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Agency for the Cooperation of Energy Regulators

Gas Regional Initiative
GRI Coordination Group

GRI Quarterly Report

Q2 2013

April – June 2013

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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 giving a new momentum to regional and cross-regional work through the Gas Regional initiative (GRI). At the request of ACER, NRAs revised during the first quarter of 2013 their **Work Plans 2011-2014**, reflecting the updated status of regional projects and their planned deliverables and milestones. The Work Plans aim to be a true roadmap leading to reach progress in the completion of the Internal Energy Market (IEM) in 2014.

In parallel to this work at regional level, a remarkable step forward was taken towards a higher cross-regional integration with the publication on 1 March 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, the **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 detect potential issues and 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. The **23rd Madrid Forum**, held on this second quarter of 2013 (17-18 April), encouraged indeed TSOs, ENTSOG, regulators, ACER and, where relevant, Member States to consider pilot projects for the early implementation of the Balancing Network Code[3]. The Forum welcomed as well the published CAM Roadmap and encouraged to continue work on the CAM NC early implementation in close cooperation with the relevant stakeholders.

Finally, it is relevant to remind the recommendations set out by the Agency in the **Status Review report 2012**[4] 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 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://ec.europa.eu/energy/gas_electricity/doc/forum_madrid_gas/meeting_023_conclusions.pdf
[4] 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 activities 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, aiming at the early implementation of Network Codes, as started in the area of 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[5] 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 process for the development of Framework Guidelines and Network Codes started. 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. During the first two quarters of 2013, the Network Code entered into the Comitology process and after two Comitology meetings it has been adopted on 15 April. It is expected to be published in the EU Official Journal during the third quarter of this year.

The CAM Roadmap document was developed by ACER and ENTSOG with the valuable contribution from TSOs and NRAs over the second half of 2012 and first quarter of 2013, and was finally endorsed by ENTSOG Board and ACER BoR in January 2013 and published in ACER and ENTSOG websites on 1 March 2013[6]. The CAM Roadmap will be regularly updated in order to reflect progress in the projects for the CAM NC early implementation.

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. These first meetings were widely recognised as being useful and the second meetings of the two groups are planned to take place on 18 September in Ljubljana.

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

List of pilot projects for early implementation of the CAM NC

At the end of Q2 2013, the on-going or planned pilot projects for CAM NC early implementation are:

#	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+
9	Bundled products at Oberkappel IP	AT, DE	SSE-NW	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 join their efforts and wide experience in the field of capacity booking platforms to move towards a joint European capacity platform, able to handle different capacity products, offer auction mechanisms and serve different TSO backend systems. It will also offer secondary market services. 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). Four more TSOs joined the platform at the end of 2012: Snam Rete Gas from Italy, and Gas Connect Austria, TAG and BOG from Austria. During the first quarter of 2013, the PRISMA company was set up and several meetings with shippers were organised in different locations (6 meetings held in Amsterdam, Brussels, Milan, Paris, Vienna and Warsaw) where products and functionalities of the platform were presented. Three additional TSO-specific workshops were also organised.
Significant achievements and state of play	The platform came live in April 2013 with day-ahead auctions starting on 1 April and monthly auctions starting on 15 April. During the first month of operations (April), 3,716 day-ahead auctions took place with a total capacity of about 6900 GWh/h offered through the platform. The overall day-ahead trading volume amounted to nearly 175 GWh/h. A total of 230 successful day-ahead auctions were registered. As regards monthly auctions, a total of 14 successful auctions were registered on the platform in April, with a total capacity of about 198 GWh/h offered. The overall traded monthly capacity amounted to nearly 3,7 GWh/h. Over the second month of operations (May), 4,143 day-ahead auctions took place with a total day-ahead capacity of 7,8 GWh/h offered A total of 325 successful day-ahead auctions were registered. In addition, 13 successful auctions were registered with a total capacity of 201 GWh/h offered. The overall traded monthly capacity amounted to 3,9 GWh/h. In the first yearly auctions, held in PRISMA in May, a total capacity of 552 GWh/h (231 auctions) was offered by participating TSOs, with an overall allocated yearly capacity of 172 GWh/h. 57 successful yearly auctions were registered. At the end of May, 261 companies with 769 users were registered on PRISMA primary platform. As regards the General Terms and Conditions (GTCs) of the platform, they were updated before the start of operations in the platform and they have been reviewed again at the end of Q2 2013. A new updated version has been published on 17

	June which will apply to PRISMA primary as of 1 July 2013. This new version of the GTCs is subject to shippers' views. A new version of the GTCs will be needed in view of the secondary platform functionalities going live in January 2014.
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 limited available capacity or 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 issues 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. PRISMA is also submitting the platform to regular evaluation by users and regulators. An evaluation questionnaire has been submitted to NRAs' views at the end of June.
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. GTS planned the pilot project to apply to seven interconnection points (IPs), connecting GTS with the following adjacent TSOs: Fluxys, GUD, Open Grid Europe (OGE), Gascade and Thyssengas. GTS envisioned 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) and the capacity is currently allocated through PRISMA.
Significant achievements and state of play	The pilot project can be qualified as a success. Since the start of the 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 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 was performed by two TSOs 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. 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). Other developments until Q1 2013: - 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[7] were received. - The state of play of the project was presented at the SSE SG meeting of 5 December in Milan. Daily auctions of 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.
Significant achievements and state of play	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 since April 2013, in application of the NRAs' joint guidelines. The first auction of bundled products took place on

[7] 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

	1 April 2013. As regards the results since the go-live of the project, not much activity has been observed at the IP for the moment and there has been low capacity demand, which may be explained by a number of reasons: generally low gas demand in this period, approaching summer season (and thus less capacity needed) and strong price convergence between Baumgarten and PSV hubs. The results from the first month show that there were 5 auctions with a bundled product sold of around 300 000 cubic meters as a total, and also some unbundled capacity sold (around 5 mcm) at the Tarviso/Arnoldstein IP. As regards next steps, it is envisaged to introduce other bundling products at Tarviso/Arnoldstein IP, apart from day-ahead. This will require: (i) changes to the current regulatory framework, (ii) update of SRG Network Code and TAG General T&C, (iii) adaptation of the Cooperation Agreement, and (iv) implementation based on a shared plan. Early implementation of the CAM NC (bundling) at other SRG and TAG IPs is also envisaged.
Obstacles or delays in the implementation	The initial challenges and potential obstacles for the realisation of the project have been successfully overcome. Challenges were faced as the starting situation in Italy and Austria in terms of regulatory framework and gas market was different. The coordination of the work of NRAs and TSOs belonging to different Member States was paramount. Lastly, tight time constraints had to be tackled in order to meet the 1 April target to start auctions. Another lesson learned is the importance of a timely and close cooperation between NRAs and TSOs.
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. No specific progress or developments related to this project have been reported during this quarter. After this procedure, CAM products will be harmonised following CAM NC requirements (see project 4).
Obstacles or delays in the implementation	None.
Potential divergences with the related FG-NC	Allocation based on a pro-rata mechanism, not auctions.
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. The 2013 auction, aimed to allocate capacity from October 2013 to September 2014, has started on 3 June. At the last IG meeting of 19 June, TSOs presented the preliminary results of the prequalification phase, which ended on 7 June. Several shippers have been pre-qualified, the window to request yearly products started on 27 June and some capacity was sold as a yearly product.
Obstacles or delays in the implementation	No booking platform (IT system) is currently used. At the IG meeting of 19 June, TSOs agreed on the development of a detailed IT-system Implementation Plan during Q3 2013.
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. Short-term products will be developed next year.

Actions to overcome obstacles or delays, and potential divergences with the related FG-NC	The current divergences with the CAM NC will be overcome next year following the implementation of the SGRI CAM Roadmap and the platforms availability.
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 has been prepared during the first half of 2013, in order to be ready to be implemented in 2014, both in the Portuguese-Spanish and in the French-Spanish interconnections. During Q2 2013, several aspects have been discussed in detail between TSOs and NRAs: IT systems, 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. 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. The South CAM roadmap envisages the start of the CAM NC implementation in 2014, selling capacity in March for yearly products starting in October 2014. Regarding the French-Spanish border, available capacity from 1 April 2014 to 30 September 2014 needs also to be allocated. At the last IG meeting on 19 June, discussions were focused on the mechanism to apply to allocate this capacity. Two possibilities were presented: an auction using the platform, and an Open Subscription Period. Additionally, some clarifications were also provided on the opportunity to harmonise nomination and renomination schedules and the allocation mechanism and products to be sold at GRTgaz internal border. Next steps agreed at this last IG were that TSOs would prepare and send to regulators a detailed plan for IT system implementation by 19 July; TSOs will propose information related to auctions by 15 September; and NRAs will inform about the required national regulatory changes in the next SGRI meeting and will give their opinion on the TSOs'

	proposals in the next SGRI meeting. The draft South CAM Roadmap was submitted to public consultation in March 2013, and after being amended and updated with comments received, has been published in ACER website. This South CAM Roadmap will be integrated in the next version of the wider, EU-wide CAM Roadmap under implementation since March 2013.
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 for the implementation of the project were 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, agreed upon by both NRAs and published at both TSOs' websites at the end of March 2013. The first (pilot) auction of quarterly products was held on 3 June 2013. The first three quarters of 2014 – with 57 980 kWh/h (5 200 m3/h) for each quarterly product – were auctioned on the PRISMA platform. All three auctions have been carried out properly. Yearly, monthly and day-ahead products are planned to 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 were issued. The positive feedback from shippers and traders is to be taken into account. However, 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. Regional Booking Platform primarily and administrative function were finalised and simplification in licensing processes has been identified. At the end of Q2 2013, the project was on time, ready to go live, and partners hope that the platform goes live in September 2013. Monthly auctions will come first, whereas secondary capacity market, nominations and other comfort services might follow in Q1 2014. The capacity from other EU and non-EU IPs might be allocated as well on the platform.
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 October 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. At present, for the Day-Ahead Firm Capacity (DAFC) Net4gas is envisaging a two-step procedure: (i) capacity allocation, (ii) nomination and matching. For Gaz-System, following the introduction of the new Grid Code from 1 January 2013, the procedure is

	combined and there is a one-step procedure for capacity allocation and nomination/matching. The pilot project will in a first phase concentrate on: (i) comparison of DAFC allocation procedures of both TSOs, (ii) analysis which method allow most efficient usage of additional technical capacity, (iii) assumptions for common harmonised procedure. Based on the result of the analysis, a decision will be made by the involved TSOs on further steps.
Significant achievements and state of play	Concept for the realisation 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	

Project 9	**Day-ahead bundled product at Oberkappel IP (NW-SSE)**
Description of the project	A new pilot project regarding bundled sales of capacities at Oberkappel IP at the German-Austrian border has been presented at the SSE SG meeting on 29 May 2013. Since 1 January 2013, BOG is part of the Austrian Market Area East. In recent years, BOG saw a dynamic development of the capacity usage since 2009, expanded once every 2 years between 2009 and 2013, due to long-term commitments by shippers and also to the development of new arbitrage activities between CG/CEGH/PSV. At the end of 2012, BOG, together with German TSOs, Open Grid Europe and GRTgaz Deutschland, came up with the idea to allocate capacity in a most efficient way as a test for early implementation of CAM NC. The aim was to maximise the use of available capacities at Oberkappel IP in a bundled way at PRISMA platform. Within 6 months one Day-ahead package was developed.
Significant achievements and state of play	Since April 2013, PRISMA is used to sell in a bundled way capacity products on Day-Ahead basis at Oberkappel IP. The product was tested and it works well, with 21 shippers registered but also limited interest in the product. With regard to further developments in product types, participating TSOs aim to offer Day Ahead based on firm “UIOLI” on both sides as of October 2013. In addition, further bundled sales are under consideration.
Obstacles or delays in the implementation	Currently, the TSOs are investigating certain issues and challenges for further integration of the products, such as the verification of what would be the advantage for the users of having a single nominations, and bundled contracts (for the moment, TSOs involved in the project refrain from bundled contracts i.e. after the allocation there are two contacts which

	remain independent).
Potential divergences with the related FG-NC	Not reported
Actions to overcome obstacles or delays, and potential divergences with the related FG-NC	Contrary to other projects, TSOs did not have to take any specific steps with the NRAs in this one because the regulatory regimes were close enough and the NRAs took only a supportive action towards the project.
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 new CMP guidelines (EC Decision of 24 August 2012, amending Annex I of Regulation (CE) 715/2009), TSOs in the region are developing a detailed plan (Roadmap) on CMP harmonisation. 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 IG meeting held on 25 March 2013 was dedicated to 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.

Work developed and main achievements in this quarter

After the IG of 25 March, 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 would 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 would give feedback to TSOs on their proposals and TSOs will amend the mechanisms accordingly.

At the last IG held on 19 June, CRE and CNE explained their proposal on CMP in their respective countries. NRAs and TSOs discussed the respective approaches to capacity surrender, LT UIOLI and over-subscription & buy-back. Portugal will share their approach at the next meeting.

In Spain, it is expected that the CNE's "Circular" (legal act) is submitted to public consultation in July. In France, a CRE's deliberation was expected before end of June. NRAs aim to approve the final mechanisms in September for entry 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	Oct. 2012	Jul. 2016	Ongoing	Deadline: Jul. 2016

the South region (including firm short-term UIOLI)				

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 in the IG and SG meetings held between February and June, the elaboration of the second South GRIP 2013-2022 was 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 started to be prepared under the coordination of GRTgaz for this second edition. Its main drivers and objectives were presented at recent IG and SG meetings, as well as the expected process and timetable for completion. Discussions are ongoing as regards the need to conduct a public consultation in the region and take on board comments from regulators and other stakeholders before publishing it. The specific date for public consultation is now under discussion. TSOs have expressed their willingness to have bilateral meetings with regulators. 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	Mar. 2012	Mar. 2013	(*)	

of PCI identification				
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

There were significant developments during this quarter 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 quarters 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, programming and nomination schedules, quality standards, etc.	Jan. 2014	Dec. 2014	Not started yet	

4.1.7 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.

This project was 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 started to think of possible models for the creation of an organised gas market (hub) in the Iberian Peninsula (MIBGAS). A working group was 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.

Work developed and main achievements in this quarter

The envisaged calendar is to draft a document 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.

The proposals for the creation of the Iberian gas hub are being analysed and developed in monthly meetings of an ad-hoc working group during 2013.

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 were no significant developments 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 (analysis of the creation of a Trading region in CEE, CEETR).

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

In addition, a new project has been launched involving countries from the SSE region where an analysis is being conducted to evaluate the possibilities of gas market integration within the Visegrad Region (V4 - Poland, Czech Republic, Slovakia and Hungary). This project has been the main priority of the Polish Presidency of the Visegrad Group (June 2012-June 2013). The energy cooperation within the Visegrad Group, a political initiative steered by V4 Prime Ministers and managed by the Ministers for Energy, is operated at working level by the V4 HLG on energy security.

The gas crisis in 2009 revealed the weakness of the V4 gas systems and clearly showed the lack of physical connections between the V4 countries (currently only CZ-SK IP and PL-CZ IP are in place). Physical integration is a key priority for the V4 region and the key infrastructure projects identified in the flagship V4 project, namely the North South Gas Corridor in Central Europe, are the Polish LNG terminal and new interconnections between SK-HU, PL-CZ and PL-SK. The analysis carried out within this project led to the elaboration of a 'Roadmap towards the common regional V4 gas market'[8]. Following the endorsement of the Roadmap by the V4 Prime Ministers in June 2013, the implementation phase shall be carried out within the GRI SSE region ensuring consistency with other projects in the region.

Work developed and main achievements in this quarter

Project on cross-border Regional Balancing Platform

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 would take place hourly, with a single clearing price, when the project starts. No significant developments in this project have been reported over the first two quarters of 2013.

[8] The document is available at: http://www.visegradgroup.eu/documents/official-statements

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

The study on macroeconomic benefits of further market integration launched in the first quarter of 2012 was published in October 2012. The study concluded 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 (creation of a CEETR) 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 results of the first phase of the study containing these main design principles of a potential CEE Trading Region (CEETR) were released and published in ACER website[9].

The current status of this project was presented at the last SSE RCC and SG meetings on 28-29 May in Warsaw. As a result of the first phase, three main working areas were identified: (i) capacity model principles, (ii) tariffs, (iii) balancing principles. The outcome of this first phase was positive but, at the same time, CEETR project partners came into the conclusion that further and detailed analysis are necessary, especially with regard to tariffs, in particular to get an overview of potential tariff income losses by TSOs operating within CEE Trading Region once it is in place. At the abovementioned SG meeting, an overview was presented of the timeline of the second part of CEETR project, which now shall enter into its phase 2 and tackle with three further steps, namely, (i) analysis of physical (and legal) realities, (ii) implementation model, (iii) cost-benefit analysis. It is not decided yet whether the CEETR project will enter into implementation stage after phase 2 is completed. A project planning workshop is foreseen, followed by a kick-off steering committee in July. CEETR is an open project and other Member States and TSOs have been invited to joint it.

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

The background, planning and milestones of the V4 project were presented by the Polish Ministry of Foreign Affairs at the SG meeting of 29 May in Warsaw. The project aims at exploring the potential for creation of the functioning regional gas market. Within the project, the Ministry was cooperating closely with the Polish NRA and TSO as well as colleagues from the V4 countries. The inspiration and background for setting up the V4 projects was the EU legislation, namely art. 6 and 7 of the Directive 2009/73/EC, which call for regional solidarity and promotion of regional cooperation. The purpose of the project was to primarily trigger the debate on potential for creating the V4 gas market, based on the assumptions of

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

the CEER GTM, among others, to discuss future absorption potential, define existing regulatory barriers, and explore market-oriented trade mechanisms to be applied. A MoU on gas market integration in the V4 region was signed by the V4 Ministers of Energy on 31 October 2012. The MoU envisaged three project phases: (i) a Joint National Regulatory Authorities Report on the state of market liquidity in the V4 region, delivered by the V4 NRAs in January 2013, (ii) GTM for the V4 region – conceptual analysis by Florence School of Regulation, delivered in March 2013, (iii) 'Roadmap towards the V4 regional gas market', a political document endorsed by the V4 Prime Ministers at the V4 Summit closing the Polish Presidency on 16-17 June 2013.

The fundamental assumption of the Roadmap is the physical integration of the Visegrad region which is indispensable to continue any further debate on market integration. Second element is definition of the market design for the V4 region. A multi-coupled market zones model is to be analysed for the V4 market and a feasibility study for such a model shall be performed by the TSOs. As regards the Institutional framework for the process, following the Hungarian Presidency's proposal a *Forum for Gas Market Integration* shall be established to give political support and coordination among the V4 Ministries of Energy, NRAs and TSOs. Finally, the project has also an external dimension and there is will to extend the framework of the V4 cooperation to other countries.

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
Pilot Project VII: Cross-border Regional Balancing Platform				
Implementation of a cross-border regional Balancing Platform	-	2013	Ongoing	None
Pilot project VIII – Structure of future regional balancing and trading zones in the SSE region & implementation of the Gas Target Model				
Analysis of macroeconomic benefits linked to implementing different models for balancing and trading zones (market areas/trading regions/market coupling)	-	2012	Completed[10]	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	

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

Planning and launch of implementation	-	2014+	Expected	
Project for the development of a Roadmap towards the creation of a common regional gas market in V4 countries				
Road Map towards the regional V4 gas market	-	2013	Completed	
Planning and launch of implementation	-	2014+	Expected	

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 status of the two GRIPs in the SSE region and of the PCI selection process for the countries of the region were presented at the last SG meeting on 29 May in Warsaw.

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. SSE countries are involved in two of the 6 European GRIPs: the Central-Eastern Europe (CEE) GRIP and the Southern Corridor GRIP.

In January 2012, the first CEE GRIP was published and process was run by Net4Gas, the coordinating TSO. The document deals with the necessary infrastructure identified by the TSOs in the region in the perspective 2011-2021. The involved TSOs elaborated in addition the N-1 for the region. Some simulations were also conducted assuming the disruptions from the Belarusian and Ukrainian direction and based on that scenarios were elaborated and presented in the first report. The document was consulted with the market, however the input and feedback was not as big as the TSOs would have expected. There were no critical comments received. Recently works on the 2nd CEE GRIP have been already initiated and there were two meetings held in Brussels and Vienna. Gaz-System is the coordinating body of this second CEE GRIP, together with the Austrian operator BOG. With regard to the timeline, the CEE GRIP is planned for publication in Q1 2014. This will be followed by a public consultation and a dedicated workshop for stakeholders.

As regards the Southern Corridor GRIP, it is in its initial phase and the Greek TSO DESFA will be the coordinator for the second edition.

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 Expected	
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

A session was devoted to this topic at the SG meeting held on 29 May 2013 in Warsaw. Presentations were made by the Polish Ministry of Economy, the competent authority for the SoS in Poland, and by Snam Rete Gas on behalf of the Italian Ministry of Economic Development.

The Polish experiences with the Preventive Action Plan and the Emergency Plan were presented and shared with SSE stakeholders. As regards Regulation 994/2010, for Poland the approach is based on market measures in crisis management and being proactive to the crisis rather than reactive in case of crisis. Poland sent its Risk Assessment to the Commission on 2 December 2011. The TSO worked closely with the Ministry to identify treats and measures to mitigate those threats were stressed in the TSO's investment plans. With regard to the supply standard, the SoS regulation implies the obligation to secure the supplies for the protected customers in three extreme conditions indicated by the Regulation. For Poland, these conditions determine the supply for the protected customers on the level of 862 mcm within 30 days. When it comes to infrastructure standard and fulfilment of the N-1 calculation, Poland fulfils the obligation and is slightly over 100%. Poland's Preventive Action Plan (PAP) was sent to the EC on 13 March 2013. Preventive actions enumerated in the PAP and undertaken to ensure gas supply to Poland include: (i) new storage capacities, (ii) new sources (LNG), (iii) modernisation of national transmission infrastructure, (iv) physical reverse flow and new interconnections. The Emergency Plan was signed by the Minister responsible for economy on 28 May and sent to the Commission. It contains measures to mitigate the crisis situation, describes procedures in case of the emergency and flow of information in the three crisis levels set up by the Regulation. It also calls the Crisis Management Team responsible for undertaking actions and setting up framework for non-market measure to be introduced by the competent authority.

As regards Italy, the Emergency Plan for Italian Natural Gas System was presented by Snam rete Gas on behalf of the Ministry of Economic Development. The European legislation on SoS has been transposed in Italian legislation though the Decree no 93 issued on 1 June 2011. On 1 December 2011 the Risk Assessment was sent to the Commission. Recently, the PAP and Emergency Plan were approved on 19 April 2013. The recently adopted Emergency Plan (EP) builds on previously developed Crisis Management Plans and has been aligned according to the provisions of the SoS Regulation. It has been consulted both with the neighbouring countries and also with the stakeholders in Italy (shipper and final customers associations). The Emergency Plan clearly states the reporting obligations of all the parties involved both at national and international level. The Emergency Plan is available on the Ministry's and Snam Rete's websites.

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	-	Permanent	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 2012. The detailed process and milestones were presented at the RCC-IG meetings in The Hague on 4 April 2013. At this meeting, TSOs presented the outline and content of the GRIP 2013 and its different chapters. The GRIP 2013 was drafted by TSOs from the region, under the coordination of GTS, at the beginning of 2013, and 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 contents of the GRIP 2013, together with a consultation questionnaire, have been submitted to public consultation of stakeholders from 4 April to 3 May 2013. Only one response was received during this period. The TSO are now drafting the GRIP 2013 itself and will be submitting it to another consultation until September. During this new consultation period (July-September), the NW RCC will officially provide feedback on the draft GRIP. The final publication of the GRIP is envisaged 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 new GRIP is also expected to show the procedure (and results) of regional cross border open seasons / auctions, and further analyses 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	Completed	
Preparation of the draft 2013 GRIP	May 2013	June 2013	Ongoing	
Consultation of draft 2013 GRIP (open for RCC)	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

The last government meeting of GRI NW took place in Q2 2013, on 16 May in London. This meeting was partly dedicated to pre-comitology, and NRAs discussed 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. The next pre-comitology discussions are planned to take place in the Government meeting to be held on 27-28 November in Stockholm.

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	Permanent	None (permanent process)	Ongoing	No particular difficulties or risks

4.3.3 Exploring the feasibility of implicit allocation in the gas market

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, ACM – in its role as national regulator – 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 the first half of 2013, the RCC drafted a document for Evaluation of Comments from the public consultation run in the last quarter of 2012, containing stakeholders' feedback on the position paper and the response of the RCC. This document, as well as the position paper itself, were recently approved by the RCC and both documents are to be published on the GRI NW section in ACER website, and stakeholders informed accordingly.

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	Completed	
Publication of position paper and Evaluation of Comments document	Q3 2013	Q3 2013	Ongoing	

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

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. The outcome of this project will feed into the Work Plan 2011-2014 of the NW region.

In order to identify the regional priorities, a regional (monitoring) report should be elaborated. In this matter, RCC maps the activities that are currently aimed to create an internal market, and through this analysis identify where the region could help to achieve this goal. The most relevant representative organisations in the region may be asked as well to identify regional priorities, as they – in their role as market participants – have a good overview of what bottlenecks exist and to what extent a regional approach could solve them. This would result in a draft regional agenda that is up for consultation and to be presented at the upcoming Stakeholder Group meeting (November 2013).

Work developed and main achievements in this quarter

The project plan for the project is being currently prepared by ACM (acting as project leader) along the lines described above, and sent to the RCC for comments and subsequently for approval.

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

The calendar for this project and the main milestones and deadlines are still to be drafted and agreed upon within the NW RCC.

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 are being met during the year 2013. The first half of this year has seen the finalisation and publication of the CAM Implementation Roadmap and the start of its implementation, with the specific governance process having been kicked-off. This process 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, concluded during the second quarter of 2013. The deadline for full implementation of all CAM NC provisions is expected to be set on 1 November 2015, and therefore the early implementation period will still be extended for more than two years from now. However, a swift implementation of the NC provisions will allow benefiting from the experience gained, the identification of any potential issue or difficulty, a timely adaptation of national regulatory frameworks and sharing good practices and lessons learned throughout the process.

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. The CAM Coordination and EU Stakeholders Groups had their first meetings in March 2013 and will have their second ones in September. It is envisaged that a new, updated version of the CAM Roadmap will be presented at this occasion, reflecting the state of play of pilot projects and including the lessons learned and issues identified so far in the early implementation process.

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 truly starring role in the process. This work has received strong support at the Madrid Forum from all participants and stakeholder associations, and the added value of the process has been widely recognised. Given its benefits, this process may lead to undertaking work in the early implementation of other Network Codes which are being developed in other areas that are equally essential for the completion of the IEM.

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