

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

(Version updated and revised in July 2016)

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## 1 Introduction

### 1.1 South South-East Gas Regional Initiative (GRI SSE)

The GRI SSE 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. In 2014, the GRI SSE launched the cooperation with the Energy Community Secretariat and the Energy Community Contracting Parties (EnC CPs)<sup>1</sup>. Setting up this cooperation resulted in the extension of the GRI SSE goals – from the beginning of 2014, the GRI SSE together with Energy Community is focused on deeper integration of markets, as well as on defining a common ground for the harmonized implementation of the Third Energy Package provisions. A forum consisting of the GRI SSE Member States as well as the Energy Community Secretariat and EnC CPs is the most appropriate for an efficient cooperation. Moreover, involving relevant stakeholders in regional cooperation makes the goal of implementation of the EU *acquis communautaire* more realistic and more market oriented. The core activities of the GRI SSE are voluntary pilot projects. Besides the pilot projects, the GRI SSE shall facilitate the harmonization and timely implementation of Network Codes through an implementation group (IG).

The activities under the GRI SSE are intended to:

- complete the implementation of the third package
- complete the harmonised implementation of NCs
- improve market integration
- address other topics which are particularly relevant for the region.

So far, a significant number of issues have been successfully tackled within the GRI SSE. These include progress in areas such as the timely implementation of the Third Energy Package, congestion management, capacity allocation, network development, 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:

- Ensuring the same access conditions and gas market rules in the region
- Establishing a well-functioning, competitive, liquid and transparent gas market in the region.

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<sup>1</sup> The Parties of the Energy Community Treaty are: Albania, Bosnia and Herzegovina, Montenegro, former Rep. of Macedonia, Serbia, Moldova, Ukraine, Kosovo\* and the EU (also 17 EU Member States have the individual status of participant in the main bodies of the Energy Community).

\*This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Advisory Opinion on the Kosovo declaration of independence.

## 1.2 Organisational structure

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

The regional cooperation is co-chaired by two NRAs. In 2014 and 2015, the GRI SSE co-chairs were URE (PL) and ANRE (RO). As of October 2015, the GRI SSE co-chairs are ANRE (RO) and HEA (HU), which substituted URE (PL). 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 a rotation rule for the co-chairmanship. The SSE co-chairs shall not be simultaneously replaced, so to ensure continuity of the GRI SSE activities. Each co-chair shall serve for a mandate of two years. A co-chairing NRA can serve for a second mandate, if this NRA wishes to do so. In case more than one candidate is available for the position of co-chair, the SSE NRAs will be asked to express their preferences based on a one-country-one-preference rule. If no candidates volunteer, a rule of offering/asking NRAs in alphabetical order will be followed.

Three different groups carry out the work of the GRI SSE:

- The **Regional Coordination Committee (RCC)**
- The **Stakeholders Group (SG)**
- **Implementation Group (IG)**

The **Regional Coordination Committee (RCC)** is composed of the representatives of the NRAs of the 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 coordinates and determines the priorities of all GRI SSE activities.

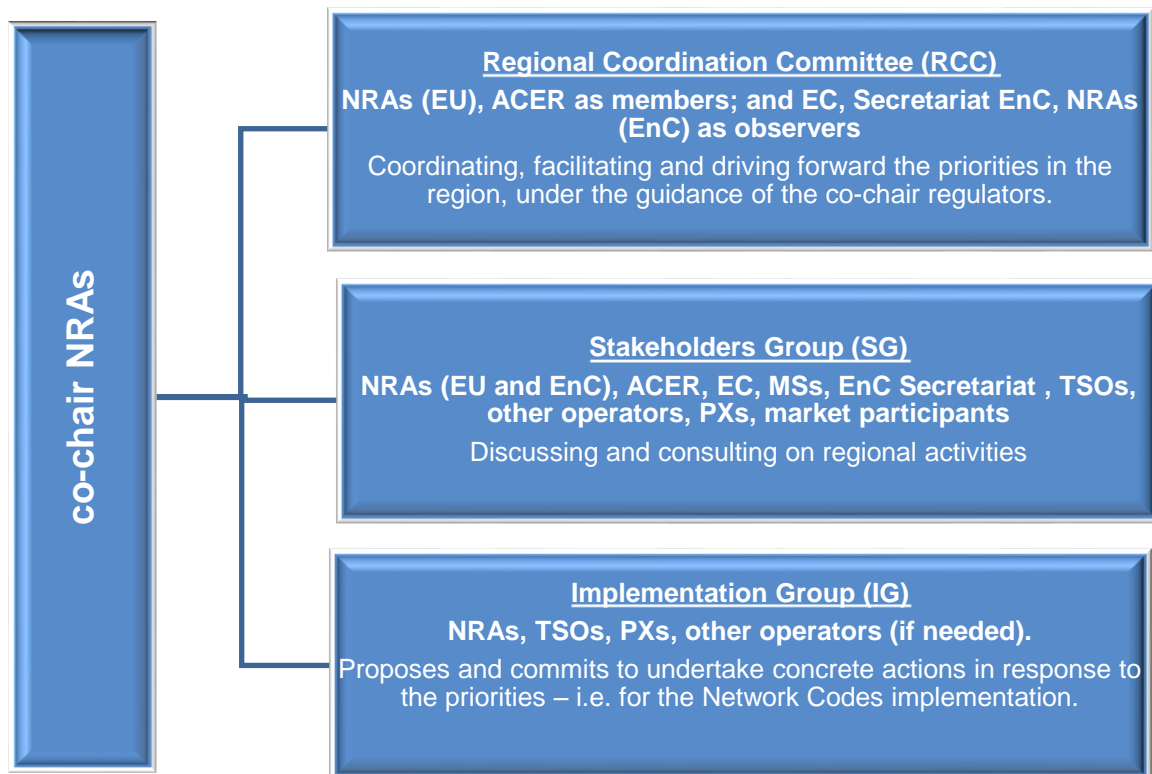
The **Stakeholders Group (SG)** provides a forum for discussion and cooperation between all stakeholders involved in the GRI SSE.

Finally, the **Implementation Group (IG)** aims at facilitating and accelerating the timely and harmonised implementation of Network Codes (NCs), as well as at monitoring the progress of the pilot projects. During the RCC meeting of November 2015, regional NRAs decided to modify the setting of the **Implementation Groups (IGs)**: the regional meetings will not always host all topical IGs (CAM, BAL and IO); in fact, an IG will be organised only if needed and requested. The IG will thus focus on the most crucial topic at each time. The GRI SSE co-chair NRAs will have direct oversight over the IG and shall ensure the appropriate choice of the most relevant topic to be addressed, together with the NRA and/or TSO that might be interested in leading the discussion. The IG 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.

In addition, to ensure the proper realisation of the pilot projects, each pilot project included in

the Work Plan 2015-2018 shall be represented by the **project promoter** (NRA). The project promoters shall regularly report on the current state of work of the project in RCC, IG and SG meetings, or upon the request of co-chairs. The RCC shall ensure the coordination between pilot projects, when needed, and push for their timely implementation.

**Chart 1: GRI SSE organisational structure**



All GRI SSE bodies such as the RCC, SG and IG aim to ensure the sustainable implementation and appropriate supervision of the existing projects, as well as to create the incentives for establishing new pilot projects. It is important to ensure that each pilot project has an achievable goal within a foreseeable timeframe, **respecting the deadlines of the binding network codes**. It is also crucial to define clear deliverables, specifying deadlines for the main milestones, so to ensure progress and facilitate monitoring and assessment.

## 2 Work Plan 2015-2018 of the GRI SSE

### 2.1 ACER guidelines for cooperation under GRI

As mentioned in the ACER Regional Initiative Status Review Report 2015, the Agency is of the view that the GRI still has to focus on:

- promoting and facilitating the early implementation of the remaining NCs

- completing the implementation of the NC provisions that still present some challenges in the regions
- fostering market integration by monitoring and facilitating market integration projects, in line with the Gas Target Model implementation
- considering infrastructure-related activities, if resources are sufficient and if there is no overlap with the other already existing regional forums
- preserving its value as a regional forum for discussing EU regulatory developments, and sharing experiences and best practices among NRAs, TSOs and other stakeholders.

The Agency, the European Commission and the NRAs agreed that revising the Work Plan 2015-2018 so to streamline the activity of the region will also lead to better results in terms of deliverables, which are the intermediate steps necessary to reach the final goal of a single market for energy in the European Union.

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

To facilitate further market integration in the SSE region, the pilot projects included in Work Plan focus on the harmonised implementation of network codes, on the harmonisation of other rules of the gas markets, and on market integration. A project-oriented approach is necessary to establish a common gas market in the region.

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

At the beginning of 2014, the 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 CP NRAs will be invited to take part in GRI SSE RCC and SG meetings, and representatives of the GRI SSE shall take part in the Energy Community Regulatory Board (ECRB) Gas Working Groups meetings. Secondly, the cooperation projects should focus on concrete projects between two or more countries from both the GRI SSE and EnC. Having gathered experience from this cooperation, at a next stage also formal extension of the GRI SSE to the EnC CPs should be considered. This cooperation is particularly important to address the issues arising between the EU Member States and neighbouring CPs when the CPs progress with the implementation of the 3<sup>rd</sup> Package<sup>2</sup>.

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<sup>2</sup> In this respect, the Commission issued a Recommendation of 29 October 2014 on the application of internal energy market rules between the EU Member States and the Energy Community Contracting Parties encouraging closer cooperation between the Regulators from the EU and the Contracting Parties.

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 infrastructure<sup>3</sup> 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 the SSE region. The NRAs' support will be given to initiatives like CESEC or others, if required.

After the discussion held in February 2015 among the GRI SSE RCC Members on the regional priorities, it was decided that the main goal the GRI SSE should be focused on is the efficient implementation of market rules. Having in mind the above mentioned, as well as the fact that in most of the GRI SSE Member States the competent authority for security of supply issues are the ministries (at a Member State level), it was decided to discontinue workstream on security of supply.

Finally, it is important to underline that the list of pilot projects included in this Work Plan is non-exhaustive and can evolve. As in previous years, the co-chairs will regularly update the GRI SSE Work Plan 2015-2018.

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<sup>3</sup> 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 Harmonised implementation of Network Codes**

The major task for all entities involved in the work of the GRI SSE is to foster the implementation of Network Codes (NCs)<sup>4</sup> provisions, in particular regarding CAM NC<sup>5</sup>, BAL NC<sup>6</sup>, and IO NC<sup>7</sup>. To ensure deeper engagement of the GRI SSE members, an implementation group was established.

The harmonization of the capacity allocation procedures and the offer of bundled products are key steps towards market integration in the region. In this respect, it is worth noting that the Agency 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 gas<sup>8</sup>. The last Roadmap, reporting on all progress made in each pilot project, was published in November 2015.

Due to some remaining challenges about the full implementation of the CAM NC, for example the selection of a single capacity booking platform for each interconnection point<sup>9</sup>, it is necessary to intensify the cooperation efforts within the GRI. It is also crucial to find a common ground and define an effective framework for the cooperation between all existing and possible new capacity booking platforms.

The second EU-wide gas Network Code, 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, the Regulation shall apply as from 1<sup>st</sup> October 2015.

The third network code of interest for the GRI SSE is the Network Code on Interoperability and Data Exchange (IO NC). The formal comitology process on IO NC was concluded in November 2014, the Code was adopted by the Commission on 30 April 2015 and is applicable as of May 2015.

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<sup>4</sup> Network Codes are not (yet) applicable in the Energy Community members of the GRI SSE.

<sup>5</sup> Commission Regulation (EU) No 984/2013 of 14 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.

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

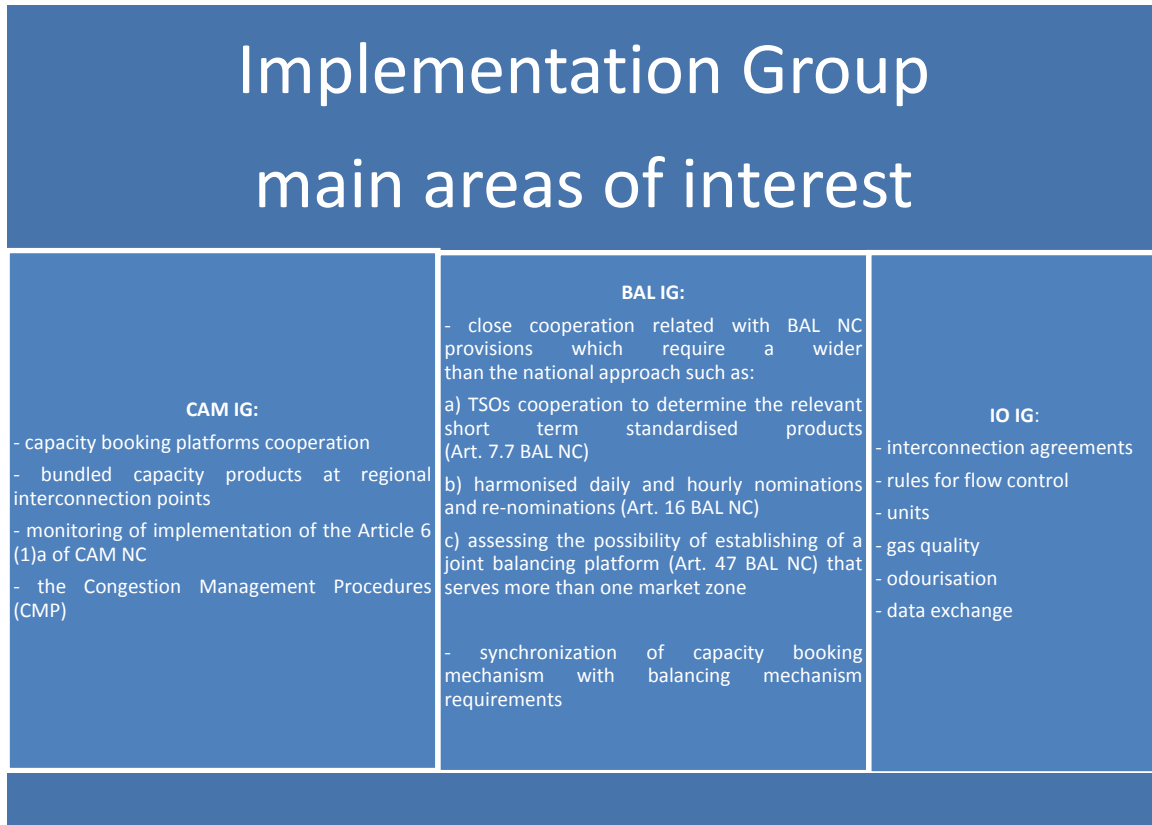
<sup>7</sup> Commission Regulation (EU) 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange rules.

<sup>8</sup> Roadmap for the early implementation of the Capacity Allocation Mechanisms Network Code, October 2014.

<sup>9</sup> 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.



Proper and harmonized implementation of the three above mentioned network codes requires strong cooperation between NRAs, TSOs and PXs. An **Implementation Group (IG)** **was set up** to ensure a platform for exchange of experiences and for working out common solutions. The picture below shows which topics can be addressed by the IG.



The future implementation of the above mentioned network codes in the Energy Community also depend on the cooperation between the NRAs and TSOs from the Contracting Parties and the neighbouring EU Member States. It is therefore crucial that the relevant pilot projects are open to the Contracting Parties.

The following sub-paragraphs provide a general description of the pilot projects undertaken in the SSE GRI. More detailed project plans, if provided by the project promoters, are available in the tables at the end of the document.

## **Pilot projects for the early implementation of network codes**

In the first edition of the Work Plan 2015-2018, the first three projects focused on testing the functionalities of the capacity booking platforms existing in the GRI SSE region – The Regional Booking Platform (RBP), GAZ-SYSTEM Auctions Platform (GSA) and the PRISMA Platform. The three aforementioned projects have been completed, that is why they are no longer reported in the current Work Plan update.

TSOs had to decide, by 1 November 2015, which platform to use for allocation of bundled and unbundled capacity products. The existence of three platforms ensure optionality, which is positive in a non-regulated market, but it brings challenges when two adjacent TSOs choose different platforms for the same IP. Since there are still situation where TSOs could not find an agreement, it is crucial for the GRI SSE to be updated on the progress in the works focused on finding a consensus between TSOs towards the choice of a single booking platform at each IP. The GRI SSE should also be updated on the progress about the potential creation of a platforms cooperation model.

### **Pilot project I: CAM NC Incremental capacity – RO-HU-AT**

Gas Connect Austria, FGSZ and Transgaz, supported by NRAs E-Control, HEA and ANRE, launched an incremental cross-border transmission capacity process at the IPs between Romania and Hungary, as well as between Hungary and Austria. The underlying project is known as RO-HU-AT and foresees expansion and construction works. The RO-HU-AT project's aim is to bring new gas sources from the Black Sea region to the markets in Central Europe.

The project was started in 2015 and aims at applying the new rules as defined in the draft amendment of the CAM NC regarding incremental capacity. A common coordinated open season procedure, which will be subject to a market consultation, should be realised taking into consideration a commissioning of the route not before 2020. The procedure will allow for conditional bids.

### **Pilot project II: Common capacity allocation procedures and bundling of capacity products between Bulgaria and Greece**

The project regarding the implementation of the CAM and BAL NCs at the common GR-BG interconnection point (Kula-Sidirokastro) has been set up by the Bulgarian and Greek NRAs and TSOs. The Serbian NRA and TSO could be invited as observers in the prospect of the construction of the interconnector BG-SRB.

The initial implementation deadline was October 2015. Due to some delays, the new implementation deadline was set to 1 October 2016. Nonetheless, as of July 2016 the project has reached several achievements:

- The Regional Booking Platform (RBP) has been selected by both TSOs

- The joint method for the optimization of the technical capacity was established, including the assessment of the pressure commitments, demand/supply scenarios
- Bundled capacity products on both sides of the IP have been defined
- Unbundled capacity products on both sides of the IP have been defined
- Bulgartransgaz and DESFA signed an Interconnection Agreement on 25 June 2016, providing also for the possibility to flow gas (virtual backhaul) from Greece to Bulgaria.

A list of the remaining features to be developed and finalised by October 2016 is present in the table at the end of the Work Plan.

The project promoters will present the results of the implementation at the next GRI SSE meeting, in October 2016.

### **Pilot project III: Assessment of gas quality parameters**

The need for conducting such a project was identified with regard to the application of the IO NC. Taking into consideration the current text of the IO NC, which is applicable as of 1 May 2016, TSOs have to cooperate in order to reduce potential barriers to cross-border trade resulting from gas quality or odourisation differences. If NRAs recognize such a barrier, they are entitled to initiate a specific procedure which shall lead to the removal of the above-mentioned obstacles without changing the gas quality specifications.

The GRI SSE NRAs, in cooperation with NRAs from Energy Community Contracting Parties, have been carrying out an analysis of the potential barriers as a result of different gas quality parameters or odourisation practices. Such a project consists of two major steps. The first one is the preparation of a survey, which will enable NRAs to study gas quality and odourisation differences between Member States in a horizontal manner. The second one is a report, which shall include conclusions with special regard to the influence of the above-mentioned factors on the cross-border trade.

The results of such an analysis will be a good basis for further steps aimed at managing gas quality parameters in the whole region with special regard to the increasing liquidity of cross-border trade. The analysis will also enable NRAs to monitor whether actions regarding gas quality or odourisation differences are necessary. The pilot project should take advantage of the experiences and conclusions from the EnC studies.

### **Project IV: Harmonisation of the procedure for the exchange of the Interim Measures Reports between the Greek and Bulgarian TSOs and NRAs**

Within the framework of the BAL NC (article 46), this pilot project aims to harmonise the process of the exchange of the Interim Measures Reports between TSOs and NRAs. In particular, to effectively streamline the process, the detailed steps are described in the relevant table at the end of the document (Section 3.3).

### **3.2 Market integration and related pilot projects**

In order to promote the integration of the European gas markets and the emergence of well-functioning wholesale markets in the region, bottom-up actions need to be taken. A first step to achieve this goal is a harmonized implementation of the network codes. Nevertheless, in some cases, other actions are necessary to reduce trading barriers and increase market liquidity. In case the actions taken at national level are not sufficient to create well-functioning gas markets, it is important to analyse which market integration model<sup>10</sup> among those defined in the revised Gas Target Model (GTM II<sup>11</sup>), or which market connection model<sup>12</sup> is best suited to foster gas markets development in the GRI SSE region.

The aims of the GTM II are:

- to make transparent what the goal of "functioning wholesale markets" as defined by Regulation 715/2009 shall mean in practice
- 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.

In order to materialise the GTM II assumptions and take further steps towards of market integrations, a number of projects were identified in the area of market integration.

The aim of the market integration projects is to assess the feasibility and options for implementation of a closer integration of the SSE 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 among the NRAs, TSOs and PXs concerned in coordination with the respective Member States. The market integration shall contribute to a number of important goals, specifically:

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

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 (ceteris paribus) enabling lower retail prices for all end user groups in the participating countries.

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<sup>10</sup> I.e. market merger, trading region or satellite market.

<sup>11</sup> <http://www.acer.europa.eu/Events/Presentation-of-ACER-Gas-Target-Model-/Documents/European%20Gas%20Target%20Model%20Review%20and%20Update.pdf>

<sup>12</sup> I.e. implicit auction and implicit allocation.

The closer market integration also improves security of supply by connecting all participating countries with a larger number of neighbouring markets than is presently the case. Consequently, all concerned markets can be supplied in a simplified way.

Additionally, the closer market integration will improve the on-going operational cooperation of all TSOs in the participating countries. This cooperation is the basis for swift actions to secure gas flows, should the need arise.

### **Pilot Project V: Market integration in CEE**

Since early 2014, an intense cooperation regarding market integration is under way between Austrian and the Czech Republic. The objective of this cooperation is the investigation of different possibilities to integrate the Czech and Austrian wholesale markets taking into consideration the provision of the Gas Target Model, including the construction of a direct interconnection pipeline called BACI. Stakeholders in this project are the Austrian and Czech TSOs together with the NRAs ERÚ and E-Control. A TSO from a neighbouring country expressed interest in joining the project. Different market models have been analysed and in March 2016 a consultation was publicised on the NRAs' website. Market participants have been informed about the Trading Region Upgrade (TRU) option for market integration. Analysis of the answer and fine-tuning of the proposal will be carried out during the second half of 2016. The earliest possible start of service for the TRU option will be the annual auction in July 2017.

### **Pilot Project VI: Improvement of transparency of regional Virtual Trading Points in SSE**

Bearing in mind that several Virtual Trading Points (VTPs) have been established or improved in recent years across the region, it is important to collect detailed information and data on their functioning (i.e. basic 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 design<sup>13</sup> will contribute to raise the liquidity and improve the functioning of gas markets in the region. The outcome of this project should be a common good practise prepared by GRI SSE NRAs, regarding transparency in the VTPs.

For this reason, E-Control, including the suggestions of other NRAs and market participants (mainly represented by EFET), has conducted a survey, to build on the existing analysis. The questionnaire was dispatched at the beginning of February 2016 and answers from many countries were collected for analysis by E-Control. All the countries of the GRI SSE and one country of the Energy Community answered the questionnaire. E-Control presented the results of the survey at the GRI SSE meetings in Budapest on 7-8 July 2016.

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<sup>13</sup><http://www.acer.europa.eu/Events/Presentation-of-ACER-Gas-Target-Model-/Documents/European%20Gas%20Target%20Model%20Review%20and%20Update.pdf>

### **Pilot Project VII: Harmonization of trading licenses in the GRI SSE region**

The initial project was promoted by the V4 NRAs, which agreed to compare their licensing requirements and practices and undertake an analysis whether the licensing criteria could be aligned in order to facilitate the entry of new network users. The summary of the results was presented in Budapest at a V4 Gas Workshop organized by FGSZ in 2014 and at the 18<sup>th</sup> GRI SSE Stakeholders meeting in Warsaw. On the basis of the outcomes of the analysis, the V4 NRAs planned to begin a discussion about the possible harmonisation of the licensing regimes in the V4 countries (i.e. common license, license pass-ported etc.). The common recommendation for necessary legal adjustments was submitted to the V4 Gas Forum – a platform set up by V4 Ministries to facilitate the market integration in the Visegrad region.

Based on the outcome of the V4 pilot project, the GRI SSE NRAs decided to extend the assessment for all GRI SSE region.

Due to the difficulties in progressing with the project, the Hungarian NRA (HEA) decided to take the initiative and propose a different approach. The overall objective of the project is to create a harmonised GRI SSE regional natural gas cross-border wholesale licensing regime facilitating a compromise solution between shippers' concerns and regulatory concerns. The objective is foreseen to be reached by the fulfilment of two means:

1. the reduction of administrative burdens, while maintaining sufficient regulatory supervision of shippers and access to necessary data
2. mutual recognition of natural gas wholesale trading license in the GRI SSE region.

### **Pilot Project VIII: potential updates of the survey related to the Third Energy Package implementation in SSE countries**

Taking into consideration the fact that there was a need for further monitoring and assessing the implementation of the Third Energy Package provisions, and in particular, in relation to the entry into force of the new Network Codes, a questionnaire was prepared and has been circulated among the SSE NRAs. The questionnaire aimed at collecting information on the work done and still to be done by SSE countries and Energy Community Contracting Parties in order to be fully compliant with the Third Energy Package provisions. The aim of the questionnaire was also to highlight different interpretations of the EU market rules among SSE countries. The outcomes of the first questionnaire were presented during the 19<sup>th</sup> GRI SSE Stakeholder meeting in Bucharest.

Due to the success of the first survey, NRAs and other stakeholders requested the questionnaire's promoters (E-Control, AEEGSI) to give update at the next GRI SSE meetings. The questionnaire promoters will verify the necessity and the interest for updating the results, taking into account the suggestions received from the attendees.

### **3.3 Detailed projects plans of the remaining active projects**

This section contains the project plans for all pilot projects. The projects promoters developed the plans according to a template agreed by NRAs following the 28<sup>th</sup> Regional Coordination Committee Meeting of GRI SSE, on 19 November 2015. Having in mind the conclusions of the XXVIII Madrid Forum, participants agreed on the need to provide more details in terms of project scope, description, responsibilities, timelines, etc. Such a structure will facilitate the assessment of interim results.



### Pilot Project I: CAM NC Incremental capacity – RO-HU-AT

| Task                          | Description   |
|-------------------------------|---|
| <b>Responsible</b>            | <b>E-Control (HEA and ANRE)</b>   |
| <b>Purpose of the Project</b> | <p>The overall objective of the project is to present the concrete application of the incremental capacity process as defined in the CAM NC draft amendment. The pilot project presents the outcomes of the activities carried out by the three TSOs and three NRAs in the SSE region based on the RO-HU-AT pipeline route. This route goes from the Black Sea to the Austrian VTP. It involves two IPs in both gas flow directions.</p> <p>The objective is foreseen to be reached by the fulfilment of the following task:</p> <ul style="list-style-type: none"> <li>Final coordinated binding capacity allocation along the route which encompasses the IPs Mosonmagyaróvár and Csanadpalota, according to rules defined in the open season jointly approved by the NRAs in the framework of the CAM NC Incremental Capacity process.</li> </ul> <p>Preliminaries:</p> <p>The project has been initiated on request of the licensees of exploration &amp; production concessions in the Black Sea, which are interested to ship new gas quantities toward the Central Europe. The TSOs and the NRAs have started the design of the activities by promoting an incremental capacity allocation process based on the requirements in the draft amendment of the CAM NC for incremental capacity.</p> <p>Purpose:</p> <p>The project should present the outcomes of the articulated activities carried out in the framework of the CAM NC amendment. The project should deliver insights on the best practices put in place during the coordination activities of six partners (three NRAs + three TSOs) along</p> |

|                                |   |
|--------------------------------|---|
|                                | the entire route. The project should present all those steps that allow the market to take the most efficient decision regarding the allocation of incremental capacity.  |
| <b>Inputs</b>                  | <p>Input to this project is expected primarily from the market participants, the TSOs and the NRAs involved.</p> <p>A market consultation regarding the capacity allocation concepts in the RO-HU-AT open season procedure was closed in Q1 2016.</p>   |
| <b>Additional requirements</b> |   |
| <b>Timeline</b>                | <ul style="list-style-type: none"> <li>• Kick-off – Q1 2015</li> <li>• Capacity allocation concepts – Q1 2016</li> <li>• Public consultation outcomes – Q1 2016</li> <li>• Coordinated binding open season rule setting – Q2-Q4 2016</li> <li>• Coordinated binding open season – Q2 2017 (depending on market demand)</li> </ul>   |
| <b>Related documents</b>       | <p>The three TSOs published on their websites the public consultation about the design of the capacity allocation concepts in the RO-HU-AT Open season procedure. For Austria:</p> <p><a href="http://www.gasconnect.at/en/Fuer-Kunden/Sales-Transmission%20neu/Netzentwicklungsplanung/GCA-Mosonmagyarovar">http://www.gasconnect.at/en/Fuer-Kunden/Sales-Transmission%20neu/Netzentwicklungsplanung/GCA-Mosonmagyarovar</a></p> |
| <b>Additional notes</b>        |   |

**Pilot Project II: Common capacity allocation procedure and bundling of capacity products between Bulgaria and Greece**

| <b>Task</b>                    | <b>Description</b>   |
|--------------------------------|--|
| <b>Responsible</b>             | EWRC, RAE – TSOs (DESFA, BULGAR-TRANSGAZ)  |
| <b>Purpose of the Project</b>  | <p>Implementation of CAM NC and BAL NC at BG-GR IP (Kula/Sidirokastro)</p> <p>The project regarding the implementation of the CAM and BAL NCs at the common GR-BG interconnection point (Kula-Sidirokastro) has been set up by the Bulgarian and Greek NRAs and TSOs. The Serbian NRA and TSO could be invited as observers in the prospect of the construction of the interconnector BG-SRB.</p> <p>The initial implementation deadline was October 2015. Due to some delays, the new implementation deadline was set to 1 October 2016</p>   |
| <b>Inputs</b>                  | Bilateral GR-BG cooperation on CAM NC and BAL NC implementation  |
| <b>Additional requirements</b> |  |
| <b>Timeline</b>                | <p>The following conclusive actions will be taken by October 2016:</p> <ul style="list-style-type: none"> <li>• Definition of interruptible capacity products at the IP</li> <li>• Joint decision on minimum interruption lead times</li> <li>• Establishment of a communication procedure between the TSOs concerning the notification of capacity interruption</li> <li>• Establishment of a joint procedure for the definition of interruption sequence</li> <li>• Definition of data exchange formats</li> <li>• Alignment of information systems</li> <li>• Definition of communication procedures to be developed for the implementation of CAM</li> </ul> |

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| <b>Related documents</b> |   |
| <b>Additional notes</b>  | Final presentation at the GRI SSE meeting in October 2016 |

### Pilot Project III: Assessment of gas quality parameters (2015-2016)

| <b>Task</b>                   | <b>Description</b>  |
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| <b>Responsible</b>            | ECRB, GWG – TSOs, NRAs  |
| <b>Purpose of the Project</b> | <p>Early implementation of IO NC and limiting trade barriers.</p> <p>The GRI SSE NRAs in cooperation with NRAs from Energy Community Contracting Parties shall carry out an analysis of the potential barriers as a result of different gas quality parameters or odourisation practices. Such an action shall consist of two major steps. The first one is the preparation of a survey which will enable NRAs to study gas quality and odourisation differences between Member States in a horizontal manner. The second one is a report which shall include conclusions with special regard to the influence of the above-mentioned factors on the cross-border trade.</p> <p>The results of such an analysis will be a good basis for further steps aimed at management of gas quality parameters in the whole region with special regard to the increasing liquidity of cross-border trade. It will also enable NRAs to monitor whether actions regarding gas quality or odourisation differences are necessary. The pilot project should take advantage of the experiences and conclusions from the EnC studies.</p> |
| <b>Inputs</b>                 | <p>Survey regarding the potential cross-border trade barriers as a result of different gas quality parameters or odourisation standards in SSE region - TSOs will cooperate in order to reduce potential barriers of cross-border trade resulting from gas quality or odourisation differences. If NRAs recognize such a barrier, they will be entitled to initiate a specific procedure which shall lead to the removal of the above-mentioned obstacles without changing the gas quality specifications.</p> <p>The report with guidelines for SSE region and EnC CP.</p>   |

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| <b>Additional requirements</b> |  |
| <b>Timeline</b>                | <ul style="list-style-type: none"> <li>• Drafting the survey - 31.12.2015</li> <li>• Collecting responses - 31.06.2016</li> <li>• The report with guidelines for SSE region and EnC CP - 30.11.2016</li> </ul> |
| <b>Related documents</b>       |  |
| <b>Additional notes</b>        |  |

**Pilot Project IV: Harmonisation of the procedure for the exchange of the Interim Measures Reports between the Greek and Bulgarian TSOs and NRAs**

| <b>Task</b>                   | <b>Description</b>  |
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| <b>Responsible</b>            | RAE and EWRC  |
| <b>Purpose of the Project</b> | To establish a mutual/harmonized process of prompt exchange of the Interim Measures Reports between the Greek and Bulgarian TSOs and NRAs   |
| <b>Inputs</b>                 | <ul style="list-style-type: none"> <li>• Development of the draft Interim Measures Report by each TSO, as foreseen by article 46 of BAL NC – 15 July, each year</li> <li>• Beginning of Public Consultation period, during which, each TSO shall communicate the</li> </ul> |

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|                                | <p>draft report under consultation to the stakeholders (adjacent TSOs and market participants) – 1 August, each year</p> <ul style="list-style-type: none"> <li>• End of Public Consultation period. Each TSO having taken into consideration possible comments from the stakeholders (adjacent TSOs and market participants), proceeds to submit to the respective NRA the complete Interim Measures Report – 1 October, each year</li> <li>• Consultation between NRAs on each TSO's complete annual interim measure report - D+6 weeks</li> <li>• Each NRA approves the report according to the provisions of BAL NC (within six months from the receipt of the report) – D+6 months</li> </ul> |
| <b>Additional requirements</b> |  |
| <b>Timeline</b>                |  |
| <b>Related documents</b>       |  |
| <b>Additional notes</b>        |  |

**Pilot Project V: Market integration in CEE**

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| <b>Task</b>        | <b>Description</b>                  |
| <b>Responsible</b> | E-Control – MSs, NRAs and TSOs, PXs |

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| <b>Purpose of the Project</b>  | A closer integration of the Central Eastern European gas markets. The objective of this cooperation is the investigation of different possibilities to integrate the Czech and Austrian wholesale markets taking into consideration the provision of the Gas Target Model, including the construction of a direct interconnection pipeline called BACI. Stakeholders in this project are the three Austrian TSOs and Czech TSO together with both NRAs, ERÚ and E-Control. A TSO from a neighbouring country expressed interest in joining the project. Different market models have been analysed. This should lead to an execution of a cost-benefits analysis (CBA), pointing out the most effective market integration model design and to the presentation to the market of the outcomes during 2016. |
| <b>Inputs</b>                  |  |
| <b>Additional requirements</b> |  |
| <b>Timeline</b>                | <ul style="list-style-type: none"> <li>• Feasibility assessment - 2016</li> <li>• Implementation option assessment and development of work plan - to be defined based on the outcome from the previous phase</li> </ul>  |
| <b>Related documents</b>       |  |
| <b>Additional notes</b>        |  |

### Pilot Project VI Improvement of transparency of regional Virtual Trading Points in SSE

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| <b>Task</b>                   | <b>Description</b>  |
| <b>Responsible</b>            | E-Control – NRAs, TSOs, PXs   |
| <b>Purpose of the Project</b> | Improvement of transparency of regional Virtual Trading Points in SSE which, in connection with |



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|                                | the implementation of the GTM II best practices in gas market design, will contribute to raise the liquidity and improve the functioning of gas markets in the region. The outcome of this project should be a common good practise prepared by GRI SSE Regulators, regarding transparency in VTP.  |
| <b>Inputs</b>                  | <p>The existing analysis builds on the cooperation of NRAs and market participants (mainly represented by EFET). The questionnaire was dispatched to VTP Operators and NRAs of the GRI SSE Region and Energy community Contracting parties at the beginning of February 2016. Answers of 12 countries were collected by E-Control, which has presented an analysis of the outcome at the GRI SSE of 7-8 July 2016 in Budapest.</p> <ul style="list-style-type: none"> <li>• Questionnaire about the main features of the VTPs</li> <li>• Recommendation – common information standard for VTPs</li> </ul> |
| <b>Additional requirements</b> |   |
| <b>Timeline</b>                | <p>2015 preparation and presentation of the questionnaire</p> <p>2016 dispatch of the questionnaire and presentation of the results</p>   |
| <b>Related documents</b>       |   |
| <b>Additional notes</b>        |   |

### Pilot Project VII: Harmonisation of gas wholesale trading licenses in GRI SSE region

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| <b>Responsible</b>    | HEA  |
| <b>Purpose of the</b> | The overall objective of the project is to create a harmonised GRI SSE regional natural gas cross-border wholesale |

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| <p><b>Document</b></p> | <p>licensing regime facilitating a compromise solution between shippers' concerns and regulatory concerns. The objective is foreseen to be reached by the fulfilment of two means:</p> <ul style="list-style-type: none"> <li>• the reduction of administrative burdens, <u>while</u> maintaining sufficient regulatory supervision of shippers and access to necessary data;</li> <li>• mutual recognition of natural gas wholesale trading license in the GRI SSE region.</li> </ul> <p>Preliminaries: the project has been initiated at a sub-regional level in the V4 countries. The NRAs of the V4 completed a survey; the responses were summarized afterwards and discussed at a number of fora. The benefits of a sub-regional solution were found to be limited by the lack of infrastructure connecting the V4 countries. The lessons of the project and the expressed demand of network users for modifications call for continuing the project with an extended geographical scope.</p> <p>Purpose: The continuation of the project is composed of a concrete proposal for a natural gas cross-border wholesale trading license concept to be applied and accepted by numerous markets. The concept will be drafted by HEA, and discussed by NRAs, ACER and stakeholders in the GRI SSE. The concept development will take into account the prospects for national implementation of the solution. The goals and objectives listed above will be achieved once a widely supported solution becomes an element of natural gas wholesale trading license regimes in the region.</p> |
| <p><b>Inputs</b></p>   | <p>Input to this project is expected primarily from ACER, the regional NRAs and the European Commission (EC). Stakeholders' views will be also asked for.</p> <ul style="list-style-type: none"> <li>• First step: ACER and EC views on the project plan are welcome by 26 February 2016.</li> <li>• HEA prepares the license concept – mid-March</li> <li>• ACER and GRI SSE NRAs will be invited to share the views and comments on: <ul style="list-style-type: none"> <li>○ the license concept</li> <li>○ the prospects and requirements of its implementation into national legislation</li> <li>○ the principles of cost setting/costs</li> </ul> </li> </ul> <p>until the end of April.</p> <ul style="list-style-type: none"> <li>• Live debate is sought from NRAs, ACER, EC and stakeholders of the region at the workshop on 7-8 July in Budapest.</li> </ul>   |

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| <b>Additional requirements</b> | The modification of licensing regimes would necessitate changes in national legislations, which is conditional to the support of national governments. Therefore Ministries' involvement is going to be considered at a specific following stage of the project.   |
| <b>Timeline</b>                | <ul style="list-style-type: none"> <li>• Drafting of the proposed license concept – 31 March (HEA)</li> <li>• Introducing the concept to ACER and GRI SSE NRAs – beginning of April</li> <li>• ACER and GRI SSE NRAs comment on the concept and reflections on potential implementation, costs, etc. – 30 April</li> <li>• Evaluation of NRA responses (HEA and ACER) – 16 May</li> <li>• Circulating the topic of debate to stakeholders – early June</li> <li>• Assessment and discussion of findings – Workshop 7-8 July, Budapest</li> </ul>   |
| <b>Related documents</b>       | <p>ACER documentation of the Public Consultation on scoping the potential for Framework Guidelines on „Rules for Trading”</p> <p>Brattle Group (2010) 'Wholesale energy trading licenses in the EU'<br/> <a href="http://www.ceer.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Cross-Sectoral/2010/Brattle-Skadden%20Study%20Final%2021_Oct_2010.pdf">http://www.ceer.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Cross-Sectoral/2010/Brattle-Skadden%20Study%20Final%2021_Oct_2010.pdf</a></p> <p>Council of European Energy Regulators (CEER) (2011) 'Final Advice on the Introduction of a Europe-wide Energy Wholesale Trading Passport'<br/> <a href="http://www.ceer.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Cross-Sectoral/2011/C11-WMS-15-04b_TradingPassport_Conclusion_08112011.pdf">http://www.ceer.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Cross-Sectoral/2011/C11-WMS-15-04b_TradingPassport_Conclusion_08112011.pdf</a></p> <p>DNV KEMA (2013a) <i>Study on Entry-Exit Regimes in Gas: Part A: Implementation of Entry-Exit Systems</i> (Gröningen: KEMA) <a href="https://ec.europa.eu/energy/sites/ener/files/documents/201307-entry-exit-regimes-in-gas-parta.pdf">https://ec.europa.eu/energy/sites/ener/files/documents/201307-entry-exit-regimes-in-gas-parta.pdf</a></p> |

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|                         | DNV KEMA (2013b) <i>Country Factsheets</i> (Gröningen: KEMA) |
| <b>Additional notes</b> |  |

**Pilot Project VIII: potential updates of the survey related to the Third Energy Package implementation in SSE countries**

| <b>Task</b>                   | <b>Description</b>  |
|-------------------------------|---|
| <b>Responsible</b>            | E-Control, AEEGSI   |
| <b>Purpose of the Project</b> | <p>Taking into consideration the fact that there was a need for further monitoring and assessing the implementation of Third Energy Package provisions, and in particular, in relation to the entry into force of the new Network Codes, a questionnaire was prepared and circulated among the SSE NRAs. The questionnaire aimed at collecting information on the work done and still to be done by SSE countries and Energy Community contracting Parties in order to be fully compliant with Third Energy Package provisions.</p> <p>The aim of the questionnaire was also to highlight the different interpretations of the EU market rules. The questionnaire outcomes were presented during the 19<sup>th</sup> GRI SSE Stakeholders meeting in Bucharest.</p> <p>Due to the success of the first survey, NRAs and other stakeholders requested the questionnaire's promoters (E-Control, AEEGSI) to give update at the next GRI SSE meetings. The questionnaire promoters will verify the necessity and the interest for updating the results, taking into account the suggestions received from the attendees.</p> |

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| <b>Inputs</b>                  | <p>The necessity of an updated questionnaire has been discussed with the other NRAs during GRI SSE RCC meeting in Budapest 2016.</p> <p>On 15 July 2016 the project promoters have forwarded a draft questionnaire for comments to regional NRAs, TSOs, and stakeholders. The consultation window will last four weeks.</p> <p>The questionnaire should cover the analysis of the development performed in the region since the closure of the former pilot project XII as requested by stakeholders during the 19th GRI SSE stakeholder group meeting in 2015</p> |
| <b>Additional requirements</b> |  |
| <b>Timeline</b>                | Q4 2016  |
| <b>Related documents</b>       |  |
| <b>Additional notes</b>        |  |