**24rd Stakeholder Group Meeting**

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

**7 June 2018, 9:00 – 13:00**

**Prague, Czech Republic**

**Welcome; Approval of the Agenda and Minutes**

Co-chair Mr. Martin Svoboda welcomed the participants on behalf of the organizer co-chairs ERÚ and AERS.

The agenda of the current meeting has been approved.

Proposed changes of the last meeting minutes were adopted. No additional comments were given. Minutes are approved.

ACER GRI coordination group – updates

ACER stated that, due to the expected workload (mainly driven by the Tariff reviews) ACER will only be able to support one GRI SSE meeting in 2018. The region is free to organise more meetings only that would be without ACER’s support.

BG, RO Extensive update on work done after trilateral meetings

EWCR presented progress made regarding implementation of network codes in Bulgaria. The 2nd network code implementation workshop covered mainly topics related to NC BAL and NC TAR & implementation of the new Entry-Exit system.

Main conclusions:

* The storage contract will be switched to energy units with the start of the new storage tariff in energy (01.04.2019)
* Bulgartransgaz will publish a calendar for a recurring yearly process to amend the relevant contracts and general terms and conditions.
* NRA and Bulgartransgaz will consider the impact of reduction of capacity component taking into account of NC TAR and the Bulgarian system and consider to reduce multipliers.
* NRA to ensure that a proper interaction with stakeholders is established to further improve implementation of the network codes and market functioning and ensure transparency and provide sufficient justifications for the decisions made.
* Additional measures to improve market functioning should be analysed, for example the identification and unbundling of DSOs, the extension of the balancing area to the DSO network and to consider a different variants of release programme as not all participants understand and agree with the proposition for Gas release program.

ANRE presented update on the Entry-Exit model and VTP in Romania. Working Group on Romanian gas market design established with the aim of defining/agreeing on the detailed the entry-exit regime design (weighing specificities of the Romanian gas sector versus experiences in other Member States) on which basis and as part of which the specific features of the network codes can be introduced into the system.

**Process and the scope of the Work Plan 2019-2020**

Participants were invited to propose topics and/or project to be included in the WP 2019-2020. Any proposal shall be address to co-chairs and ACER email. It was agreed that all topics will be subject to discussion during the next GRI SSE meeting. Topics are expected to be delivered by the end of August.

ROHU – (AT) incremental capacity

E-Control explained the current status of ROHU-(AT) project as well as of the alternative solutions RO-HU, HU-AT and HU-SK-AT. Results of the economic test for each project were presented.

* The project RO-HU-AT was stopped.
* The project RO-HU represents the “successor” for part of the RO-HU-AT. First bidding round with oversubscription; currently phase with shipper right to step back from contracts.
* The project HUAT obtained a positive decision on Austrian side, no decision on the Hungarian side, but the opinion is negative. Incremental auction will not be carried out.
* Promoters of the project HU-SK-AT have launched the market consultation of the Rulebook of TSOs, comments by 25 June.

E-Control concluded that based on presented results the project RO-HU-AT would be the most beneficial for shippers.

AT-CZ market integration

There is no IP between AT and CZ. Trading region upgrade is a hub-to-hub product 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 primarily yearly capacity. A limited amount of capacity of about 10.000 Nm3/h will be offered in both directions, start of the service 1 October 2018. It is expected that this capacity will be offered as uniform Price Auction on the web portal of GCA and N4G.

Survey on storage and LNG

E-Control presented main topics of the survey on storage and LNG. It should focus on

* Legal framework (TPA, regulated or negotiated regime) and characteristics of the system
* General sector statistics (utilisation)
* Network capacity allocation/booking
* Network system charges
* Specific services offered (e.g. strategic reserves, bunkering, etc.)
* Average service costs

Self-assessment and development options for the Slovenian gas wholesale market

AGEN presented results of the Slovenian self-assessment carried out as requested by the updated Gas Target Model. It was concluded that Slovenia performs poorly in case solely AGTM metrics is used. However, the proper functioning of the market is not threaten as the Commission concluded that the relevant market for wholesale gas supply is not limited to Slovenia, but includes, at least, Slovenia and the CEGH. The Commission found no barriers for either foreign suppliers to serve SI wholesalers/retailers or for the latter to source gas directly at CEGH VTP, *de facto* recognizing the proper functioning of the market. All market integration options are linked to many open issues and related risks and require extensive TSOs and NRAs cooperation and harmonization efforts. At least in short term, SIovenia should not pursue any formal market integration. Instead, Slovenia will focus on proper implementation of the network codes.

Update on NC BAL implementation monitoring report

ACER presented preliminary results from the ACER Monitoring report on the implementation of the Gas Balancing Network Code (2018 edition). Recommendations and conclusions were summed up into these points:

* TSO’s balancing action policy, as a response to:
  + physical requirements
  + market needs - balancing task shifted to network users who must be provided with adequate information
* Data quality and transparency
  + key for network users’own balancing
  + key for monitoring carried out by ACER and ENTSOG
* Enabling NUs’independent balancing
  + Info on NDM offtakes is a critical success element
* Full daily cash out
  + Tolerances and LFS provide effective shield
  + Need to be calibrated on goodness of information provision
  + May affect market liquidity
* TSO’s incentives
  + In all cases TSOs’ policy has to be transparent
    - TSOs’ financial reward/penalty based on a combination of factors (balancing actions’ volumes, use of LP/storage, NDM forecast accuracy)
    - TSO’s actions linked to clear commercial rules
    - TSO’s discretion
* Transit
  + Impact on balancing to be further explored

Overview of gas developments in the Energy Community

Energy Community Secretariat shared information about updates in Energy Community. Main issues reported were related to implementation of NCs, REMIT, licensing and infrastructure.

* Network codes
  + EnC Working Group (NRAs and TSOs of EnC CPs and neighbouring EU MSs, ACER, ENTSOG) agreed on adapted texts of CAM and TAR NC
  + TAR NC – more time for transposition is needed, i.e. implementation by 2020
  + CAM NC - First yearly auctions: July 2020; Bundled products on VIP: November 2021; First demand assessment within incremental process: in 2021; Agreement on booking platform: 6 months after transposition
  + IO NC & CMP – under discussion: deadlines for implementation, legal discussions: direct applicability, extent of changes, IPs between EU MS and EnC CPs
* REMIT
  + Not implemented yet
  + ACER cannot takeover its role in EcC CPs, ECRB will cover coordination and investigation instead
* Licensing
  + Based on common minimum requirements, mutual recognition of licenses (for supply to wholesale customers) shall be in place
  + Abolishment of local establishment requirements
* Infrastructure
  + Gas/oil and electricity technical groups tasked to carry out project-specific Cost-Benefit Analysis on each applicant project
  + Based on the assessment results, the technical groups concluded their work in May 2018 with a recommendation on the draft preliminary list which is forwarded to the PHLG of EnC
  + After PHLG’s recommendation to the MC, the MC approves the list on its Nov 2018 meeting after which it will be published

Next meetings

It was agreed that meeting details will be defined lately. It is presumed that the meeting will be held in Beograd.