

[GAS Network Codes Functionality Platform](#)

REPORTED ISSUE ID: 09/2018.
**Proposal to make the interconnection
points EU and Ukraine compliant with
the TEP**

Reported by: Energy Community Secretariat
Status: CLOSED

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REPORTED ISSUE ID: 09/2018. Proposal to make the interconnection points EU and Ukraine compliant with the TEP

Reported by: Energy Community Secretariat

Status: CLOSED

ISSUE DETAILS

ABSTRACT

Ukrtransgaz kindly requested the Energy Community Secretariat to present its proposal to amend Commission Regulation (EU) No 2015/703 establishing a network code on interoperability and data exchange rules. (Ukrtransgaz was denied access to the ENTSOG Functionality platform, and the interim solution proposed by ENTSOG was that the Secretariat acts as an intermediary between the two).

the Secretariat attaches the Ukrtransgaz letter and proposal on this issue, without any changes into the document.

Category: Cross border eu

REPORTED ISSUE

Ukrtransgaz stressed that: "[I]n general, Regulation 2015/703 is applied at interconnection points [of Ukraine's GTS]. However, gas transmission system operators (TSOs) of Romania and Slovakia refuse to conclude interconnection agreements at interconnection points on the Ukrainian Romanian border and the Ukrainian Slovak border under requirements of Regulation 2015/703 and emphasize on the necessity of special decisions of national authorities."

CONCERNED ENTITIES

Network Code / Guidelines concerned:

Network Code on Interoperability and Data Exchange Rules, Commission Regulation (EU) 2015/703

Member State(s) concerned:

- Romania
- Slovakia

IP(s) concerned:

None selected

NOTIFIED PARTIES

Informed NRA(s):

None selected

Informed TSO(s):

None selected

SUGGESTED ACTIONS

Who should act:

- INVOLVED_NRAS
- INVOLVED_TSOS

Suggested solution or action:

- Other (all of the above (adjustment of implementation, cross-border coordination, nc amendment)
)

SOLUTION

The Ukrtransgaz (UTG) proposal to amend Commission Regulation (EU) No 2015/703 establishing a network code on interoperability and data exchange rules is not carried forward. The implementation requires several steps to be taken. ACER and ENTSOG agreed that in the support of the implementation, technical issues could be further discussed in order to complete these steps. The European Commission closely follows the progress in Ukraine and is aware of the challenges.

Solution publication date: 2019-02-19

DOCUMENTS

[ISSUE SUPPORTING - Ukrtransgaz letter and proposal](#)

[SOLUTION - Gas Network Codes Functionality Process Draft Issue Solut...](#)

To: Mr. Janez Kopač,
Director of the Energy
Community Secretariat

Am Hof 4, Level 5 1010
Vienna, Austria

RE: Necessity to amend Commission Regulation (EU) No 2015/703 establishing a network code on interoperability and data exchange rules

Dear Mr. Kopač,

We would like to express our gratitude for the suggested possibility to launch a question at the Gas Networks Codes Functionality Platform and, thus, we would like to use this possibility and to raise an issue set out below.

In paragraph 2 of Article 1 of Commission Regulation (EU) No 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange rules (Regulation 2015/703) it is stated that *“This Regulation shall apply at interconnection points. With regard to data publication, Article 13 shall apply to relevant points defined in paragraph 3.2 of Annex I to Regulation (EC) No 715/2009. In addition to interconnection points, Article 17 shall apply to other points on transmission network where the gas quality is measured. Article 18 shall apply to transmission systems. This Regulation may also apply at entry points from and exit points to third countries, subject to the decision of the national authorities.”*

In general, Regulation 2015/703 is applied at interconnection points. However, gas transmission system operators (TSOs) of Romania and Slovakia refuse to conclude interconnection agreements at interconnection points on the Ukrainian Romanian border and the Ukrainian Slovak border under requirements of Regulation 2015/703 and emphasize on the necessity of special decisions of national authorities. This means that TSOs of Romania and Slovakia consider points on the Ukrainian border not as interconnection points but entry/exit points from/to the third country. Consequently, Regulation 2015/703 can be applied at entry/exit points from/to Ukraine only in case if there are special decisions of national authorities. This means that after Ukraine will transpose and implement Regulation 2015/703 in accordance with the Decision No 2018/02/PHLG-EnC of the Permanent High Level Group of the Energy Community of 12 January 2018 on adopting Regulation 2015/703 (Decision No 2018/02/PHLG-EnC), there is a low chance that it will have a meaningful effect for both Ukraine and any of Member States as the adoption of additional decisions by national authorities of Ukraine and Member States still will be necessary.

Under the Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013 (Regulation 2017/459) *“‘interconnection point’ means a physical or virtual point connecting adjacent entry-exit systems or connecting an entry-exit system with an interconnector, in so far as these points are subject to booking procedures by network users.”*

Entry/exit points which are located on the Ukrainian border with the EU Member States can be considered as interconnection points within the meaning of the mentioned definition of Regulation 2017/459 as Ukraine has the entry-exit system.

Under the Study on Entry-Exit Regimes in Gas prepared by DNV KEMA, in collaboration with COWI Belgium for the European Commission the ‘full’ entry-exit system is characterized with following features:

- “• *Entry and exit capacities – Network users can contract entry and exit capacity separately.*
- *Free allocability of capacities – Entry and exit capacities are generally freely allocable. This means that gas brought into the system at any entry point can be made available for off-take at any exit point within the system on a fully independent basis. Each exit point can be supplied from any entry point without any restrictions.*
- *Virtual trading point – A ‘full’ entry-exit system needs to be equipped with a so-called virtual trading point where gas can be traded independently of its location. The virtual trading point offers the users the possibility to bilaterally transfer title of gas and/or swap imbalances between network users.*
- *Distribution level included – In a ‘full’ entry-exit system, the distribution level is included in the sense that transmission and distribution network operators take care of capacity and connection related issues at their interconnection points (city gate). Network users do only book exit capacity on the network level where the final exit takes place. Imbalances between injections and withdrawals (taking into account the transactions at the VP) are aggregated across all entry and exit points in a network user’s portfolio, regardless of the network level.”¹*

All of these features are implemented in the Ukrainian gas transmission system code (GTS code) and are complied with by the Ukrainian gas transmission operator. Regarding the ability to contract entry and exit capacity separately, the procedure described in the GTS code supposes that the capacity is allocated separately for every entry and exit point. For instance, in paragraphs 1 and 4 of Chapter 3 of Section IX of the GTS code it is outlined that “1. *The network user intending to order (book) the capacity allocation at a certain physical entry point to the gas transmission system **and/or** the physical exit point from the gas transmission system shall submit to the gas transmission system operator an application for the capacity allocation in the form of the gas transmission system operator and published on its website ... 4. The application specifies the capacity **separately** for each physical entry point and **separately** for each physical exit point as well as the period for which access to capacity is to be granted.*” Furthermore, the capacities are freely allocable – there are no requirements or conditions which assume that any certain entry points are connected to any certain exit points (or vice versa) in the GTS code. Thus, as a general rule the network user independently defines entry and exit points during the nomination submission. In accordance with paragraph 2 of Chapter I of Section XI of the GTS code “2. *The nomination shall determine the quantity of natural gas **at each entry and exit point**..., which is ordered by the network user.*” The VTP is also implemented within the Ukrainian entry-exit system. This is outlined in the State of Gas Market Integration in the Energy Community Report by Energy Community Secretariat “In January 2016, the Ukrainian **virtual trading point (VTP) launched its operation**. According to Ukrtransgaz, there were 320 companies active on the VTP in 2016, performing 2.676 transactions and trading volumes added up to more than 20.169 mcm of gas. In 2016, only monthly products on an OTC basis were traded. Access to the VTP is regulated by the transmission network code: **access to the Ukrainian gas transmission network at the same time grants access to the VTP.**”² The distribution level is ‘included’ as under the GTS code all issues related to capacity at the interconnection point between the gas transmission system and distribution system (city gate) are arranged by relevant operators without participation of the network user. Firstly, the capacity at exit point from the gas transmission system to the distribution system is allocated only to the gas distribution system operator (so there is no need for the network user to book capacity at the city gate). In accordance with paragraph 3 of

¹ p.5, Study on Entry-Exit Regimes in Gas, DNV KEMA, URL: <https://ec.europa.eu/energy/sites/ener/files/documents/201307-entry-exit-regimes-in-gas-parta.pdf>

² p.10, The State of Gas Market Integration in the Energy Community, Special report for the CESEC High Level Group Meeting, Energy Community Secretariat, Bucharest 28 September 2017, URL: <https://www.energy-community.org/regionalinitiatives/CESEC/monitoring.html>

Chapter 1 of Section IX of the GTS code “*The capacity of the physical exit point from the gas transmission system, to which the gas distribution system is connected, is provided exclusively to the gas distribution system operator for a period of at least one year.*” Secondly, information on withdrawals of gas by consumers connected to the gas distribution system is provided to the gas transmission system operator and then the gas transmission system operator provides this information to network users. In paragraph 4 of Chapter 3 of Section XII of the GTS code it is stated that: “*Quantities of actual natural gas consumption by consumers (including household users) determined by the gas distribution system operator or their fiscal metering points (which have a separate EIC-code) connected to the gas distribution system of the operator and transferred in accordance with the established by this Code procedure to the gas transportation system operator, are obligatory for their natural gas supplier (suppliers). The procedure of transfer by the gas transmission system operator of data on actual natural gas consumption to supplier (network user) is determined in this Code and transmission contract.*” Thus, the aggregation of information across entry and exit points of the gas transmission system and distribution system is implemented.

Consequently, points on the Ukrainian border with the EU Member States are interconnection points. Regulation 2015/703 shall apply regardless of any decisions of the national authorities. At the same time points on border with Romania and Slovakia are out of scope of the Regulation 2017/459³.

That is why we would like to ask you to consider the possibility to raise the issue of amending the paragraph 2 of Article 1 of Regulation 2015/703 in the next way:

Option 1:

“This Regulation shall apply at interconnection points and entry points from and exit points to Contracting Parties to the Treaty establishing the Energy Community if these points can have characteristics of interconnection points. Whether the entry point from and exit point to Contracting Party to the Treaty establishing the Energy Community has characteristics of the interconnection point is defined by the Energy Community after the application of the national authority. With regard to data publication, Article 13 shall apply to relevant points defined in paragraph 3.2 of Annex I to Regulation (EC) No 715/2009. In addition to interconnection points, Article 17 shall apply to other points on transmission network where the gas quality is measured. Article 18 shall apply to transmission systems. This Regulation may also apply at entry points from and exit points to third countries, subject to the decision of the national authorities.”

Option2:

“This Regulation shall apply at interconnection points and entry points from and exit points to Contracting Parties to the Treaty establishing the Energy Community if the TSO of the Contracting Party has officially requested the TSO of the neighboring Member State to introduce provisions of this regulation at that entry point from and exit point to Contracting Party. With regard to data publication, Article 13 shall apply to relevant points defined in paragraph 3.2 of Annex I to Regulation (EC) No 715/2009. In addition to interconnection points, Article 17 shall apply to other points on transmission network where the gas quality is measured. Article 18 shall apply to transmission systems. This Regulation may also apply at entry points from and exit points to third countries, subject to the decision of the national authorities.”

Such amendments to Regulation 2015/703 will facilitate the efficient functioning of its provisions in Ukraine after the implementation of Regulation 2015/703 in accordance with the Decision No 2018/02/PHLG-EnC.

Thanks in advance and we look forward to hearing from you soon!

Yours sincerely,
Chief Strategy and Business Officer
of the PJSC “UKRTRANSGAZ” Branch
“Gas Transmission System of Ukraine”
Sergiy Makogon

³ <https://transparency.entsog.eu/>

Gas Network Codes Functionality Process

Draft Issue Solution (to be confirmed by ENTSOOG)

Issue details	
Number:	479-18-04-23-0949
Name:	Proposal to make the interconnection points EU and Ukraine compliant with the TEP
Reporting party:	Energy Community Secretariat (EnC) on behalf of Ukrtransgaz
Network Code / Guidelines concerned:	Network Code on Interoperability and Data Exchange Rules, Commission Regulation (EU) 2015/703
Article of the Network Code / Guidelines	Not Defined
Category:	N/A
Abstract:	
Ukrtransgaz kindly requested the Energy Community Secretariat to present its proposal to amend Commission Regulation (EU) No 2015/703 establishing a network code on interoperability and data exchange rules. The Secretariat attached the Ukrtransgaz letter and proposal on this issue, without any changes into the document.	

Issue solution(s)	
Publication date:	19.02.2019
The Ukrtransgaz (UTG) proposal to amend Commission Regulation (EU) No 2015/703 establishing a network code on interoperability and data exchange rules is not carried forward. The implementation requires several steps to be taken. ACER and ENTSOOG agreed that in the support of the implementation, technical issues could be further discussed in order to complete these steps. The European Commission closely follows the progress in Ukraine and is aware of the challenges. The issue will be closed on the FUNC platform.	