

**16<sup>th</sup> Stakeholder Group Meeting**  
**GAS REGIONAL INITIATIVE – SOUTH SOUTH-EAST**

27 May 2014, 10:30 – 16:30

GAZ-SYSTEM S.A. (TSO) premises, 4 Mszczonowska Str.

Warsaw, Poland

**DRAFT MINUTES**

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	Surname	Name	Organisation
1	<b>Babicz</b>	Marta	Ministry of Foreign Affairs of Poland
2	<b>Bando</b>	Maciej	Energy Regulatory Office
3	<b>Bowerbank</b>	Lee	ExxonMobil Gas & Power Marketing
4	<b>Brzęczkowski</b>	Stanisław	GAZ-SYSTEM S.A.
5	<b>Buzar</b>	Joanna	Energy Regulatory Office
6	<b>Cariello</b>	Francesco	Autorità per l'energia elettrica e il gas ed il sistema idrico (AEEGSI)
7	<b>Čtěl</b> <del>oš</del> <b>Bubeník</b>	<del>Ján</del> <b>Peter</b>	Eustream a.s.
8	<b>Chadam</b>	Jan	GAZ-SYSTEM S.A.
9	<b>Conti</b>	Ilaria	ENOI S.p.A.
10	<b>Cwetsch</b>	Adam	Ministry of Foreign Affairs of Poland
11	<b>De Miguel</b>	Juan	ACER
12	<b>Diana</b>	Miranda	Autorità per l'energia elettrica e il gas ed il sistema idrico (AEEGSI)
13	<b>Dimitrov</b>	Milen	SEWRC
14	<b>Dzhermanova</b>	Victoria	SEWRC
15	<b>Döring</b>	Christelle	RWE Supply & Trading GmbH
16	<b>Flak</b>	Katarzyna	Energy Regulatory Office
17	<b>Fogel</b>	Damian	Energy Regulatory Office
18	<b>Golonka</b>	Karolina	Energy Regulatory Office
19	<b>Gonçalves</b>	Francisco	Gazprom Marketing & Trading Ltd.



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20	<b>Grujic</b>	Predrag	Energy Community Secretariat
21	<b>Hrncarova</b>	Marie	Energy Regulatory Office of Czech Republic
22	<b>Ilersic</b>	Marko	Plinovodi d.o.o.
23	<b>Ischia</b>	Alessandro	E-Control
24	<b>Kaźmierska</b>	Aldona	Energy Regulatory Office
25	<b>Kehr</b>	Michael	NET4GAS, s.r.o.
26	<b>Kőrösi</b>	Tamás	MEKH
27	<b>Krug</b>	Marcus	E-Control
<del>28</del>	<del><b>Kuś</b></del>	<del>Piotr</del>	<del>GAZ-SYSTEM S.A.</del>
<del>298</del>	<del><b>Lizak</b></del>	<del>Sławomir</del>	<del>SGT EuRoPol Gaz S.A.</del>
<del>3</del>			
<del>029</del>	<del><b>Loret</b></del>	<del>Jacek</del>	<del>Energy Regulatory Office</del>
<del>310</del>	<del><b>Marzecki</b></del>	<del>Adam</del>	<del>GAZ-SYSTEM S.A.</del>
<del>324</del>	<del><b>Nehrebecki</b></del>	<del>Andrzej</del>	<del>Energy Regulatory Office (URE)</del>
<del>332</del>	<del><b>Panousopolous</b></del>	<del>Vasileios</del>	<del>RAE</del>
<del>343</del>	<del><b>Pełka</b></del>	<del>Paweł</del>	<del>PGNiG S.A.</del>
<del>354</del>	<del><b>Petrov</b></del>	<del>Konstantin</del>	<del>DNV GL Energy</del>
<del>365</del>	<del><b>Pikus</b></del>	<del>Paweł</del>	<del>Ministry of Economy of Poland</del>
<del>376</del>	<del><b>Ramniceanu</b></del>	<del>Mihai</del>	<del>ANRE</del>
<del>387</del>	<del><b>Rondella</b></del>	<del>Elisa</del>	<del>Edison Spa</del>
<del>398</del>	<del><b>Rycerz</b></del>	<del>Joanna</del>	<del>Polish Power Exchange</del>
<del>4039</del>	<del><b>Seklecki</b></del>	<del>Piotr</del>	<del>SGT EuRoPol GAZ s.a</del>
<del>410</del>	<del><b>Slavec</b></del>	<del>Luka</del>	<del>Geoplin d.o.o. Ljubljana</del>
<del>424</del>	<del><b>Starzer</b></del>	<del>Rudolf</del>	<del>Trans Austria Gasleitung GmbH</del>
<del>432</del>	<del><b>Świdarska</b></del>	<del>Aleksandra</del>	<del>Ministry of Economy of Poland</del>
<del>443</del>	<del><b>Tamáska</b></del>	<del>József</del>	<del>MEKH</del>
<del>454</del>	<del><b>Thure</b></del>	<del>Frederik</del>	<del>ENTSOG</del>
<del>465</del>	<del><b>Vermeeren</b></del>	<del>Ruben</del>	<del>European Commission</del>
<del>476</del>	<del><b>Vocilka</b></del>	<del>Vaclav</del>	<del>Gas Connect Austria GmbH</del>
<del>487</del>	<del><b>Wiśniewski</b></del>	<del>Mieczysław</del>	<del>PGNiG S.A.</del>
<del>498</del>	<del><b>Zapart</b></del>	<del>Marta</del>	<del>GAZ-SYSTEM S.A.</del>
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<del>510</del>	<del><b>Tatar</b></del>	<del>Balazs</del>	<del>FGSZ</del>



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*The meeting opened at 10:30 with Aldona Kaźmierska (URE, Poland) and Francesco Cariello (AEEGSI, Italy) in the Chair.*

## 1 Opening

**Mr. Maciej Bando**, acting President of the URE, Poland and **Mr. Jan Chadam**, President of **GAZaz-SYSTEMsystem S.A.**—welcomed the participants. Mr. Bando gave a brief summary of actions taken in the GRI SSE region lately and encouraged to work on new goals. Also, Mr. Bando thanked AEEGSI for its co-leadership of the South South-East gas region so far and informed participants that during the Regional Coordination Committee (RCC) meeting the Italian Regulator AEEGSI step down from the position of co-leadership of the GRI SSE. Romanian Regulator – ANRE volunteered to take over the above position. The switch took place from 1<sup>st</sup> of June 2014.

**Ms. Kaźmierska and Mr. Cariello** welcomed the participants of the SG meeting and gave a quick presentation of the points on the agenda. The minutes of the 15<sup>th</sup> SG meeting were approved as well as the agenda of the 16<sup>th</sup> SG meeting.

**Mr. Cariello** informed the stakeholders that SSE Regulators agreed to introduce a 'rotating rule' for the governance of the Region. The main aim is to ensure equal responsibilities and participation in the SSE activities. 'Rotating rule' states that the shift on the position of co-leadership shall take place every two years. Afterwards, **Mr. Cariello** made a brief sum up of GRI SSE Work Plan 2011-2014. Priorities included were identified in collaboration with SSE Stakeholders and were linked to four main areas of work: interoperability; capacity allocation and bundled products; market integration; infrastructure and investments. Mr Cariello gave an overview of the achieved results and underlined a few projects/topics that could be taken on board also by the new WP 2015-2018. Also, Mr. Cariello emphasized that infrastructure are no longer in the scope of GRI activities because other ad hoc WGs have been set up to follow the above topic in detail.

**Mr. Damian Fogel**, representative of URE made a short presentation regarding update on recent actions taken in the GRI SSE region concerned CAM NC issues and works on the new Work Plan goals. Stakeholders were informed about pilot projects on CAM NC which was taken so far on IPs, allocation platforms as well as market integration projects. Mr. Fogel presented proposed shape of the new Work Plan which should consist of three main pillars: 3<sup>rd</sup> Energy Package implementation, Network Codes implementation and implementation of Gas Target Model in the GRI SSE region. Also, timeline for a new GRI SSE Work Plan development process was presented. It was announced that after consultation among regulators, draft of the new Work Plan will be presented to the Stakeholders and any input will be welcomed. The finalising of the document is planned at the next GRI SSE SG meeting in December 2014.

## 2 Gas Target Model and its influence on geographical scope of GRI SSE region

### 2.1. Brief description of progress in the implementation of the GTM I and in the drafting of the GTM II

**Mr. Markus Krug** (E-Control, Austria) explained that due to the latest major changes of the gas market, there is a need to update the first Gas Target Model (GTM). This would allow to take into account the ongoing work on Network Codes implementation, the impact of renewable energy and the increasing interrelation between gas and electricity sector. He presented the main ideas that



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will be included in the new GTM and clarified that the drafting process is still ongoing. Regulators look for inputs from experts and stakeholders. He also explained the criteria which are taken under consideration during drafting the new GTM as well as its influence on market and its composition. Mr. Krug informed that Luxembourg and Belgium TSO's decided to develop one trading region and afterwards summarized actions taken so far in the process of implementation of GTM I. Also, all the pillars and benefits for each area of the gas market coming from GTM update were discussed. It was highlighted that first and main goal should be that 'every European final customer has the right to be accessible from a functioning wholesale market' (based on 3<sup>rd</sup> Package provision) and that there should be further consideration on definitions of "accessible" and "functioning". To achieve this goal regulators should focus on a further evaluation such as specified tools to deepen liquidity and market enhancement (e.g. market coupling). Mr. Krug emphasized that works on the new GTM are ongoing and its content should be still improved.

## 2.2. Gas Market functioning and integration in the SSE region

**Mr. Ruben Vermeeren** (DG Energy, European Commission) presented a brief description of European internal gas market. He indicated that main goals of European energy policy have been the same for the last 25 years: make energy affordable, secure and sustainable. Creation of the internal gas market will allow EU to achieve the above objectives. In the European Commission's opinion the main challenges for GRI SSE countries are as follows: decreasing the dependency from a single supplier, —strengthening independence of energy regulators (also financial), deregulating gas retail prices and implementing the network codes. In the nearest future the Commission is going to check the implementation of the 3<sup>rd</sup> Energy Package provisions in the EU. Now the most important for the region is to set clear goals for integration and measures to achieve them. It is recommended to conclude the political agreement in this case. —Mr. Vermeeren emphasized that one of the most important reasons for creation of the gas regions was to encourage regional approach and effective integration through cooperation.

**Mr. Cariello** agreed with Mr. Vermeeren that region should focus on the implementation of network codes and asked the audience to comment on that matter.

**Mr. Marco Ilersic** (Plinovodi) said that in his opinion the main objective of the region should be the implementation of network codes as some of them are starting to show the first positive results—. He wondered if the discussion about a new Gas Target Model should take place when all network codes are implemented. The criteria for wholesale markets defined in the new GTM are not appropriate to define what the markets needs are and they do not statue that the market is liquid. The criteria **shall be treated as indicator and** should be discussed as they do not decide about the most important issues and are not realistic as there are only two markets which fulfil them.

**Mr. Krug** replied that he did not see the real conflict between development of the GTM and implementation of the network codes. It would not be positive to wait for 2017 and see whether NCs works or not, it is better to make further efforts in the present to help market evolution. The discussion over the GTM II is in the shadow of Network Codes implementation and the new GTM is not in conflict with the GTM I. The criteria to achieve liquid, well-functioning market were very hard to identify but they are still under discussion. The discussion about the new Gas Target Model is ongoing, nevertheless there will be a need to think about further steps which will have to be taken while the market will be increased.



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**Mr. Vermeeren** specified that he did not mean that the discussion about new GTM should be put off but that efforts should be rather made on the implementation of network codes as it is a task hard enough to realize itself. Also, he indicated that there should be no more discussion – about future and what it should be or not, but there should be taken some real actions and do together projects which will be profitable for ~~our~~the region.

**Mr. Michael Kehr** (Net4Gas) made a remark about hubs and that trading region concept is treated by many people with an anxiety. He did not understand where a problem with this idea was. The concept supports competition and is based on an assumption that all shippers and traders in the region can buy or sell gas on the one common platform. The other issue which need to be solved is the question about mechanisms and sources of financing the infrastructure. There is decrease of demand. Existing pipelines are not fully used and what is the point of building new one if there are some, not fully used. The discussion should be rather about different mechanism to finance infrastructure because now the main aim is the diversification, not the problem with lack of capacities. He proposed that perhaps before starting an investment in infrastructure there should be a reflection with whom to trade and built internal market and after infrastructure investments should be launched.

**Mr. Stanisław Brzęczkowski** (GAZaz-SYSTEMsystem S.A.) supported remarks made by Mr. Kehr. He also emphasized that new infrastructure should be built without exemptions granted. Exemptions make a barrier to achieve liquid market and attenuate the competition. Mr. Brzęczkowski also asked Mr. Krug about satellite market – which was presented during the GTM presentation – whether it should be treated as a current state or rather the target.

**Mr. Krug** explained that in some situations there is no need to develop the separate hub (e.g. Austria which uses NCG hub is a satellite market that is very well functioning). But this is still discussion because satellite market should not be placed a few borders from the liquid market (because there might be some capacity or technical problems).

**Mr. Balazs Tatar (FGSZ)** added that before thinking about zone mergers, a proper costs-benefits analysis should be done and the availability of interconnection capacity should be taken into consideration.

**Mr. Rudolf Starzer** (TransAustria Gas) added that investments are actually not business but rather political decisions.

### 2.3. Introduction on previous discussion about geographical scope of SSE region

**Mr. Juan de Miguel** (ACER) presented a few slides about possible reconfiguration of the GRI SSE region. He invited the Stakeholder to provide input and comments to the discussion and express their views. It is not said that the region will be reconfigured it is only a question whether it should be. The discussion is not new and –it was started in 2011 (European Commission and Madrid Forum). However, no decision has been made. There were many diverging opinion that is why it was decided not to take any further steps. ACER decided to re-open the discussion because of the low involvement of some countries in regional cooperation and because of change of the priorities. ACER recommended to reopen a debate in GRI SSE region and afterwards the process has been started. It is not only debate about dividing but also the possible extension. Mr de Miguel presented the slide with some ideas on how the region might be split. It was only a trigger proposed by ACER



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to start the discussion not the final opinion of ACER. He put the question whether the region should be split, extended or it should stay in the current configuration. Which configuration will be the most efficient to realize region priorities? Also, there should be a discussion about the criteria which should be taken into consideration while splitting, extending or leaving in the current configuration of the region. Whether it should be geographical criteria, or perhaps market integration criteria (like e.g. V4 countries co-operation, CEETR project), or maybe the proper criteria would be a direction or possibilities of gas flow? Which way should this criteria be related to the existing configuration? He announced that the process of discussion has been started at this meeting and Stakeholders would be informed how they may comment, make their input to the discussion.

#### 2.4. Open discussion

**Mr. Cariello** informed that survey about possible reconfiguration of the GRI SSE region was launched among regulators. The answers were different, therefore NRAs decided to keep the region in the existing shape and agreed on new priorities to focus on. –The process to define the new work plan for the period 2015-2018 has started and the GRI SSE will continue to be a broad platform to exchange views, experiences and know-how on the realised projects.–

**Mrs. Elisa Rondella** (Edison Spa) asked whether the possibility of put one country in a more than one region was discussed. Mr Cariello answered that because of administrative (staff) limitations it is wiser to stay in one region.

**Mr. Vaclav Vocilka** (Gas Connect Austria) added that positive aspect of previous European Commission discussion about geographical scope of the GRI regions was that afterwards EC gave a new initiative for GRIs and focused them on more concrete projects such as Third Package implementation and early implementation of the network codes. As it is about reshaping the GRI SSE he thinks that it will be wise to consider some reconstruction as region is wide, heterogeneous and depended mainly on one supplier. Perhaps, it would be easier to implement network codes if the region would be split. As it is about extension on Energy Community countries, he noticed that Energy Community extended itself not so long ago. It was suggested that perhaps GRI SSE region should first work on its own integration giving at the same time to the EnC the time to fully integrate and then begin the discussion about tightening the co-operation.

Another Stakeholder was in favour of keeping the region as it is because in the actual scope it may realize all of its objectives the best.

**Mr. Predrag Grujicic** (Energy Community Secretariat) asked about what decision was taken by GRI SSE Members about extension on Energy Community. Mr. Cariello informed that no final decision was taken during RCC meeting. The formal position of the RCC will be presented and shared with Stakeholders later. He informed that for the time being regulators recognised the importance of keeping informed at least the Energy Community Secretariat about –GRI SSE activities. Also, he informed that if in the new Work Plan some project with a Member of EnC will be included, they rather focus on bilateral co-operation. He said that it is wiser to focus on concrete projects with ad hoc States than trying to extend the co-operation with all EnC.

**Mrs. Ilaria Conti** (ENOI) added that in her opinion GRI should stay in its actual scope. It should be a platform to exchange views between market participants. Geographical scope might be reviewed from time to time anyway. She also emphasized that in her opinion the market is not fully regulated and market participants still have a lot to say and also that future projects should be market based.

### 3 Balancing Network Code

#### 3.1. Implementation of the Balancing Network Code: an overview of TSOs' main challenges

**Mr. Frederik Thure** (ENTSO) presented the timeline of BAL NC implementation. Expected implementation deadlines for each country are based on the survey run among TSOs. He emphasized that implementation of network codes is a complex process and that the proper implementation of BAL NC will make full implementation of CAM NC easier.

**Mr. de Miguel** presented main challenges perceived by TSOs and NRAs while implementing BAL NC. First of all, the determination of relevant Short Term Standardised Products which will be more difficult where liquidity is low and in countries which do not already have trading platforms. Another identified problem is the redesign of current nomination processes (continuous re-nomination cycle). The third one is the investment in new IT equipment. He highlighted that in order to properly implement the BAL NC an extensive cooperation between adjacent TSOs and with NRAs, DSOs, Network Users is needed. He presented the most updated information about status of implementation of the BAL NC in the EU countries. There are some countries which expect to be in line with the BAL NC by the end of this year (Austria and Netherlands), some other countries have been started the process but full implementation is expected by October 2015 (Belgium, France, Denmark and Great Britain), other countries will implement most of the provisions before October 2015 but need some interim period in some areas (Spain, Germany). In Germany TSO requested NRA to use existing balancing platform for another 5 years. Other Regulators responded that TSOs have already implemented many of the provisions but they will ask to postpone the full to the 2016 (Ireland, Slovenia and Czech Republic). They did not collect information from all Regulators, so Mr. de Miguel asked Regulators to fulfil the survey. The Madrid Forum encouraged ACER, ENTSOG as well as NRAs and TSO to identify issues that might be met during the BAL NC implementation and support cross border cooperation. Updated information on BAL NC national implementation will be collected by ENTSOG and ACER in the coming months and presented to the next Madrid Forum.

#### 3.2. Open discussion on what should be done (if any?) at the GRI SSE level to improve implementation of BAL NC

**Ms. Kazmierska** asked Stakeholders to provide some input, idea about possible pilot project regarding earlier implementation of BAL NC in the region.

**Ms. Conti** (acting as EFET representative), informed that they do not share the view of earlier implementation of BAL NC however they will support creating market. In their opinion it is very important for market participants to have clear deadline for implementation. It is essential for shippers to have medium and short-term implementation plans available.

**Mr Thure** asked what EFET understand through 'clear deadline'? Whether it should be done on a central/ENTSO basis or rather on national basis. Mrs Conti answered that she was referring to the concrete implementation steps which are to be taken on a national level. Knowing exact steps and periods in which they will be taken are essential for shippers, so they can understand the environment in which they operate. Mr de Miguel said that when the Madrid Forum asked to prepare the survey about implementation status on a national level the aim was transparency. And now it is a few months ahead to complete that information but some countries are still in the phase of thinking how the implementation should look alike.





## 4 Capacity Booking Platforms – available solutions

### 4.1. Presentation of Hungarian Platform

Mr Tatar Balazs (FGSZ) informed about reasons why they decided to develop [the Regional Booking Platform](#). ~~Main issues that they faced while implementing the CAM NC and RBP as a CAM compliant platform their own platform instead of joining PRISMA platform. Main issues that they faced while considering PRISMA offer~~ was a legal environment and cost allocation. He emphasized that implementation of CAM booking platform is mostly ~~the a~~ legal task – about proper implementation of all provisions of this code and it is even more challenging task that technical implementation. One of the challenges was what to define bundling. Bundling is not only an allocation process ending up with two products which are the same quantity but these products should go hand by hand also after using the product in the latest transaction (eg. on secondary market) as well as for CMP procedures. The other challenge was how the bundled can work as one. Problem arised because bundled product is in fact two products with two concluded contracts under two different legal systems.. He reminded than while thinking about booking platform there should be lots of aspects taken into consideration, eg. the implementation timing, co-operation of TSOs. It is important that network users should also take part in a discussion regarding booking platform as they will be their users and there are eg. technical standards that they will have to fit to. HU-RO platform is in line with CAM NC regulation and the main idea was to provide products based on [this “tight” \(product\) tight](#) bundling concept. Platform owners do not want the platform to be only a tool for CAM NC implementation but they would like to go beyond – responding for the users/market demand. Their plan for the future is to use the same tool to build Balancing Platform and REMIT RIS Platform. He presented the functionalities of the platform. On the platform there are already implemented bidding ladder which will be required by draft of Incremental capacity NC . What the most important in this mechanism is that shippers can bid for an unlimited number of auctions which take place in parallel. The platform will be able to work on a high number of IP's. The platform will work 24/7. Standard SOAP/xml-based edig@s data exchange formats are supported. The work of Platform as well as its cost allocation will be supervised by NRA.

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**Comment [TB1]:** We kindly ask you to correct the text on basis of the below explanations.

1. RBP is a joint project between FGSZ and Transgaz, therefore we would not like to refer to it as “own platform”.

2. The decision and most of the IT development took place before PRISMA even existed; therefore PRISMA played no role in this regard. Of course later on we compared RBP with PRISMA and then decided to keep RBP.

### 4.2. Presentation of GSA Platform

Mr. Stanisław Brzęczkowski (GZaz-SYSTEMsystem S.A.) presented GSA Pplatform – a booking platform lately developed by [the Polish TSO](#). ~~Developing of that platform is the outcome of the last GRI SSE meeting in Milan.~~ Basis for [development of](#) this platform is art. 27 of CAM NC, which states that there might be more than one joint booking platform [in the EUs](#). The platform is based on the GZaz-SYSTEMsystem IT system used internally for booking capacity. This system is fully secure and prepared for offering [bundled product](#). Since December 2013, 60 successful auctions [haves](#) been organised which proved that this system works. The capacity offered on [GSA this Pplatform](#) will be both bundled and unbundled (in case someone would need it). Offered products are in line with CAM NC. Now GZaz-SYSTEMsystem is at the phase of discussion with TSOs which [may will](#) be interested in running the pilot project on the GSA Pplatform. At the end of this year GZaz-SYSTEMsystem would like to finalise the second stage of this project [i.e. which is](#) additional interface for edig@s which means that the platform will be compliant not only with CAM NC but also with Business Requirements Specifications (BRS) and Common Network Operation Tools (CNOT). The system will [be offer the following functionalities:](#) multicurrency, [multilanguage, tariff calculator and financial security check.](#) ~~and~~ It will also offer [day-ahead and within-day auctions which are required by CAM NC as well as](#) additional tool for secondary market. ~~multi languages, tariffs calculator, day-ahead and within-day auctions which are required by CAM NC.~~



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The system will be efficient and in highest level of security. All costs will be split among contractual IPs. Each TSO which join the platform will cause reduction of the cost per IP. The governance body will be the council of operators - members of [the GSA](#). The decision should be taken rather by the consensus than voting. Mr. Brzeczowski invited all TSOs to try the GSA platform whether they are PRISMA Members or not. First auction on this platform is planned in June this year. All functionalities of the platform are planned to be ready at the end of this year.

**Mrs. Kazmierska** summarized that it is very interesting to have so many solutions in the region and it is the time for Regulators and TSOs to choose the solution which will be used in the nearest future.

**Mr. Tatar** added that they have started the pilot project on the Hungarian – Romanian border and also they are thinking about Slovakian – Hungarian border. [Their national provisions will oblige them to auction internal capacity from 2015 on.](#)  
~~Their national provisions do not oblige them to auction internal capacity.~~

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Comment [TB2]: this is exactly the opposite ☺

One of the Stakeholders asked that capacity on both sides should be offered on the same platform and how this issue can be solved if neighbouring TSOs decided for two different platforms.

**Mr. Brzeczowski** answered that it is a challenge for TSOs to make an agreement on it. And that aim of the pilot projects is not only a product bundling but also the case of common management of bundled products, including CMP procedures.

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## 5 Licensing regime

### 5.1. Presentation on main conclusions of KEMA studies with a focus on SSE countries and licensing issues

**Mr. Konstantin Petrov (DNV GL)** presented an extract from KEMA report concerning the Third Energy package implementation prepared for the Commission. The main goals of the Third Energy Package are implementation of entry-exit systems, encourage regional cooperation, facilitate cross-border trade. As an outcome from the KEMA report it might be observed that not all of EU countries have implemented entry-exit system. The other countries have taken a number of different designs for market access rules. These differences may lead to barriers for entry to the market and cross border trade. The four areas essential for network access are: design of entry-exit system, licensing and contractual framework, capacity products and pricing, balancing and imbalance settlement. Also barriers were divided into three groups: highly critical barriers, potential barriers and others. The elements essential for completely established entry-exit system was identified as: entry and exit capacities, free allocability of capacities, existence of virtual points, appropriate balancing system. In practice the KEMA study shows several deviations from this idea of entry-exit system such as ~~lackness-absence~~ of virtual points, existence of non-freely allocable capacities and separate balancing zones, existence of two separate systems – trading and 'national', integration of distribution into the entry-exit zones, undue separation of trading between the virtual point and various other physical locations which may lead to split of liquidity. As it is about licensing regimes in EU licences mainly apply to suppliers. But there are plenty of different formats which are treated as licensing regimes, such as: notification/registration, license/approval, contracts, and specific regime for trade and supply or even in some of the countries lack of any licensing regime. Also, Mr. Petrov explained that requirements of licensing were split in the study into two groups: common and additional requirements. He also presented the table with specification of countries and information which regime and for which activity the license is



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required. Most popular common requirements are: legal entity, operational capabilities, financial capabilities, collaterals, customer service, and report obligation. Additional requirements were identified as: ability to secure supplies, mandatory diversification, and proof of signed import contracts. While analysing the requirements several possible barriers which might come from it were identified: different understanding of definitions, lack of information available from a website, information provided only in local languages. There was observed that most of barriers are real problem mainly for small network users. Also, some of the requirements are not encouraging development of a common market – instead users are rather willing to conduct long-term contracts which have negative effects on a spot market.

Mr. Petrov identified other areas essential for encourage completely established entry-exit system. As it is about capacity products and pricing there are a few factors which should be harmonized: duration of a products (standard products are in fact defined in the CAM NC), firmness (as in some countries there are different kinds of firmness), restricted allocability (because of existing long term-contracts or other obligations), bundled products, tariff structure. The most popular product (and in some countries the only one which is offered) is annual product. In many there is not enough availability of short term products which in fact allow shippers to react to short term price signals. Also, tariffs regimes are sometimes even discriminatory for users which can create a real barrier. There are also great differences in balancing systems across EU.

Summarizing, Mr. Petrov presented a few key success factors and best practises which will lead to the implementation of Third Package ideas. These factors are: independent booking and use of entry and exit capacities, existence of a virtual point with unrestricted access, availability of short term capacity products for trading between different entry-exit systems. Best practices were identified as follows: harmonised requirements for national licenses, limitations of preconditions for network access, bundling of cross-border capacities, and establishment of organised market platforms connected to the VP, integration of TSO networks and/or market areas.

Afterwards, Mr Petrov invited to the open discussion with panellists which are representatives of cross European traders.

## 5.2. Panel discussion

**Mrs. Ilaria Conti from ENOI and Christelle Doring from RWE Supply & Trading GmbH** jointly with Mr. Petrov run a discussion on the question addressed in the agenda. Ms. Conti indicated that as ENOI is medium size trader and they do not operate on every market in SSE region, so her answers consider the experience from the markets where they are present. In principles she would like to emphasize that they are not against licensing because it is a mechanism which allow to check availability of the company to operate on the market but they think that this check should be limited only to operational and financial availabilities. All those additional requirements they may be treated as some kind of barriers. They, as a Company would really welcome the project of harmonization of licensing regimes. She thinks that licensing as obstacle should be discussed together with reporting obligation. The barriers that they are identified are that it is sometimes hard to get to the needed information, language problems or administrative barriers. Also, they do not see that some of additional information required by NRAs in some of the countries are in fact needed and for Company it may cause additional costs. Ms. Doring proposed preparing sort of guidelines or good practice for licensing regime in Europe. Having a license is often linked with an obligation to report monthly, quarterly, annually and most of countries ask for the same data, so perhaps it would be wise to make a one, European report, so the same data will not have to be reported to each country separately. The transparency in the licensing regime will encourage



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development of market liquidity. She supported the barriers which Mrs. Conti enumerated. She added also that it would be helpful if there will be some 'package' information prepared about license requirements in each country. Mr. Petrov added that the big question is whether it is possible to harmonize a license, not only in terms of language but also in terms of requirements, reporting. In his opinion there will be always some national/regional differences but he thinks that it is possible to edit a document with common license standards or common draft of a monitoring report. Mrs. Conti said that harmonization and digitalization of a licensing process are essential to improve the process. Perhaps there should be a format in English which may be fulfilled online? Or maybe ACER could run a list of traders operating already on the market and every NRA may check whether required documents has already been provided, so the shipper will not have to provide the same documents to each TSO separately. Mrs. Doring suggested that perhaps countries should acknowledge the license from the other one. Mrs. Conti asked about an initiative which was raised a few years ago regarding wholesale trading passport and which was discussed for some time. But since 2011 there has not been discussion on this subject. Mr. Cariello summarised that panellists mainly describe bureaucratic requirements and the problem with clear information what is required to get the licence. Maybe the initiative taken lately in V4 countries will help in this matter. To sum up – the most important issue to solve is to find a way to explicitly define what is exactly requested and by whom and in which format and then to see possible ways to improve and perhaps limit the requirements. He also added, that perhaps REMIT implementation will make data report easier and more transparent. Mrs Conti answered that in principles they are of course agree but at the beginning of the discussion about REMIT was the concern that the REMIT requirements will arise in addition to the existing one. This should be avoided. REMIT should be able to facilitate networking between regulators and market players so that there should be no other intermediary between them. Also, in her opinion there should be only one, common platform for reporting and not a one platform for each country.

**Mr Petrov** summarized the discussion. He indicated that licensing is mainly the legal issue and it is highly challenging to harmonize. Some of the requirements are quite easy to standarise but some of them (eg. regarding security of supply) which are linked to the Energy Policy of the country might be hard to change. There should be some motivation beyond that initiative. Especially ACER as international regulator has a big impact on that work. Perhaps it should prepare some kind of RoadMap for harmonization, digitalization, and one international access to the market.

**Mr. Cariello** suggested to wait for an outcome of V4 initiative in licensing. Based on the above outcome, NRAs will decide whether extend the work on licencing to all GRI SSE region and put it into the new Work Plan as a pilot project. Mrs. Conti and Doring announced that in case this initiative will be started they are willing to share their experiences from operating on a market.

## 7 AOB

No other business was addressed.

## 8 Concluding remarks and next meeting

**Mr. Cariello** concluded that they will circulate among Stakeholders the results of the survey among regulators on reconfiguration of the region together with the draft of the minutes from this SG meeting. All stakeholders are asked to give their comments and opinions on this matter. He also



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asked Stakeholders to take active part in the consultation phase of the new Work Plan scheduled for autumn this year.

**Mrs. Kaźmierska** informed that the day after this meeting will be V4 meeting regarding licensing regime issues, so the decision about next steps will be taken at this meeting.

| The next SSE SG meeting will be organized in **Buch**arest in the first part of December this year.