based on a single definition of the gas day. This heterogeneity causes risks and imbalances for shippers which could be managed by better cooperation and harmonization of the units and procedures used. The aim of this project is to harmonise procedures on the route from Velké Kapušany to Germany and back to Slovakia or Austria (Baumgarten).

Work developed and main achievements in this quarter

During this quarter, there was no significant news relating to this subject. However, the work under this area is continuing with a view to increase harmonisation of TSOs standards and procedures within the SSE region.

With regard to harmonising TSOs' procedures in order to decrease shippers' risk and imbalances in CZ/SK/DE, the Czech NRA reported that the EASEE/gas Common Business Practices were applied in the Czech Republic and thus any changes to Czech legislation regarding adjustment of nomination procedures, units for booking, etc. were not introduced.

Projects and activities developed under this area of work. State of play and deadlines

Project / Activity	Starting date foreseen in the WP	Deadline foreseen in the WP	Status	Main difficulties or risks
All TSOs adopt standards with special reference to gas-day definition, units and OBAs	-	2013/2014	ongoing	Early implementation of Interoperability will start once the NC Interoperability is mature enough. Other features of the EASEE-gas rules, such as a harmonised gas day, will be implemented through NC CAM.
Harmonisation of TSO's procedures decreasing shippers' risk and imbalances in CZ/SK/DE	-	2013	ongoing	

4.2.2 Enabling market integration

Description of the projects and activities under this work area

Pilot Project VII: Cross-border Regional Balancing Platform

In the framework of this pilot project, CEGH offered to work on establishing a cross-border regional Balancing Platform to create more liquidity for all market participants via offering balancing possibilities for adjacent TSOs. This pilot project can be integrated in pilot project VIII addressing regional Gas Target Model implementation.

Pilot project VIII – Structure of future regional balancing and trading zones in the SSE region & implementation of the Gas Target Model

This analysis is undertaken in a first step through two studies:

- A "macroeconomic" study on possibilities for cross-border market integration in Europe focussing on an analysis of macroeconomic/welfare benefits of market integration and evaluating more closely 2 case regions, both from GRI SSE (AT-SK-CZ and AT-IT).
- A case study on the identification of possible implementation steps of the measures proposed in the Gas Target Model in the GRI SSE region, from an institutional and practical perspective.

Work developed and main achievements in this quarter

With regard to the pilot project on the establishment of a cross-regional balancing platform, CEGH consulted its clients and determined a within-day market as the preferred option for cross-border balancing. Auctions on the corresponding platform will take place hourly, with a single clearing price, when the project starts.

The study on macroeconomic benefits of further market integration launched in the first quarter of 2012 was published in October 2012. The study concludes that there are almost no limitations to cross-border market integration from a capacity point of view. Three European regions may be distinguished: the North-West region, which has significant excess capacities compared to today's utilisation, the South-West region, where cross-border capacities between France and Spain were highly used in 2011 and the Central-East region around Austria, which is relatively high loaded, but still significant capacities are available at many interconnection points.

In a second step, the study analysed the potential macroeconomic effects of cross-border market integration for the CEE region (Austria, Czech Republic, Slovak Republic) and for the region Austria-Italy. The main findings of the analysis are that market integration in the CEE region would generate additional economic benefit. The expected social welfare gain in this region would justify market integration. The CEE region could be expanded by the Austria-Italy region after promising experience has been gained.

The second study on concrete implementation steps for the Gas Target Model in the GRI SSE had its kick-off in June 2012. Eustream, NET4GAS, CEGH and E-Control sponsor the study. At the last Madrid Forum of October 2012, high-level principles for the establishment of a CEE Trading Region were presented, and at the end of December the first part of the study containing these main design principles of a potential CEE Trading Region (CEETR) has been released and published in ACER website[7].

[7] This document is available at: http://www.acer.europa.eu/Gas/Regional_%20Intiatives/South_South-East_GRI/Pages/GRI-SSE-studies.aspx

Projects and activities developed under this area of work. State of play and deadlines

Project / Activity	Starting date foreseen in the WP	Deadline foreseen in the WP	Status	Main difficulties or risks
Implementation of a cross-border regional Balancing Platform	-	2013	Ongoing	None
Analysis of macroeconomic benefits linked to implementing different models for balancing and trading zones (market areas/trading regions/market coupling)	-	2012	Completed[8]	None
Case study on institutional and practical steps to implement the provisions of the GTM in the region	-	2012	Ongoing (first part completed)	None
Definition of the model for future regional balancing and trading zones	-	2013	Expected	
Planning and launch of implementation	-	2014+	Expected	

Roadmap towards the creation of a common regional gas market in V4 countries

In addition, an analysis is being conducted evaluating the possibilities of gas market integration within the Visegrad Region (V4 - Poland, Czech Republic, Slovakia and Hungary). The analysis will most probably lead to the elaboration by the V4 Ministries responsible for energy of a Road Map towards the common regional V4 gas market. As soon as political agreement on the Roadmap is achieved at the V4 forum, the implementation phase should be carried out within the GRI SSE region ensuring consistency with other projects in the region.

Project / Activity	Starting date foreseen in the WP	Deadline foreseen in the WP	Status	Main difficulties or risks
Road Map towards the common regional V4 gas market	-	2013	Ongoing	Political agreement of the V4 countries is required
Planning and launch of implementation	-	2014+	Expected	

[8] The document is available at: http://www.acer.europa.eu/Gas/Regional_%20Intiatives/South_South-East_GRI/Pages/GRI-SSE-studies.aspx

4.2.3 Infrastructure

Description of the projects and activities under this work area

The developments regarding future market architecture (Gas Target Model implementation) in the countries of the SSE region will need to be taken into account when planning investments.

In addition, with the process of establishing criteria for the selection of PCI within the Commission's proposal on the Energy Infrastructure, launched by the European Commission, the GRI SSE aims at being actively involved in the run-up to the decision on the PCI. Promoting the active involvement of stakeholders, project promoters, NRAs and Member States in the work with the European Commission was a goal for 2012 to be pursued also in 2013.

In addition, during the last quarter of 2012 Lead NRAs from the SSE region submitted input to ACER Opinion on the GRIPs, regarding the two GRIPs involving countries of this region. The next GRIPs involving SSE countries are expected to be presented in 2014.

Work developed and main achievements in this quarter

The preparation of the second edition the GRIP North-South Central Eastern Europe and the GRIP Southern Corridor, both falling into the SSE region, is in their initial stage, as reported by the respective coordinating TSOs.

Projects and activities developed under this area of work. State of play and deadlines

Project / Activity	Starting date foreseen in the WP	Deadline foreseen in the WP	Status	Main difficulties or risks
Check investment plans against the background of future market architecture scenarios	-	Ongoing	Ongoing	
Consultation of the GRIPs	-	2012 Next deadline: 2014	Completed	
Ensure GRI SSE involvement on all levels in the process of identifying PCI in the framework of the EIP	-	2013	(*)	(*)

(*) The identification of PCIs is being carried out through specific regional working groups fit for that purpose. As priority corridors identified by the European Commission do not correspond exactly to the existing composition of ACER regional initiatives, participation in the EIP working groups is restricted to nominated members and is not open to all GRI SSE stakeholders automatically.

4.2.4 *Security of Supply*

Description of the projects and activities under this work area

Having been heavily impacted by the 2009 gas crisis, stakeholders and Member States in the GRI SSE region are highly sensitive to the issue of security of supply. An exchange of views on best practices linked to the SoS regulation has already been organised at the Stakeholder Group Meeting of 6 December 2011 and this important topic was added to the Work Plan as of early 2012.

Member States and NRAs, where they are in charge, could use the GRI SSE as a forum to exchange experiences with risk assessments, preventive action plans and possibly also the implementation of other obligations stemming from the SoS regulation such as the implementation of reverse flow mechanisms. Preventive action plans should be consulted within the region, at least with neighbouring states.

Work developed and main achievements in this quarter

During this quarter, there was no significant news in relation to the implementation of Regulation 994/2010 in the region. However, this topic is planned to be discussed at the next SG meeting of the SSE region, at the end of May 2013, with a view to check the latest developments achieved in this respect.

Projects and activities developed under this area of work. State of play and deadlines

Project / Activity	Starting date foreseen in the WP	Deadline foreseen in the WP	Status	Main difficulties or risks
Exchange best practice and consult SoS preventive action plans within the GRI SSE	-	Ongoing	Ongoing	In most Member States of the region the relevant national ministries (not the NRAs).act as Competent Authorities

4.3 North-West region (NW)

4.3.1 Gas Regional Investment plan

Description of the projects and activities under this work area

The first Gas Regional Investment Plan (GRIP) for the NW region was published on 21 November 2011, and during the Stakeholder Group meeting of GRI NW held at the end of November 2011 a public consultation was announced. Given the importance of the GRIP for stakeholders, it was decided that the evaluation and improvement of the Gas Regional Investment Plan (GRIP) will be one of the projects within GRI NW in 2012. The aim of the project is to evaluate the GRIP for GRI NW and to ensure that the next GRIP is most 'fit-for-purpose'. In this process, the RCC would draft recommendations and discuss these possible improvements in an open dialogue between the regulators and TSOs.

The consultation period ended in January 2012 and one response was received. The TSOs within GRI NW gave due consideration to this input and issued a response letter, reasserting their views on the role of the regional plan with regards to the identification of investment needs. During the second quarter of 2012, the RCC drafted its recommendations on the GRIP and these recommendations were sent to the TSOs within the region by mid-May 2012. As a next step, a meeting took place at the end of June between the RCC and TSOs in the region to discuss the contents of the RCC letter and engage in an open dialogue on how the GRIP could be further improved.

TSOs welcomed RCC's feedback and indicated their intention to emphasise the regional aspects of the plan and to involve the market during the drafting process. TSOs underlined that the approach at the regional level needs to be consistent with the changes introduced by ENTSOG for the next TYNDP to be published in 2013. For this reason, TSOs of the region are following the finalisation of the next TYNDP during the quarter and will analyse the consequences for the next GRIP.

Work developed and main achievements in this quarter

The calendar for the elaboration of the second NW GRIP was first outlined at the SG meeting held in Copenhagen on 23 November. The detailed process and milestones are to be presented at the RCC-IG meetings in The Hague on 4 April. During these meetings, TSOs will also present the outline and content of the GRIP 2013, and subsequently a public consultation will be launched to gain stakeholders' views on the proposed outline and content.

The suggested outline and content of the GRIP 2013 was drafted by TSOs from the region, under the coordination of GTS, at the beginning of 2013. It takes into account the recommendations made by NRAs at regional level and by ACER in its Opinion on GRIPs, released on 25 March 2013. The draft GRIP 2013, together with a consultation questionnaire, is being submitted to public consultation of stakeholders from 4 April to 3 May 2013. After this consultation, the draft version will be submitted to the GRI NW, for comments until September, and the final publication is foreseen for October 2013. Finally, a further consultation is planned after the publication, in Q4 2013.

The new plan is expected to include a number of improvements with respect to the first GRIP. Enhanced regional supply and demand analysis will be included, and the impact of projects on cross border points will be examined. The GRIP will show the procedure (and results) of regional cross border open seasons / auctions, and will further analyse regional congested points as highlighted by TYNDP 2013-2022.

Projects and activities developed under this area of work. State of play and deadlines

Project / Activity	Starting date foreseen in the WP	Deadline foreseen in the WP	Status	Main difficulties or risks
Drafting and release of first GRIP by TSOs	-	2011	Completed	
Recommendations by NW RCC and open dialogue with TSOs	-	2012	Completed	
Consultation on the outline and content of the 2013 GRIP (open for all stakeholders)	April 2013	May 2013	Ongoing	
Elaborating the draft 2013 GRIP	May 2013	June 2013	Expected	
Consultation of draft 2013 GRIP (open for RCC and GRI NW stakeholders)	July 2013	Sept. 2013	Expected	
Publication of 2013 GRIP	-	Oct. 2013	Expected	

4.3.2 Pre-comitology meetings

Description of the projects and activities under this work area

The Framework Guidelines (FGs) and Network Codes (NCs) will have an impact on each national energy market. According to Regulation (EC) No. 715/2009, Member States are responsible for approving (or rejecting) the NCs through the comitology process. However, NRAs will be responsible for drafting the FGs and TSOs for drafting the NCs. Given these different roles, NRAs, TSOs and Member States within GRI NW timely discuss in an open dialogue the content of each FG and NC in so called “pre-comitology meetings”. Through the pre-comitology meetings, NRAs can explain the background to the principles that are in the FGs, while TSOs can explain how the principles in a FG are translated in a certain way in a NC. Member States can not only gain a good understanding of the direction that each FG and NC is going, but it also enables them to timely communicate their opinion on the specific FGs and NCs. In turn, this will enable NRAs and TSOs to timely take these considerations into account and also provides the opportunity to jointly identify regional aspects that should be addressed. Through this process, comitology procedures can take place efficiently.

The first two pre-comitology meetings in the region took place in 2011. In 2012, Member States, NRAs and TSOs of the North West region discussed in an open dialogue the Framework Guidelines and Network Codes that are currently being drafted. During the first meeting in 2012 (on April), it was agreed upon that one further area for improvement of the meetings is related to the implementation of the network codes: once a network code has passed the comitology process, progress of implementation should also be discussed and, if applicable, a regional solution could be found. In future pre-comitology meetings, focus will also be on implementation, once the first network code starts to be implemented. In

November 2012, the second pre-comitology meeting took place in Copenhagen. During the meeting, the Network Codes on balancing and interoperability were discussed, as well as the Framework Guideline for tariff structures. Both the meetings of April and November 2012 led to a better understanding of the positions of NRAs, TSOs and Member States towards the FGs and NCs that are now being drafted.

Work developed and main achievements in this quarter

A new government meeting of GRI NW will take place in Q2 2013, on 16 May in London. This meeting will be partly dedicated to pre-comitology, and NRAs envision to discuss in an open dialogue with national ministries the draft network code on Interoperability, under public consultation by ENTSOG, and the Framework Guideline on tariff structures, currently being drafted by ACER.

Projects and activities developed under this area of work. State of play and deadlines

Project / Activity	Starting date foreseen in the WP	Deadline foreseen in the WP	Status	Main difficulties or risks
Pre-comitology meetings	Ongoing	None (ongoing process)	Ongoing	No particular difficulties or risks

4.3.3 Exploring feasibility of implicit allocation

Description of the projects and activities under this work area

The Gas Target Model that was published by CEER at the end of 2011 calls upon NRAs to consider whether measures, such as implicit auctions, would improve the efficiency in the use of interconnection capacity. In this matter, NMa – in its role as national regulator – has commissioned a study to explore, as a first step, the feasibility of implicit allocation in the gas market. This report is now finalised. During the Gas Target Model discussions, it became evident that no clear “yes or no” exists about whether implicit allocation should be applicable in the gas market. Next to that, GRI NW – of all three gas regions – is probably the most advanced region for implicit allocation.

In the first quarter of 2012, it was agreed that the RCC would draft a common position paper on the feasibility of implicit allocation in the gas market. Market participants would be involved in the drafting of the regional RCC position paper (e.g. via workshops). During the subsequent quarters of 2012, the project plan for this work stream was elaborated and agreed upon, and the NW RCC discussed the scope and structure of the position paper. In the position paper itself NRAs within GRI NW explain whether they see added value (and under what conditions) to introduce implicit allocation in the gas market and – should this be the case – when such coupling mechanism should be introduced. Given the fact that the design of the mechanism is only relevant if there is added value (and practical experiences seem to be needed to determine the design), this position paper does not answer the question of what the implicit allocation mechanism should look like in detail. However, the position paper will present the relevant design issues.

The draft position paper was drafted in the third quarter of 2012 and submitted to public consultation in October 2012, while a workshop was organised on 19 October. The responses to the public consultation were published on the ACER website and, during the

Stakeholder Group meeting of the region in November 2012, the RCC presented the main findings of the consultation and the initial conclusions.

Work developed and main achievements in this quarter

During this first quarter of 2013, ACM (formerly known as NMa) drafted a document for Evaluation of Comments from the public consultation run in the last quarter of 2012. This document contains stakeholders' feedback on the position paper and the response of the RCC. Based upon this document, ACM – on behalf of the RCC – made several changes in the position paper, which is to be presented at the RCC meeting on 4 April 2013. Each NRA has the opportunity to provide written feedback on both documents until the beginning of May. Based upon the feedback received, ACM will revise both documents and subsequently start a formal approval process. The aim is to publish the final position paper and the EoC document in the third week of May.

Projects and activities developed under this area of work. State of play and deadlines

Project / Activity	Starting date foreseen in the WP	Deadline foreseen in the WP	Status	Main difficulties or risks
Draft position paper on implicit allocation in the gas market	2012	2012	Completed	
Public consultation and workshop and presentation of preliminary conclusions	2012	2012	Completed	
Finalising position paper and elaboration of Evaluation of Comments document	Q1 2013	Q2 2013	Ongoing	
Publication of position paper and Evaluation of Comments document	-	May 2013	Expected	

4.3.4 Identifying priorities for GRI NW to help further improve the functioning of wholesale markets market at regional level

Description of the projects and activities under this work area

In the RCC and IG meetings of 4 April 2013, NRAs are presenting the draft project plan for a new project within GRI NW. Under this project, NW NRAs will elaborate, in close cooperation with stakeholders and Member States, a regional agenda in order to identify regional priorities that contribute to further improve the functioning of wholesale markets at regional level, and thus enabling regional market integration. To identify the regional priorities, a regional (monitoring) report should be elaborated containing at least the following elements:

- A common vision of stakeholders about how a functioning wholesale market is defined and what indicators are necessary to assess the current state of play of each market;
- A country analysis of each wholesale market in the region – using the agreed upon indicators – that shows how well each national wholesale market is functioning and what

bottlenecks should be solved to ensure that each wholesale market qualifies as a functioning market[9];

- An overview (snapshot) – comparing each wholesale market in the region – that enables GRI NW to identify what can be done to contribute to further improve the functioning of wholesale markets market at regional level (and thus enabling regional market integration)[10];
- A list with the regional priorities for the upcoming years that will be incorporated in the regional agenda for GRI NW.

Work developed and main achievements in this quarter

Once presented at the RCC and IG meetings of 4 April 2013, the initial draft project plan will be revised, and each NRA has the opportunity to provide written feedback on the revised project plan until mid-April. Based upon received feedback, ACM will finalise the project plan and its implementation will start.

Projects and activities developed under this area of work. State of play and deadlines

Project / Activity	Starting date foreseen in the WP	Deadline foreseen in the WP	Status	Main difficulties or risks
Finalise project plan and form core group	-	May 2013	Ongoing	
Agree on common vision how functioning wholesale market is defined and measured	Mid-June 2013	Early September 2013	Expected	
Drafting of a questionnaire for monitoring functioning wholesale market on national level	Early September 2013	Mid-September 2013	Expected	
Monitoring (via indicators) to what extent each national wholesale market fulfils this definition	Mid September 2013	Mid October 2013	Expected	
Develop a regional (monitoring) report and – based upon this report – the draft regional priorities	Mid October 2013	End of November 2013	Expected	
Written consultation procedure on monitoring report and regional priorities	End of November 2013	Mid January 2014	Expected	
Revision and publication of regional priorities	Mid January 2014	End of March 2014	Expected	

[9] These bottlenecks – which can have a national, regional or even European nature – should be identified (for the reasons already mentioned in chapter one) at national level and not by GRI NW.

[10] Based upon this overview, it could be concluded that certain bottlenecks can be solved through a regional approach. However, the indicators themselves also form an important source of information: they could signal that e.g. liquidity in each wholesale market is rather low and that at regional approach can help raise liquidity.

5 Conclusion and way forward

This edition of the GRI Quarterly report has been released by ACER in close collaboration with the Lead Regulators of the three gas regions. The Agency thanks them for their cooperation and appreciates their contribution to this report.

Progress is being made in different areas of work along the three regions, and important milestones of several pilot projects have been met during the year 2012 and will be aimed at during the year 2013. The first quarter of this year has seen the finalisation and publication of the CAM Implementation Roadmap, which is aimed at leading to a truly pan-European system of coordinated allocation of bundled products throughout cross-border interconnection points, following the principles set out in the CAM Network Code.

The focus is now on the implementation of the CAM pilot projects, and it will need to be ensured that they are in line with the CAM Network Code resulting from the *Comitology* process, extended until the second quarter of 2013. The governance arrangements designed in the CAM Roadmap will help coordinate the work of the different parties involved in these projects and also to facilitate and follow up progress, early identify any arising issues in the implementation of the CAM NC and look for solutions which fit, to the extent possible, the projects in place. The CAM Coordination and EU Stakeholders Groups have had their first meetings in March 2013 and will have their second one in Q3 2013. A specific section on the lessons learned from this early implementation process will be included in future editions of this report.

The process of development of the CAM Implementation Roadmap is a good example of cooperation between ACER and ENTSOG, together with NRAs and TSOs who are called to play the real starring role in the process. This work has received very relevant support at the Madrid Forum by all participants and stakeholder associations. Given its benefits, this process may lead to starting working in the early implementation of Network Codes which are being developed in other areas that are equally essential for the completion of the IEM.

Publishing date: 21/05/2013

Document title: GRI Quarterly Report Q1 2013 - Final

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