



**SOUTH SOUTH-EAST GAS REGIONAL INITIATIVE
WORK PLAN 2015-2018**

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1 Introduction

1.1 South – South East region (SSE)

The SSE region of the Gas Regional Initiative (GRI) comprises Austria, Bulgaria, the Czech Republic, Croatia, Cyprus, Greece, Hungary, Italy, Poland, Romania, Slovakia and Slovenia. The GRI SSE, launched in 2006, represents a bottom up approach to the completion of the Internal Energy Market (IEM) in the SSE region. It is an appropriate forum for cooperation involving relevant stakeholders in the gas sector aimed at early implementation of the EU *acquis communautaire*. The core activities of the GRI SSE are voluntary pilot projects. So far, a significant number of issues have been successfully tackled within GRI SSE. These include progress in areas such as the timely implementation of the Third Energy Package, congestion management, capacity allocation (bundled capacity products), network development (regional investments in new infrastructure; cooperation in the selection process for Projects of Common Interest), transparency of Transmission System Operators (TSOs) and security of gas supplies.

The essential framework for the creation of a common IEM in the GRI SSE region includes :

- Establishing a well-functioning, competitive and transparent common gas market in the SSE region.
- Ensuring security of supply at an appropriate level for all of the GRI SSE countries.
- Ensuring the same access conditions and gas market rules in the region.

The GRI SSE has proved to be the appropriate tool for achieving the regional and EU-wide objectives. Only enhanced and fruitful cooperation between gas markets in the region and their gradual integration will enable unimpeded cross-border gas flows in the region and strengthen the security of supply.

1.2 Organisational structure

The cooperation under GRI SSE brings together wide range of stakeholders such as NRAs, TSOs, Member States (MSs), Power Exchanges (PXs), capacity platform operators, the Agency for the Cooperation of Energy Regulators (ACER), the European Commission (EC), shippers and other market participants from all countries in the SSE region. In order to ensure the efficient enforcement of GRI tasks and projects an appropriate organisational structure is required (*Figure 1*).

The region is co-chaired by two NRAs. During the first several years the GRI SSE was co-chaired by: E-Control (AT) and AEEGSI (IT). Currently, the GRI SSE co-chairs are URE (PL) and ANRE (RO). To ensure equal representation of different points of view and that each NRA is equally involved in the work of the Region, the NRAs have agreed to implement rotation for the co-chairmanship of the region. SSE co-chairs shall not be simultaneously replaced to ensure continuity of GRI SSE activities. Each Co-Chair shall serve for a mandate of two (2) years. Any of the co-chairing NRA can serve for a second mandate, if this NRA wishes to do so. In case that more than one candidate is available for the position of Co-Chair, SSE NRAs will be asked to express their preference on the basis of one country one preference rule. A rule of offering/asking Regulators in alphabetical order will be followed.

The work within GRI SSE is lead in different groups. The first one, the **Regional Coordination Committee (RCC)** is composed of the representatives of NRAs of EU Member States and ACER as members and representatives of the EC, NRAs of Energy Community Contracting Parties and the Secretariat of Energy Community (EnC) as observers. The RCC coordinate and determine the priorities of all GRI SSE activities.

Second body – the **Stakeholders Group (SG)** provides a forum for discussion and cooperation between all stakeholders involved in GRI SSE (NRAs of MSs and EnC Contracting Parties, ACER, EC, MSs, Secretariat of EnC, TSOs, other operators, PXs and market participants).

With the aim of facilitating and accelerating the early implementation of Network Codes it is recommended to establish working groups for each Network Code (CAM NC, BAL NC, IO NC) in the form of **Implementation Group (IG)** and designate for each IG a different NRA

and/or TSO responsible for chairing the group. The GRI SSE co-leading NRAs will have direct oversight over all IGs and shall ensure appropriate coordination between them. The IGs shall be composed of representatives of NRAs, TSOs, PXs and other operators (if needed) and should meet (for example via teleconferences or physical meetings) as frequently as necessary for the proper operation of the group, at least twice a year.

In addition, it is important to ensure that each pilot project included in the Work Plan 2015-2018 will be represented by the **project promoter** (NRA). Project promoters shall regularly report the current state of work on the project on RCC, IGs and SG meetings or upon the request of Co-leading NRAs.

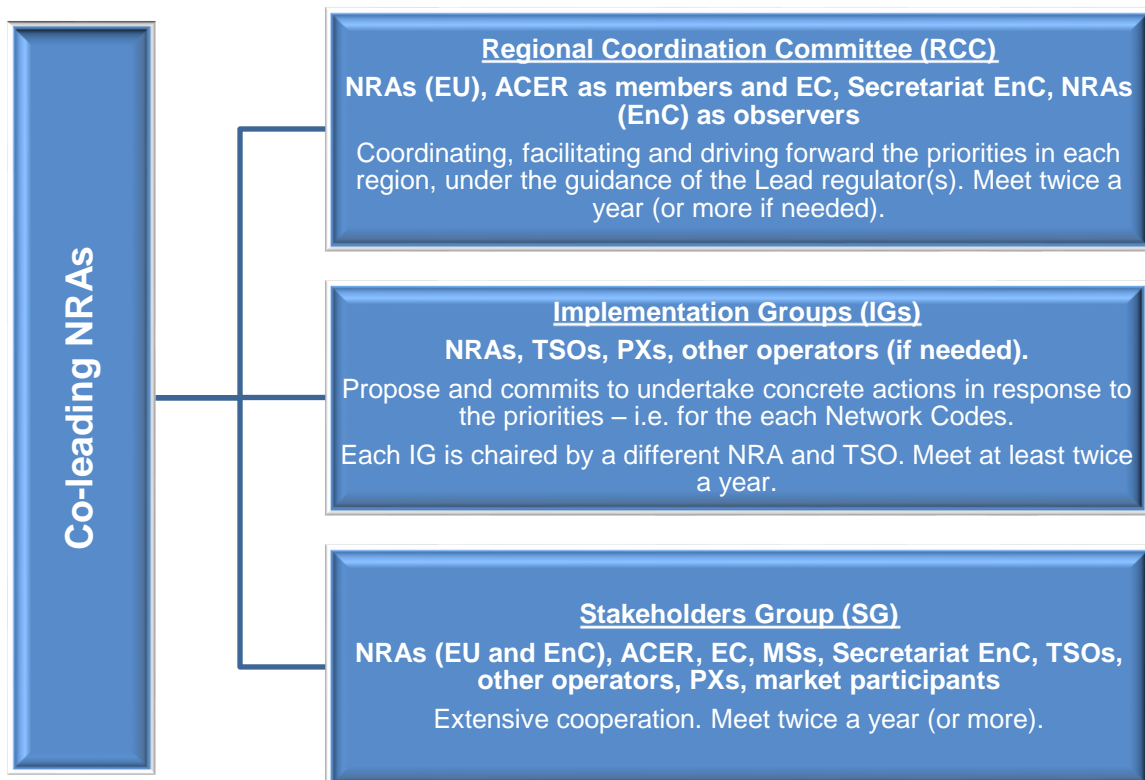


Figure 1: GRI SSE organisational structure.

1.3 Implementation of the Work Plan 2011-2014 of the GRI SSE

On the basis of the decision of the European Council to complete the EU internal market for energy by 2014, the European Commission requested each regulator, under the coordination of the lead regulator(s), to contribute to the elaboration of a “European Energy Work Plan 2011-2014” for each region and to submit it jointly to the EC (DG ENER) and to ACER. The first GRI SSE Work Plan was published in October 2011. The document was regularly updated. The main priorities of the GRI SSE Work Plan 2011-2014 (identified in collaboration with SSE stakeholders) have focused on four main areas of work: Interoperability; Capacity allocation and bundled products; Market integration and Infrastructure and investments.

The SSE Region contributed to the early implementation of the Network Code on Capacity Allocation Mechanisms (CAM NC)¹ setting up pilot projects among its members, facilitating the cooperation between SSE NRAs and their TSOs and collaborating with the other regions as well as with European Network of Transmission System Operators for Gas (ENTSOG) in order to ensure the harmonised implementation of the above-mentioned projects.

As a result of the development of capacity allocation provisions within the GRI cooperation, the SSE region has also achieved important results in the area of Market Integration:

- the Regional Balancing Platform (RBP) has been established by the Austrian Central-European Gas Hub (CEGH);
- the implementation of the Gas Target Model (GTM) have been analysed in the region with the aim of creating a trading region in Central-Eastern Europe (CEETR project). To this purpose a report was published which describes the macroeconomic benefits of implementing different models for balancing and trading zones and the main principles under which a trading region could work.
- a common regional gas market in the Visegrad Region (V4 - Poland, Czech Republic,

¹ Commission Regulation (EU) No 984/2013 of 14th October 2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and supplementing Regulation (EC) No 715/2009 of the European Parliament and of the Council.

Slovakia and Hungary) has been also promoted through the development of the *Road Map towards the common regional V4 gas market*, which was endorsed by the V4 Prime Ministers in June 2013 and entered its implementation stage in the second half of 2013.

The SSE region has been also a forum to exchange information with stakeholders on the development of both the Central-Eastern Europe (CEE) and Southern Corridor (SC) Gas Regional Investment Plans (GRIP) and on the security of supply issues such as preventive action plans.

2 Work Plan 2015-2018 of the GRI SSE

2.1 ACER guidelines for GRI cooperation.

Having regard to the fact that the EU gas markets continuously evolve (i.e. development of interconnections, entry into force of the NCs provisions) and the 2014 deadline for the IEM completion is soon approaching, by the end of 2013 ACER initiated a discussion on the future role and priorities of Regional Initiatives. In the Regional Initiatives Status Review Report 2013 “Final steps towards the 2014 deadline” ACER indicates that *the GRI should remain focused on three main priorities:*

- *contribute, as the top priority, to the early implementation of the Network Codes, identifying potential pilot projects and facilitating their implementation – in cooperation with ENTSOG – through dedicated processes and working arrangements, as started in the area of capacity allocation mechanisms (CAM NC);*
- *help to implement other EU regulatory developments at national and regional level in line with the activities planned in the regional Work Plans 2011-2014, and*
- *develop projects that are suitable to be carried out at regional level and contribute to the IEM, in areas such as the integration of markets through the implementation of the Gas Target Model (GTM)².*

² *Final steps towards the 2014 deadline*, Regional Initiatives Status Review Report 2013, ACER, p. 11. (http://nra.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20Regional%20Initiatives%20Status%20Review%20Report%202013.pdf).

According to ACER opinion the GRIs should serve as a regional forum for sharing experience and best practices between European Commission, ACER, MSs, NRAs, TSOs and other operators, PXs and market participants in all issues related to the gas market functioning with a broader than national impact³. This GRI SSE Work Plan 2015-2018 fully takes into account the above mentioned guidelines.

2.2 Scope and objectives of the GRI SSE Work Plan 2015-2018

Notwithstanding any other works carried out within EU aimed at full implementation of Network Codes, the GRI SSE continues its work on developing projects in order to provide inputs to these pan-European codes and to pave the way for their implementation in the region. Thus, the effectiveness of market integration efforts on a regional level will strongly depend on a timely implementation of Network Codes and other Third Energy Package provisions and TSOs action to fulfil legal requirements on regional cooperation providing for harmonized rules for cross-border trade and facilitating market integration within the region. All activities carried out under the GRI SSE, including in particular pilot projects, shall take full account of the wider than regional impact and support cross-regional cooperation.

Having in mind the Russian-Ukrainian crisis in a recent months, most of the SSE and the Energy Community (EnC)⁴ countries are facing considerable challenges related to the security of supply, GRI SSE region needs to intensify efforts to counteract any possible risk linked to impact of supply cut-off situations. The SSE and the EnC countries should effectively collaborate in diversification of sources and routes of gas import, with the aim of decreasing their energy dependence from Russia. This should also target equal application of Network Codes (Regulations) on interconnection points between EU MS and EnC members to the extent the relevant Network Codes (Regulations) are also adopted in the EnC.

³ Ibidem.

⁴ The Parties of the Energy Community Treaty are Albania, Bosnia and Herzegovina, Montenegro, Rep. of Macedonia, Serbia, Moldova, Ukraine, Kosovo and EU (also 17 EU Member States have the individual status of participant in the main bodies of the Energy Community).

At the beginning of 2014 GRI SSE decided to intensify its cooperation with the Energy Community. This cooperation should take a twin-track approach. Firstly, representatives of the EnC Secretariat and representatives of the EnC NRAs are to be invited to take part in GRI SSE RCC and SG meetings and representatives of GRI SSE shall take part in the Energy Community Regulatory Board (ECRB) Gas Working Groups meetings. Secondly, the cooperation should focus on concrete projects between two or more countries from both GRI SSE and EnC. To this extent also formal extension of the GRI SSE to EnC members (or at least the EnC countries having a sufficiently developed gas market, such as Serbia, Moldova and Ukraine) should be considered.

To ensure coherency and effectiveness of the GRI SSE cooperation, having regard above approach and priorities, Work Plan for the period of 2015 to 2018 should lie within three main pillars (with the component projects), which have been defined as follows (*Figure 2*):

- **Pillar I** – Harmonised implementation of Network Codes.
- **Pillar II** – Market integration.
- **Pillar III** – Security of Supply.

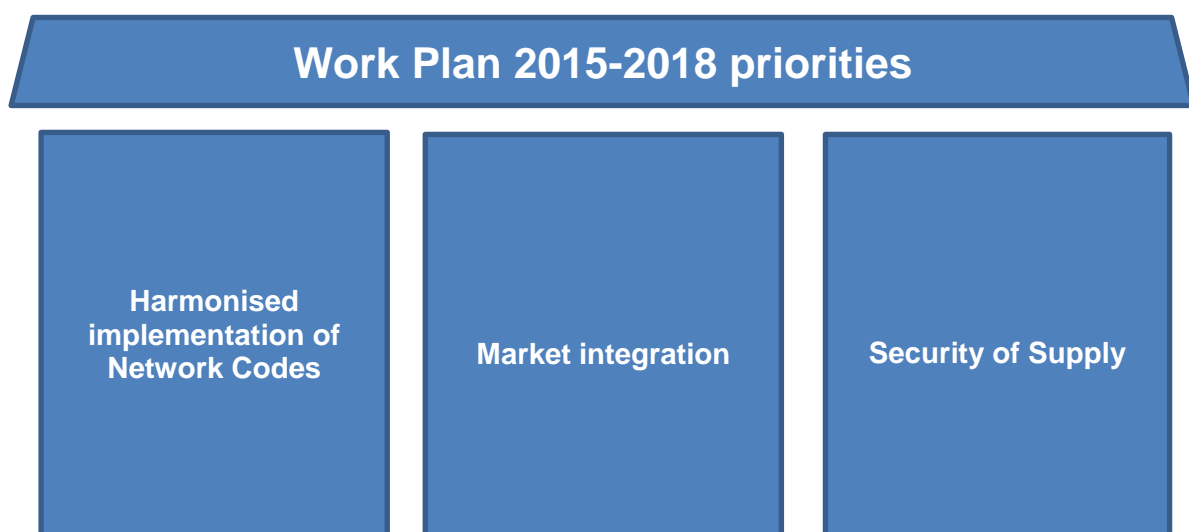


Figure 2: Priorities of the Work Plan 2015-2018.

Following the approval of the Regulation (EU) no 347/2013 of the European Parliament and of the Council of 17 April 2013 on Guidelines for Trans-European energy infrastructure⁵ and the establishment of ad hoc groups for the evaluation of Project of Common Interest (PCI), NRAs decided to discontinue the work on infrastructures within SSE region. Therefore, all pilot projects directly related to the gas infrastructure, that have so far been included in the Work Plan, are no longer the part of the document for the 2015-2018 period. Notwithstanding the foregoing, the SSE region could discuss and take a common position on the projects which are important for implementation of above mentioned priorities.

Furthermore, in carrying out the identified activities, the SSE region will put an emphasis to the “cross-regional perspective”. The GRI SSE region will aim at strongly cooperating with the other GRI regions, Member States and EnC countries to identify potential cross regional priorities and pilot projects which can be implemented on a cross-regional basis or shared across regions. By sharing best practice and experiences, the aim of this cross-regional approach is to foster convergence of the work done within the other GRI regions.

Finally, it's important to underline that following list of the pilot projects is non-exhaustive. As in previous years, the new GRI SSE Work Plan 2015-2018 will be annually updated by the Co-Chairs of the region.

⁵ Regulation (EU) no 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC and amending Regulations (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009.

3 Priorities and deliverables for 2015-2018

3.1 Pillar I – Early implementation of Network Codes

The major task for all entities involved in the work of the GRI SSE is to foster the early implementation of Network Codes (NCs) provisions, in particular regarding CAM NC and BAL NC⁶. Whereas both NCs have already entered into force and deadlines of become binding of both documents (October-November 2015, respectively) are approaching, it is crucial to speed up work on implementation the provisions included in both NCs. Therefore, some of the existing pilot projects in this respect shall be continued. Also, new capacity allocation and balancing pilot projects will be launched. The positive and valuable experience gained from the CAM NC and BAL NC pilot projects cooperation may be helpful in other areas where NCs have already been developed or are expected soon (e.g. IO NC).

3.1.1 Network Code on Capacity Allocation Mechanisms (CAM NC)

Harmonization of the capacity allocation procedures and offering the bundled products are two key elements towards further market integration in the region. In this respect, it is worth noting that ACER and ENTSOG have jointly elaborated, in close cooperation with NRAs and TSOs, a roadmap to facilitate and support the early implementation of CAM NC for gas⁷. The essential elements of the Roadmap are pilot projects which specify actions that shall be taken by volunteer TSOs, in cooperation with relevant NRAs, in the area of CAM NC implementation. Such pilot projects are intended to be completed before the deadline of the CAM NC implementation and may include cross-border auctions of bundled capacity.

The CAM Roadmap is the first project-oriented cross-regional roadmap developed in the gas sector, with the aim to contribute to the achievement of the Gas Target Model through an efficient early implementation of the NC provisions. The example of the early CAM NC implementation is the activity of PRISMA, GSA Platform (GSA) and Regional Booking

⁶ Commission Regulation (EU) No 312/2014 of 26th March 2014 establishing a Network Code on Gas Balancing of Transmission Networks.

⁷ Roadmap for the early implementation of the Capacity Allocation Mechanisms Network Code, October 2014.

Platform (RBP) which are a booking platforms operating in accordance with the above-mentioned Regulation.

The CAM NC will apply from 1st November 2015, following the implementation period. Due to the further challenges in the area of CAM NC full implementation, for example the selection of booking platform operated for each interconnection point⁸, it is necessary to strengthen efforts within the regional initiative in order to fulfil requirements specified in CAM NC. It is also crucial to find a common ground for cooperation between all currently existing and any future potential capacity booking platforms and define an effective framework for such a cooperation.

Given the above and considering the need to accelerate the implementation of CAM NC provisions as well as to facilitate cooperation among stakeholders in the region it is necessary to set up the **Implementation Group dedicated for CAM NC** as quickly as possible. This IG shall focus, in particular on issues such as capacity booking platforms cooperation, bundled capacity products at regional interconnection points or monitoring of implementation of the Article 6 (1)a of CAM NC⁹. Where appropriate, also the Congestion Management Procedures (CMP)¹⁰ should be the subject of consideration of the CAM NC IG. As it was mentioned in the previous chapters, the GRI SSE is underpinned by pilot projects. All GRI SSE bodies such a RCC, SG and IGs are aimed to ensure sustainable development and appropriate supervision of the existing projects as well as to create incentives for potential new pilot projects. It is important to ensure that each of the pilot projects have an achievable goal within a foreseeable timeframe. Furthermore, in each case an appropriate NRA should be appointed as the Project Promoter to coordinate the implementation of the project under the GRI SSE. The non-exhaustive list of pilot projects is set out below.

⁸ Pursuant to Article 27 (1) of CAM NC, TSOs shall offer capacity for the relevant standard capacity product on a one or a limited number of joint web-based booking platforms.

⁹ The above Article will be applicable before other CAM NC provisions, more precisely, as of 4th February 2015. It provides that TSOs shall establish and apply a joint method, setting out the specific steps to be taken by the respective TSOs to achieve the required optimization of the technical capacity with the aim of maximise the offer of bundled capacity. The joint method shall include an in-depth analysis of the technical capacities, as well as the specific actions and detailed timetable necessary to maximize the offer of bundled capacity.

¹⁰ Commission Decision of 24 August 2012 on amending Annex I to Regulation (EC) No 715/2009 of the European Parliament and of the Council on conditions for access to the natural gas transmission networks.

Pilot Project I: Regional Booking Platform

The pilot project for the allocation of bundled capacity on the Hungarian-Romanian interconnector is aimed at early implementation of the CAM NC within the EU. In particular, firm rolling monthly bundled capacity will be offered on the Hungary-Romanian interconnector via the so-called Regional Booking Platform (RBP) according to the CAM NC and on the basis of the FGSZ-Transgaz Memorandum of Understanding on cooperation.

The Regional Booking Platform, an electronic auction and capacity trading platform was developed by the Hungarian TSO, FGSZ, which is currently the Platform Operator. RBP's Basic Services fulfil the minimum CAM NC requirements and thus enable functions such as (un-)bundled capacity allocation using ascending clock and uniform price algorithms; yearly, quarterly, monthly, daily and within-day auctions; electronic contracting; multi-currency handling; etc. The platform provides On-Demand Services, such as parallel bidding ladder auctions; single-sided nominations; multi-language interfaces; etc. The first capacity auction conducted on the Platform is foreseen to take place in fourth quarter of 2014.

Deliverables and Timetable:

PP I. Bundled Product and Capacity Platform – Hungary/Romania			
ACTION	RESPONSIBLE	DEADLINE	PROJECT PROMOTER
Allocation of firm rolling monthly bundled capacity on the HU-RO interconnector via the Regional Booking Platform according to the CAM NC.	FGSZ / Transgaz	2014	HEA&FGSZ

Pilot Project II: GAZ-SYSTEM Auctions Platform

The Polish TSO (GAZ-SYSTEM) has successfully conducted more than 150 auctions of yearly, quarterly and monthly unbundled products since November 2013. The auctions to date were conducted through the Information Exchange System (IES), which has more than 500 registered users. The next step was the improvement of the IES into the GAZ-SYSTEM Auctions Platform (GSA Platform)¹¹. It was adapted at the beginning of July 2014 to be able to offer bundled capacity auctions in two neighbouring systems as well as offer capacity auctions to other European TSOs.

In order to fulfil the assumed purposes, the GSA Platform was created in accordance with the requirements of the CAM NC (fully compliant with the requirements set for capacity auctioning). For the time being, the platform offers auction service for the monthly, quarterly and annual products (both bundled and unbundled). By the end of 2014, the GSA Platform will enable TSOs to offer day-ahead and within-day products. The GSA is open to all interested TSOs.

In June 2014, two TSOs - GAZ-SYSTEM and NET4GAS agreed to launch a pilot project regarding the bundled capacity of IP Cieszyn. Both TSOs also agreed to use the GSA Platform for the allocation of the capacity.

Deliverables and Timetable:

PP II. Bundled Product and Capacity Platform – Poland/Czech Rep.			
ACTION	RESPONSIBLE	DEADLINE	PROJECT PROMOTER
Defining details of the pilot project such as: products, auction details, time schedule, responsibilities etc.	GAZ-SYSTEM / NET4GAS	2014	URE/GAZ-SYSTEM
Implementation of the bundled product at Cieszyn IP via GSA platform	GAZ-SYSTEM / NET4GAS	2015	URE/GAZ-SYSTEM

¹¹ The GSA Platform was presented for the first time during the 16th GRI SSE Stakeholders Group meeting on 27 May 2014 in Warsaw. GSA Platform is available at: <https://auctions.gaz-system.pl/>

Pilot Project III: Common capacity allocation procedures and bundling of capacity products between Bulgaria and Greece

This project aims at the implementation of the CAM NC, and also BAL NC within 2015 at the common GR-BG interconnection point (Kula-Sidirokastro) and is a natural follow up of the continuous cooperation between the Bulgarian and Greek NRAs (SEWRC and RAE) and TSOs (Bulgargaz and DESFA) over the last two years. The plan below has been discussed amongst the two regulators and will be further specified in a quadripartite meeting (regulators and TSOs) due autumn 2014.

Deliverables and Timetable:

PP III. Common capacity allocation procedures and bundling of capacity products between Bulgaria and Greece			
ACTION	RESPONSIBLE	DEADLINE	PROJECT PROMOTER
Analysis of CAM NC requirements and four way discussions (2 NRAs and 2 TSOs) on the necessary modifications in the regulatory context to allow for early implementation	SEWRC/RAE/DESFA/BUL GARTRANSغاز	Dec 2014	SEWRC/RAE
Harmonization of CMP procedures at the GR-BG IP to deal with the existing long term contractual congestion in the BG-GR direction	SEWRC/RAE/DESFA/BUL GARTRANSغاز	Q1/2015	SEWRC/RAE
Definition of details of the pilot project such as: products, auction details, time schedule, responsibilities etc.	DESFA/ BULGARTRANSغاز	Q1/2015	SEWRC/RAE
Selection of platform to handle the allocation process	DESFA/ BULGARTRANSغاز	Q2/2015	SEWRC/RAE
Implementation and testing – go live	DESFA/ BULGARTRANSغاز	Q3/2015	SEWRC/RAE

Pilot Project IV: Early Implementation CAM NC on PRISMA

The example of the early CAM NC implementation is the activity of PRISMA (the booking platform operating in accordance with the CAM NC provisions). TSOs from two GRI SSE members (Austria and Italy) are participating in that project as shareholders of the company which operates PRISMA. It shall also be noticed that the pilot project at the border between Austria and Italy (IP Tarvisio/Arnoldstein), which included the auctions of day-ahead bundled products via PRISMA, has already been successfully completed. In order to proceed with an early CAM NC implementation Austria and Italy are working on the implementation of further bundled products (at the above mentioned IP) to be introduced by end 2014/ beginning 2015.

3.1.2 Network Code on Gas Balancing of Transmission Networks (BAL NC)

The second EU-wide gas Network Code – BAL NC is included in the Commission Regulation (EU) No 312/2014 of 26th March 2014. The BAL NC sets out transparent and non-discriminatory, harmonized EU-wide rules on balancing and supports the development of a competitive and efficient short term wholesale gas market in the EU. With a few exceptions Regulation shall apply as from 1st October 2015. The BAL NC implementation deadline is fairly tight and is crucial to accelerate work on implementation of BAL NC.

As in the case of CAM NC, the relevant **BAL NC Implementation Group** shall be set up, in particular with a view to elaborate potential pilot projects. Among the issues which shall be a basis for the work of BAL NC IG may be mentioned:

- a) close cooperation related with BAL NC provisions which require a wider than the national approach such as:
 - TSOs cooperation to determine the relevant short term standardised products (Art. 7.7),
 - harmonised daily and hourly nominations and re-nominations (Art. 16) or
 - establishing of a joint balancing platform (Art. 47) that serves more than one (1) market zone.

- b) synchronization of capacity booking mechanism with balancing mechanism requirements.

The specific pilot projects will be defined during the IG works.

3.1.3 Network Code on Interoperability and Data Exchange (IO NC)

The formal comitology process on IO NC was finished in November 2014. Due to the fact that the process of developing the IO NC is coming to an end and most of the provisions included in NC probably will not be modified it is important to start a preparatory work aimed at implementation of that provisions and to identify any potential barriers for the future adoption of the IO NC. This **IO NC Implementation Group** shall focus on issues like, among others, interconnection agreements, rules for flow control, units, gas quality, odourisation, and data exchange.

Pilot Project V: Harmonization of gas quality parameters

Taking into consideration the current form of the IO NC provisions the GRI SSE NRAs in cooperation with NRAs from Energy Community Contracting Parties shall carry out the analysis of the potential barriers as a result of different gas quality parameters. The results of such an analysis will be a good basis for any further steps aimed at harmonization of gas quality parameters in whole region. The pilot project should take advantage of the experiences and conclusions from the EnC studies.

Deliverables and Timetable:

PP V. Harmonization of gas quality parameters			
ACTION	RESPONSIBLE	DEADLINE	PROJECT PROMOTER
Analysis of the potential barriers as a result of different gas quality parameters	NRAs (EU), NRAs (EnC)	2015	URE

3.2 Pillar II – Market integration

In order to promote the integration of European gas markets and the emergence of functioning wholesale markets in the region, bottom-up actions need to be taken. It is equally important to analyse case by case which market integration models (i.e. market merger, trading region and satellite market) and which market connection models (i.e. implicit auction and implicit allocation) are best suited in every case to foster market integration and improved market connection in the GRI SSE region, with a view to implement the Gas Target Model in revised form¹².

The aim of the revised Gas Target Model (GTM II) is the following:

- to make transparent what the goal of "functioning wholesale markets" as defined by Regulation 715/2009 shall mean in practice, and
- to help Member States achieve that goal by providing them with a meaningful process of self-assessment and a set of tools suitable to improve wholesale market functioning.

Regarding the set of tools to achieve "functioning wholesale markets", the GTM II describes two well know tools (market merger and the trading region). In order to reflect recent market developments the GTM II also describes the satellite market tool. All three tools are capable to progress markets in direction of a functioning wholesale market as defined above.

Furthermore, the GTM II defines a process that allows Member States to check whether they could realise a positive net benefit for their end users by implementing one of the three tools (market merger, trading region, satellite market). However, if a cost-benefit analysis should yield a negative result regarding the envisaged market integration tool implementation, regulators are asked to propose/implement surrogate measures to achieve the effects of fully functioning markets for the end users in their markets.

¹² (to be completed - final version of the GTM II)

Pilot Project VI: Market integration in CEE

The aim of this project is to assess the feasibility and options for implementation of a closer integration of the Central Eastern European gas markets, possibly in a larger regional context. The work shall be based on the GTM II recommendations. A detailed plan for the work shall be agreed between NRAs, TSOs and PXs concerned in coordination with the Member States concerned. The market integration shall contribute to a number of important goals, specifically

- 1) it shall enable lower gas prices for end users in the countries; and
- 2) it shall improve security of supply for the countries also through further market integration and sourcing options from different hubs.

As to 1) above, the closer market integration including access to liquid trading places puts large sellers of gas into competition with each other, creating pressure on gas wholesale and import prices and hence enabling lower retail prices for all end user groups in the participating countries.

As to 2) above, the closer market integration improves security of supply by connecting all participating countries with a larger number of neighbouring markets than is presently the case. Consequently, all of these markets can be accessed for supplies in a simplified way. Additionally, the closer market integration will improve the ongoing operative cooperation of all TSOs in the participating countries. This cooperation is the basis for swift action in the interest of securing gas flows if the need should arise.

Deliverables and Timetable:

PP VI. Market integration in CEE			
ACTION	RESPONSIBLE	DEADLINE	PROJECT PROMOTER
Feasibility assessment	MS, NRAs and TSOs, PXs concerned	to be completed	(should be confirmed)
Implementation option assessment and development of work plan	MS, NRAs and TSOs, PXs concerned	to be completed	(should be confirmed)
Implementation	NRAs and TSOs, PXs	to be completed	(should be confirmed)

Pilot Project VII: Road Map towards the common regional V4 gas market (V4 Project)

The first phase of the project, which was launched in October 2012, was drawing up an analysis of gas market liquidity in the region. An analysis was conducted to evaluate the possibilities of gas market integration within the Visegrad Region (V4 - Poland, Czech Republic, Slovakia and Hungary). This document lead to the elaboration by the V4 Ministries responsible for energy of a *Road Map towards the common regional V4 gas market* which was developed in June 2013¹³. The main assumptions of the Road Map are infrastructure and interconnections development and enhanced cooperation in the fields of physical market integration and Network Codes implementation between the NRAs and TSOs from V4 countries. The implementation phase of the V4 Project could be carried out within the GRI SSE region ensuring consistency with other projects in the region and neighbouring regions.

Deliverables and Timetable:

PP VII. Road Map towards the common regional V4 gas market			
ACTION	RESPONSIBLE	DEADLINE	PROJECT PROMOTER
Market design for the Visegrad region	NRAs, Member States, TSOs	2016	URE

¹³ The document is available at <http://www.visegradgroup.eu/official-statements/documents/documents>.

Pilot Project VIII: Cooperation between NRAs TSOs and ENTSOG Transparency Platform in accordance with the transparency requirements of 715/2009.

Apart from the major two projects of market integration pillar is still a place for other projects focused on a harmonisation of the EU provisions, exchange of information and best practices, enhancement of the regional cooperation and integration of liquid, competitive and accessible gas markets in the region. The regional focus should also include access to hubs, trading places which could serve for the pooling of liquidity to the end-consumers' benefits.

Transparency is a critical element in ensuring an effective functioning internal European market. Gas Regulation No 715/2009¹⁴, includes a number of enhanced transparency requirements. These requirements can be found under Article 18 *“Transparency requirements concerning TSOs”* and under amended Chapter 3 of Annex 1 *“Definition of the technical information necessary for network users to gain effective access to the system, the definition of all relevant points and the time schedule according to which information should be published”*. The CMP NC also has expanded transparency requirements. It should be emphasised that all the required data have to be published by TSOs in transparent and legible manner.

Having regard to the entry into force of the new transparency requirements, for instance in connection with the congestion management procedures, capacity allocation mechanisms and balancing issues, the GRI SSE Co-chairs shall take steps to increase the effectiveness of cooperation between SSE NRAs, TSOs and the new ENTSOG Transparency Platform¹⁵ with regard to transparency, completeness and verification of data presented by the TSO and the ENTSOG Transparency Platform in accordance with the requirements of 715/2009.

¹⁴ Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005.

¹⁵ On 1st October 2014 ENTSOG launched a new EU-wide central transparency platform, where all TSOs shall make their relevant data publicly available. The platform is available at the following website address: <https://transparency.entsog.eu/>.

Taking into account the currently existing circumstances related with the security of supply a well-functioning cooperation on the transparency requirements foreseen by regulation 715/2009 at interconnection points within the GRI SSE Member States, as well as between GRI SSE and Energy Community countries is paramount for the enhancement of the security of supply of the whole region.

Deliverables and Timetable:

PP VIII. <u>Cooperation between NRAs and TSOs in accordance with the transparency requirements of 715/2009.</u>			
ACTION	RESPONSIBLE	DEADLINE	PROJECT PROMOTER
Cooperation among NRAs, TSOs (including also ENTSOG Transparency Platform) with regard to transparency, completeness and verification of data presented by the TSO in accordance with the requirements of 715/2009.	TSOs, NRAs (EU), NRAs (EnC)	Ongoing	GRI SSE Co-chairs

Pilot Project IX: Improvement of transparency of regional Virtual Trading Points in SSE.

Bearing on mind the fact that several Virtual Trading Points (VTPs) have been established or improved in recent years across the region it seems to be an important to collect detailed information and data on their functioning (i.e. basis rules and conditions, level of liquidity, accessibility, licensing etc.). The aim of the project is to improve the transparency of the VTPs in SSE region which in connection with the implementation of the GTM II best practices in gas market design¹⁶ will contribute to raise the liquidity and improve the functioning of gas markets in the region.

Deliverables and Timetable:

PP IX. Improvement of transparency of regional Virtual Trading Points in SSE			
ACTION	RESPONSIBLE	DEADLINE	PROJECT PROMOTER
Improvement of transparency of regional Virtual Trading Points in SSE.	TSOs, operators of the VTPs	to be completed	E-Control

¹⁶ (to be completed - final version of the GTM II Annex)

Pilot Project X: Harmonization of trading licenses of V4 countries

The V4 NRAs agreed to compare their licensing requirements and practice and undertake an analysis whether the licensing criteria could be aligned in order to facilitate the entry of new network users. On the basis of the outcomes of the analysis, the V4 NRAs will begin discussion about the possible harmonisation of the licensing regimes in the V4 countries (i.e. common license, license passporting etc.).

Deliverables and Timetable:

PP X. Harmonization of trading licenses of V4 countries			
ACTION	RESPONSIBLE	DEADLINE	PROJECT PROMOTER
Assessment of the conditions necessary for the acquisition of trading licenses in V4 countries.	NRAs, TSOs, MSs	2014/2015	HEA

Pilot Project XI: The Third Energy Package implementation in SSE countries

Taking into consideration the fact that there is a need for further monitoring and assessment of the implementation of Third Energy Package provisions, and in particular in relation to the entry into force of the new Network Codes an appropriate questionnaire shall be prepared and circulated among the SSE NRAs. The questionnaire should be aimed at collecting information on the work done and still to be done by SSE countries in order to be fully compliant with Third Energy Package provisions. Aim of the questionnaire is, in addition to the above mentioned objectives, to highlight, despite a correct implementation of provisions of the 3rd Energy Package, interpretation differences of the enforced rules. On the basis of the results of the above-mentioned survey action may be taken regarding further Network Codes and other future Third Energy Package amendments.

Deliverables and Timetable:

PP XI. Assessment of the main features of gas system implementation in SSE countries			
ACTION	RESPONSIBLE	DEADLINE	PROJECT PROMOTER
Preparation of a survey text to assess the main features of gas system implementation in SSE countries	E-Control & AEEGSI	2014	E-control & AEEGSI
Carry out an appropriate survey among SSE NRAs to collect information on the different features of gas systems in SSE countries	NRAs	2015	E-control & AEEGSI
Analysis of the identified differences of SSE gas system in SSE countries in order to promote a smoothly implementation of the Third Package implementation	E-Control & AEEGSI & Co-chair NRAs	2015	E-control & AEEGSI

3.3 Pillar III – Security of Supply

By virtue of uncertainties in relation to potential general interruption to supplies from any of the significant suppliers for EU and limited level of transmission capacity the stakeholders and Member States in the GRI SSE region are highly sensitive to the issue of security of supply (SoS). An exchange of views on best practices linked to the SoS regulation¹⁷ has been organised at some Stakeholder Group Meetings. The present political tensions between Russia and Ukraine have revived the issue of the SoS. The GRI SSE, as a part of EU-wide cooperation on the ground of SoS, should be able to take effective measures to ensure uninterrupted gas supplies to all gas consumers in the SSE region.

¹⁷ Regulation (EU) No 994/2010 of the European Parliament and of the Council of 20 October 2010 concerning measures to safeguard security of gas supply and repealing Council Directive 2004/67/EC.

Pilot Project XII: Exchange best practices and consult SoS preventive action plans within GRI SSE

Member States and NRAs, where they are in charge, used 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.

Deliverables and Timetable:

PP XII. Exchange best practices and consult SoS preventive action plans within GRI SSE			
ACTION	RESPONSIBLE	DEADLINE	PROJECT PROMOTER
Exchange best practices and consult SoS preventive action plans within GRI SSE	Member States and NRAs	Ongoing	GRI SSE Co-chairs

Pilot Project XIII: Developing joint preventive action and emergency plans in the V4 subregion.

Project is focus on established a joint preventive action and emergency plans in the V4 Member States (The Czech Rep., Hungary, Poland, and Slovakia) with the aim to ensure better cooperation between those Member States in the field of security of supply, in particular in case of significant interruptions of gas supplies coming from the East direction. This is one of the main objectives of the V4 sub-region cooperation.

Deliverables and Timetable:

PP XIII. Developing joint preventive action and emergency plans in the V4 subregion.			
ACTION	RESPONSIBLE	DEADLINE	PROJECT PROMOTER
Developing joint preventive action and emergency plans in accordance with Subpara (3) Art. 4 of the Regulation No 994/2010 ¹⁸	Member States, NRAs TSOs	Ongoing	HEA

¹⁸ Ibidem.

Pilot Project XIV: Development of joint preventive action and emergency plans between Greece, Bulgaria and Romania
(to be completed)

Deliverables and Timetable:

PP XIV. Developing joint preventive action and emergency plans in GR-BG-RO.			
ACTION	RESPONSIBLE	DEADLINE	PROJECT PROMOTER
Developing joint preventive action and emergency plans in accordance with Subpara (3) Art. 4 of the Regulation No 994/2010	Member States, NRAs TSOs	Ongoing	RAE