**23rd Stakeholder Group Meeting**

**GAS REGIONAL INITIATIVE – SOUTH SOUTH-EAST**

30 November 2017, 10:00 – 14:00

**Terazije 23, II floor, Belgrade, Serbia**

**Chamber of Commerce and Industry of Serbia**

**Draft Minutes v1**

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| Link to meeting documents: <http://www.acer.europa.eu/Events/23rd-Stakeholders-Group-SG-Meeting-of-the-GRI-SSE/default.aspx> |

**Participants**

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| **No.** | **Surname** | **Name** | **Organisation** |
|  | Angyalova | Sylvia | Eustream |
|  | Backes | Markus | European Commission |
|  | Birklbauer | Lorenz | GAS CONNECT AUSTRIA |
|  | Brzeczkowski | Stanislaw | GAZ-SYSTEM |
|  | Bundeleski | Slavko  | ERC |
|  | Cioffo | Vincenzo | AEEGSI |
|  | Ćirić | Tanja  | AERS |
|  | Denceva | Sirma | EWRC |
|  | Dimitrov  | Milen | EWRC |
|  | Dukić | Stevan | Srbijagas TSO |
|  | Đorđević | Tatjana | Srbijagas TSO |
|  | Flak | Katarzyna | URE |
|  | Galletta | Riccardo | ACER |
|  | Garcia-Gimenez | Joaquin | ACER |
|  | Gazi | Evanglia | RAE |
|  | Grall  | Nina | EnC Secretariat |
|  | Hesseling | Dennis | ACER |
|  | Ischia | Alessandro | E-Control |
|  | Kaćanski | Bojan | Srbijagas TSO |
|  | Kuš | Piotr | GAZ-SYSTEM |
|  | Korosi | Tamás | HEA |
|  | Lont | Pawel | EFET |
|  | Marsenic-Maksimović | Branislava | Energy Community Secretariat |
|  | Maksimović | Petar | AERS |
|  | Menditti | Francesco | TAG |
|  | Milovanović  | Dejana | AERS |
|  | Nedelko | Vinko | AGEN |
|  | Pavlović  | Zorica | Srbijagas TSO |
|  | Petronijević | Mladen | AERS |
|  | Popadic | Aleksandar | AERS |
|  | Radjenović  | Jasna | Srbijagas TSO |
|  | Rose | Steve | RWE Supply and Trading |
|  | Selavardeanu | Cristian | ANRE |
|  | Shuli  | Maksim | ERE |
|  | Sieradzu  | Slavomir | GAZ-SYSTEM |
|  | Smolović  | Sonja | REGAGEN |
|  | Spasić | Ivana | AERS |
|  | Tubin-Mitrović | Branka | AERS |
|  | Vučković  | Aca | AERS |
|  | Zimmermann | Hannes | CEGH |
|  | Wood | Doug | EFET |

1. **Approval of the Agenda and Minutes**

Co-chair Mr Popadic welcomed the participants on behalf of the organizer and co-chairs AERS and HEA.

Mr. Hesseling from ACER welcomed all participants noting that this is the first ACER meeting in an Energy Community country. He proposed to change the draft Agenda. He suggested to skip points 2.1. Updаtes from Madrid forum and 2.2. ACER GRI coordination group – updates, because these were discussed on GRI SSE RCC meeting and to focus on 2016 MMR analysis on barriers to gas wholesale trading and stakeholders reactions to analysis. Mr. Hesseling proposal is accepted and the modified agenda of the 23rd SG meeting was approved.

The Minutes of the 22nd SG meeting was approved.

1. **Briefing on recent developments at ACER level**

**2.1 2016 MMR analysis on barriers to gas wholesale trading**

Representative of ACER gave information about recent developments and activities of ACER. In Madrid forum EC announced change of Gas Directive, that could be small changes in the law but important for some pipelines. These changes will go to a regular procedure and they do not apply to upstream pipelines. ACER Market monitoring report is also available on their website. A focus is on barriers to trade in the region. EC in its process of evaluating the gas market model launched a Quo Vadis study, in order to envisage some of the future possible ways forward. Consultancy proposed several scenarios. One new approach is simplification of transmission tariffs. The entry capacity prices to be applicable at IPs at entry points to EU and exit capacity price on exit from national transmission system to DSO or to final customer. Proposed changes should be treated with caution. This Study is to be presented in Brussels 13th of December. Regarding network codes, ACER‘s focus is currently on balancing. ACER also had interesting exchange with ENSTO-G about data quality. They all are expecting better data in 2019. Representative of AERS raised a question on proposing completely new tariff methodologies in situation when new NC TAR has just recently been adopted, which is a concern other stakeholders share as well. Consultants doing the study are just going to give their opinion which is not obligatory and after reviewing the results EC will decide what to do. It might seem premature but they want to be ready if changes are needed but these proposals definitely do not need to be implemented as such.

**2.2. Reactions to barriers analysis**

EFET commented that the cooperation with Polish NRA is good. They said that transparency will be improved by putting information and documents on website in English and not just in Polish because it is important for traders. Regarding wholesale trading license obtaining in Poland, they think this process takes a whole year to conclude and think it is a burden since it takes a lot of time to gather all the documents. Storage obligations are considered by EFET to be one of the reasons for market closure. Since majority of storage is owned by the incumbent company they perceive this as a problem and not just simple unbundling issue. A significant barrier is the price of using the storage. Response of Poland NRA is that English translation is a budgetary issue and they agree it should be solved better. Ms. Flak said that changing of licensing regime and the requirements which are laid down in the Law requires involvement of certain ministries and should be accepted by the parliament. The licensing procedure depends on the quality of documentation submitted, so the lack of complete and appropriate documentation could lead to a long procedure.

Mr. Rose from RWE Supply and Trading commented that RO-HU-AT project was canceled in a non-transparent way by Hungary. They would appreciate if the level of sharing information was higher in order to avoid the uncertainty of projects realization.

A representative from EFET asked whether public consultations of HEO will be available in English. Mr Rose from RWE Supply and Trading added that Hungary has the worst reporting obligations as, for example, traders are obliged to submit reporting data on a monthly level in multiple units of measure.

Mr Rose from RWE Supply and Trading questioned the NRA from Romania about the absence of a VTP and the dual TSO/DSO imbalance calculation, both of which were major problems for trading. The work of Romanian regulator and EC, ACER and ENTSO-G will be communicated with stakeholders in February 2018. It should reflect their complaints.

Bulgarian NRA answered to EFET question about heavy reporting obligations. It is defined by financial regulation and it is not within regulatory competences.

EFET commented that they would like more transparency and not ex-ante balancing regime in Austria E-control answered that the ex-ante specific balancing provisions is a result of the peculiar powerful but short TSOs network system. Linepack can be put at the disposal of shippers just in very low quantities because to get short of it could badly affect the ability of TSOs to transport the maximum quantities. Regarding the issue that transmission tariffs are generally above market spreads, E-Control replied that they consider themselves not the only ones in this situation and reminded that one of the goals of the regulation was/is to reduce the price spreads with neighboring markets by eliminating the commercial congestions at the IPs. Moreover the tariff methodology is published and it is distance-related, and it is deemed to recover the recognized costs of the TSOs. Regarding consultation mechanism, the main problem raised by EFET was the short time, couple of weeks foreseen for answering. Heavy reporting obligations are probably true. Mr. Ischia will transfer all comments to other colleagues in E-control.

EFET comment implies that often it is not obvious to traders whether some actions are really going to be taken or not in Italy. TSO performs good work in Italy regarding transparency, having regular WS in English. Balancing regime is still work in progress but there is good cooperation and engagement of TSO and stakeholders.

Eustream representative had general comment that disregarding the actual levels, tariffs will always be perceived as high by specific market players. The role of NRA in the tariffs setting process should be to secure that the tariffs are neither low nor high, but fair to both system users and also to the TSO. ACER summarized at the end of discussions that there are efforts to overcome barriers and address them and encouraged NRAs and stakeholders to follow up at bilateral level. Some of barriers are not fully understood because there is no time coincidence of giving information when it is needed. Compared to previous period, some of barriers are overcome. This kind of exercise could be repeated by ACER in the future.

1. **GRI SSE Work Plan 2015-2018**

**3.1. ROHU – (AT) incremental capacity**

Mr. Ischia (E-Control) explained the current status of ROHU-(AT) project. RO-HU, HU-AT and HU-SKAT project demand assessment performed in June 2017 showed that shippers still have interest to ship gas from RO to AT. Whilst the project RO-HU-AT was stopped, NRAs of Hungary and Austria started the incremental capacity procedure according to the provisions foreseen in the CAM NC. In addition, in Q4 2017 a demand assessment report showed market interest for gas flowing from HU through SK to AT. This route will be subject to an alternative allocation procedure whereas HU-AT is incremental capacity project. The timing for both projects should enable shippers to align their bookings with the results of ROHU OS.

**3.2. AT-CZ market integration**

There is no IP between AT and CZ. Joint working group between ERÚ and E-Control and the TSOs (Net4Gas, GCA and TAG) was established in 2014, and they analyzed different market integration models. Trading region upgrade is a hub-to-hubproduct offered by the TSOs as a service that entitles system users to nominations for exit from the Austrian eastern market area and immediate matching entry into the Czech market area and vice versa. Product offered would be yearly capacity and discussed start of service presumably on 1 January 2018. A very limited amount of capacity of about 10.000 Nm3/h will be offered in both direction.

* 1. **Concept paper on Licensing**

Project was initially envisaged to be developed between V4 countries. Objectives of the project are to develop a proposal of minimum criteria that can be supported by all regulatory regimes in the field of natural gas wholesale trade licensing in the GRI SSE region. The aim of the project is to minimize administrative burdens to cross-border wholesale trade and maintain sufficient regulatory supervision for all concerned NRAs. Mutual recognition of licenses requires necessary amendments of legal background and there is no general solution for this amendment actions because of different regulatory regimes. NRAs are not in the position to amend the national Acts and Decrees because that is the task of the Ministries. Project will be continued in cooperation with the Energy Community Secretariat under the CESEC banner, thus involving ministries as well.

* 1. **Bundling of capacity at BG-GR IP**

Two TSOs decided jointly to use RBP platform in 2016 and, that same year, first auctions took place. In 2017, reverse flow was offered and the second version of IA was signed. DESFA is the responsible party for the operation of the measurement and flow control equipment. BULGARTRANSGAZ is the initiating TSO and DESFA is the matching TSO. Methodology for calculation of interruptible capacity is published at DESFA website. The issues that still have to be aligned between the two TSOs are joint dynamic recalculation of technical capacity, compatible congestion management procedures (on the Bulgarian side just FDA UIOLI) and issues regarding interruptible capacity products.

* 1. **Survey on storage and LNG**

Representatives of AEEGSI and E-control presented the content of the draft questionnaire structure that refers to LNG and storages infrastructure, services and tariffs. The goal is to carry out the survey during the first quarter of 2018 and to present the outcomes at the next GRI SSE meeting.

1. **Progress update: BAL NC Implementation in GRI SSE**

**4.1 Presentation of BAL Implementation Monitoring report**

Mr. Riccardo Galletta informed stakeholders about ACER BAL Implementation Monitoring report. Analysis was conducted on 7 balancing zones to see if balancing regimes are functioning effectively, given the local circumstances. Daily data collected covered TSO’s balancing activities (volumes and prices), user’s imbalances (volumes and prices), and volumes of daily opening linepack where available. Analysis of these data revealed neutrality quantities, cash flows and net positions, linepack changes against cumulated commercial imbalance position changes. This assessment carried out in 2017 showed improved compliance at regional level and only in few cases the implementation level was considered insufficient. GRI SSE countries assessments showed progress compared to 2016. While some countries still apply interim measures, there is a risk not to meet the legal deadline (April 2019) if functioning platforms do not start operations soon.

**4.2 Reactions on BAL Implementation Monitoring report**

Ms. Evangelia Gazi from RAE presented update out the implementation of the balancing Network Code in Greece which will be in place in Q1 2018. The most important is introduction of VTP and Balancing platform.

Mr. Kőrösi informed about changes in Hungarian gas market according to Network Code Balancing. TSO balancing platform has been replaced by two trading platforms, new imbalance surcharge system is introduced, model variant 1 for information provision is defined in HEA regulation, improvements of data for balancing and publication and others modification are made.

1. **Overview of gas developments in the Energy Community**

Nina Grall Edler shared information about updates in Energy Community. Issues considered were related to the adoption of NC IO and NC CMP at next PHLG meeting in December 2017, activities regarding Treaty reforms in order to provide reciprocity, and possibilities for license recognition.

**6. AOB**

Mr. Hesseling thanks Mr. Kőrösi for his previous work in GRI SSE.

**7. Next meeting**

The next meeting will be held in May 2018. Meeting place will be defined lately.