


ACER

 Agency for the Cooperation
of Energy Regulators

21st Regional Coordination Committee Meeting

Gas Regional Initiative South South-East

Warsaw, ERO premises, 28 May 2013

Agenda Topics	Rapporteur
1. Opening <ul style="list-style-type: none"> - Approval of the agenda - Approval of minutes of the 20th RCC meeting 	Co-chairs
2. Update from each SSE country	RCC members – tour de table
3. Update from ACER GRI coordination meetings	ACER
4. CAM NC early implementation <ul style="list-style-type: none"> - Report from CAM Coordination Group meetings - CAM Roadmap – ongoing SSE pilot projects and possible new pilots in the region 	Co-Chairs + open floor for RCC members
5. Enabling Market Integration	Update from project leaders followed by an open discussion
6. Early implementation in other areas	For orientation discussion
7. Infrastructure projects in the SSE region	Co-Chairs + open floor for RCC members
8. Security of Supply	Co-Chairs + open floor for RCC members
9. AOB and next meetings	Co-chairs

1. Opening

1.1 Approval of the agenda

1.2 Approval of minutes of the 20th RCC
meeting

» Comments ???

2. Update from each SSE country

- RCC members – tour de table

3. Update from ACER GRI coordination meetings

- ACER

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Gas Regional Initiative Update from ACER GRI Coordination

Juan de Miguel
Regional Cooperation Officer
ACER

21st RCC meeting of GRI SSE
Warsaw, 28 May 2013

GRI Coordination – Overview of activities

- **CAM Roadmap implementation**
 - » Facilitating early implementation of the CAM Network Code
- **Early implementation of NCs in other areas**
 - » Complementing the FG-NC process in the path towards the IEM
 - » Outcome of last MF
- **Follow-up of regional work**
 - » GRI Coordination group
 - » Regional Work Plans 2011-2014 and Madrid Forum
 - » Coordination with ACER GWG
- **GRI strategy and reporting**
 - » Status Review report on Regional Initiatives
 - » GRI Quarterly reports

CAM Roadmap implementation

- **CAM Roadmap** document published on 1 March 2013:

http://www.acer.europa.eu/Gas/Regional_%20Initiatives/CAM_roadmap/Pages/default.aspx

- Result of cooperation between ACER, ENTSOG, NRAs and TSOs
- Presented and welcomed at the last Madrid Forum
- Aim is to **facilitate** the early implementation of CAM NC
- Governance structures: **CAM Coordination & EU Stakeholders** groups. First meetings held in March, second scheduled on 18 Sept.
- **Useful process** to share experiences and lessons learned, build a common understanding of NC, address issues of general interest
- Upcoming task: gather information on early implementation per IP and review implementation issues of general interest
- Monitor implementation of pilot projects until **deadline** for full implementation (15 November 2015 in final CAM NC)

Early implementation in other areas

- Endorsed by ACER BoR (16 April) and 23rd Madrid Forum (17-18 April)
- 23rd MF conclusions encourage to consider early implementation projects on **balancing**. Balancing NC is expected to be adopted after Comitology meeting in July. Informal pre-comitology meeting today
- Discussions with NRAs have started within the GRI Coordination group in order to assess if this is feasible at this stage and to “test the ground” for potential early implementation projects in balancing
- Open questions:
 - » Do SSE NRAs see this possible in this region?
 - » What aspects of the Balancing NC could be suitable for pilot projects?
 - » How to get TSOs involved?
- Discussions with ENTSOG staff to be started soon

Follow-up of regional work

- **GRI Coordination group**
 - » GRI Coordination meetings held on a monthly basis
 - » ACER encourages participation of Lead Regulators and other NRAs
- **Regional Work Plans 2011-2014**
 - » To be kept permanently updated, especially ahead of each MF
 - » Recent update of regional Work Plans in April 2013, in a participative and transparent process
- Regular reporting to the **Madrid Forum**. Outcome of 23rd MF:

17. The Forum (...) welcomes the continued efforts undertaken in all regions but in particular SSE to develop an implementation model for measures of the gas target model and encourages transmission system operators, regulators and, where appropriate, Member States in the region to undertake the best efforts and coordinate their initiatives where appropriate to explore cross-border market integration.
- Enhance coordination with **ACER GWG** – back-to-back meetings on 25-26 June

GRI strategy and reporting

- Discussion on **GRI strategy** planned for 25 June meeting, following a request for input by BoR
- **Status Review** report on Regional Initiatives 2012
 - » Published in February 2013. Joint report by ERI and GRI
 - » A recap of RI work in 2012 and an outlook to the way forward
 - » Key messages for gas and electricity
- **GRI Quarterly reports**
 - » Track of GRI activities on a quarterly basis. Last one published: Q1 2013
 - » Reference for projects and deadlines: CAM Roadmap and Work Plans
 - » Next issues may include lessons learned in early implementation of NC

All ACER GRI reports and publications available at:

http://www.acer.europa.eu/Gas/Regional_%20Intiatives/Pages/Reports.aspx

Thank you for your attention!



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4. CAM NC early implementation

- Co-Chairs + open floor for RCC members
 - Report from CAM Coordination Group meetings
 - CAM Roadmap – ongoing SSE pilot projects and possible new pilots in the region

➤ **CAM Roadmap – ongoing SSE pilot projects**

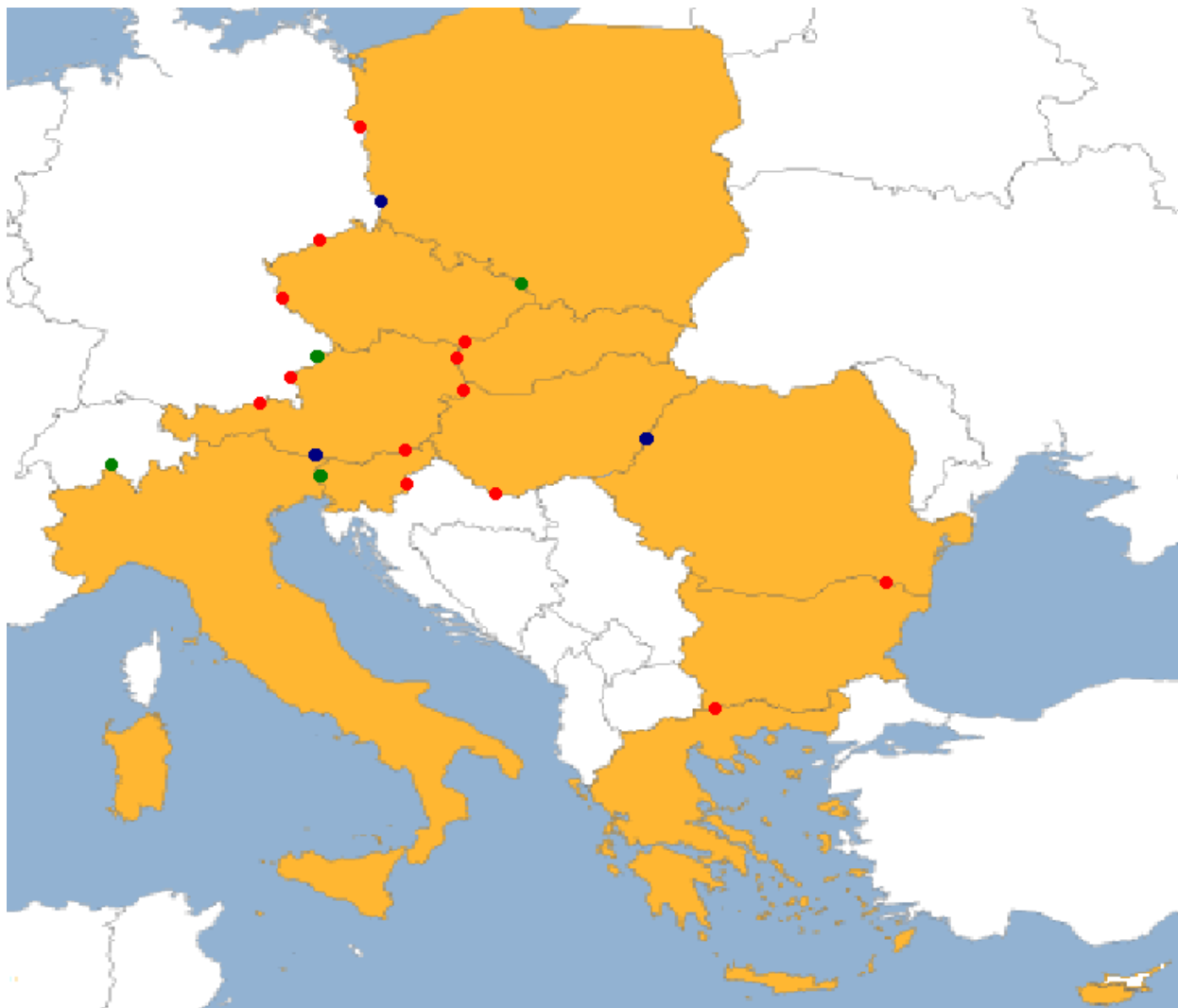
- Bundled capacity product at Austria/Italy IP
- Bundled product and capacity platform in Hungary-Romania
- Bundled capacity product at Lasów IP (PL/DE)

Lessons learnt so far? Positive experiences? Problems occurred?

➤ **new IPs in the process of being involved or under evaluation to be involved in the early implementation of CAM NC**

- Oberkappel IP (AT/DE)
- Cieszyn IP (CZ/PL)
- Passo Gries (IT/CH)
- Gorizia (IT/SL)

Some TSOs are currently evaluating the introduction of other capacity products in line with the changes required by the respective regulatory frameworks



- IPs involved in the implementation of CAM NC
- IPs in the process of being involved or under evaluation to be involved in the implementation of CAM NC
- IPs not involved in the implementation of CAM NC

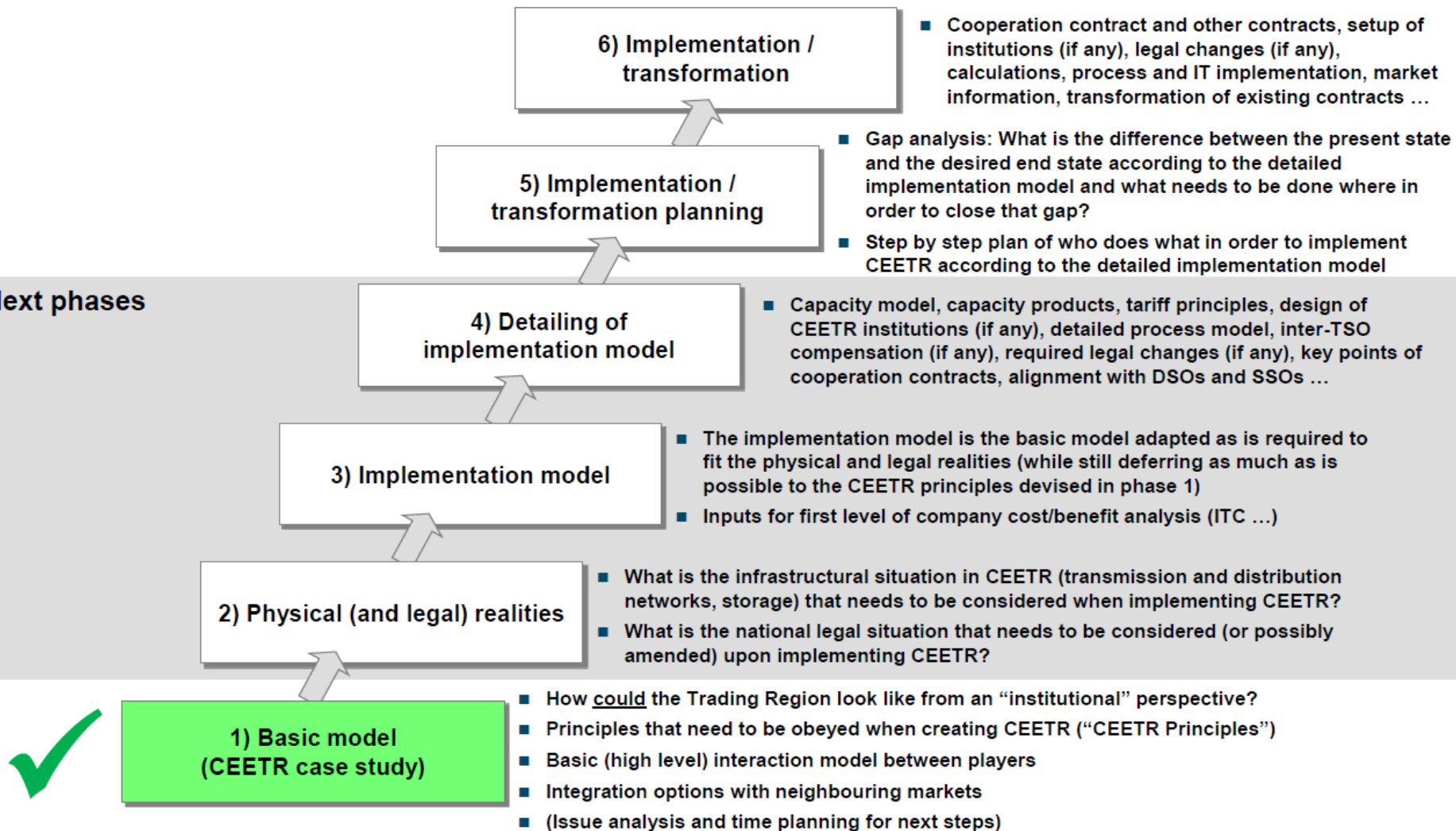


Do NRAs have information on IPs where new regional or cross-regional pilot projects are to be started ???

5. Enabling Market Integration

- Update from project leaders followed by an open discussion
 - GTM implementation - Market integration: CEETR
 - V4 project - Gas market integration in the Visegrad Region

Next phases





➤ **V4 project background**

- July 2012 – June 2013 - **Polish Presidency of the Visegrad Group**
- V4 project is a governmental initiative
- V4 NRAs and TSOs are involved in the project
- Presidency's objective → ***Towards the regional gas market***
 - ❖ Elimination of regulatory and trade barriers between the V4 countries
 - ❖ Streamlining the cooperation of V4 competent authorities, NRAs, TSOs aiming at identifying short and long term initiatives towards establishing of regional gas market

➤ **V4 project concept & calendar**

- **31 October 2012 - the V4 Ministers of Economy signed a MoU on gas market integration in the V4 region**

The MoU envisages the project phases:

- January 2013 - *Analysis of the current state of market liquidity in the V4 region – state of play and challenges ahead*
- ✓ Joint NRAs report and 4 country reports by URE, ERU, URSO, MEH
- March 2013 - *Gas Target Model for the Visegrad Region – conceptual analysis*
- ✓ Analysis by an external consultant from the Florence School of Regulation
- June 2013 – *Road Map towards the V4 regional gas market*
- » Consulted and approved by the V4 High Level Group on energy security

➤ **Assumptions of a Road Map towards the common regional V4 gas market**

- **Main Priority** - Physical integration of the Visegrad countries
 - ❖ the V4 countries shall provide a necessary political support to ensure a timely and successful construction of new, as well as further extension of existing, interconnections between HU, CZ, SK, PL, as identified within the flagship project - North-South corridor in Central-Eastern Europe
 - ❖ Implementation of the key gas projects in the V4 region:
 - SK-HU – 2015
 - PL-CZ – 2017/2018
 - PL-SK – 2017/2018
- **Parallel Priority** - Market design for the Visegrad region
 - ❖ the V4 countries - TSOs supported by NRAs - shall streamline the cooperation targeted at joint and most coherent implementation of NCs
 - ❖ the V4 countries shall streamline the cooperation - TSOs - to perform an operational study evaluating the feasibility of multi-coupled market zones model aiming at effective allocation of capacity of the new infrastructure in the V4 region

➤ Institutional framework of the V4 project

- The top-down approach is envisaged where the leading role is attributed to the V4 Ministers of Energy who shall provide for the necessary political impetus
- the *V4 Forum for Gas Market Integration* shall be established to provide political support and coordination among V4 ministries, NRAs and TSOs

16-17 June - V4 Summit in Warsaw

Road Map is to be signed by the V4 Prime Ministers

Ministry of Foreign Affairs of Poland will give a presentation on the V4 project at the SSE GRI SG meeting

6. Early implementation in other areas

➤ For orientation discussion

- BAL NC
- INT NC
- CMP

➤ **Network Code on Gas Balancing – BAL NC**

- The main objective of the gas balancing network code in transmission is to facilitate cross-border gas trade and the development of competitive and efficient gas wholesale markets in Europe
- This is to be achieved through the application of a number of principles and measures, such as:
 - » harmonised daily balancing regime
 - » shared balancing responsibilities between TSOs and network users
 - » the principle of TSO neutrality with respect to all related costs and revenues
 - » the harmonisation of (re-)nomination procedures (e.g. timing)
 - » new rules on imbalance charges
 - within-day obligations
 - operational balancing between transmission systems
 - » accurate and timely provision of information on balancing related matters
- 25 March 2013 ACER recommended the BAL NC to the European Commission

**The Comitology procedure is expected to start formally
in the middle of 2013**

➤ **CROSS-BORDER COOPERATION according to BAL NC Article 6 and 7**

- Wherever and to the extent it is technically feasible and economically reasonable, the transmission system operators shall cooperate in order to integrate European gas markets by merging entry-exit systems or creating cross-border balancing zones or through other means such as market coupling
- Where opportunities to integrate balancing zones are identified, the proposal for project development shall:
 - » provide consultation process with stakeholders
 - » be prepared in cooperation with ENTSOG
 - » include an impact assessment of the expected costs and benefits and on the timeline for the completion
 - » include analysis of a joining balancing platform for transmission system operators in adjacent balancing zones
- ENTSOG shall review the progress of the harmonisation of balancing rules in adjacent balancing zones assessing the existing level of harmonization

- **Interoperability and Data Exchange Rules - INT NC**
- Interconnection Agreements
 - » the deadline for signing the agreements
 - » agreements must include:
 - rules for flow control
 - measurement principles for gas quantity and quality
 - matching rules
 - rules for the allocation of gas quantities
 - rules for exceptional events
- Gas Quality
 - » the INT NC shall oblige TSOs to provide relevant network users with pertinent parameter information
- Odourisation
 - » in order to eliminate barriers in cross-border flows the INT NC shall require agreements between TSOs for each interconnection point
- Data Exchange
 - » rules for the exchange of data between operators and market participants
- The start of the comitology process is envisaged for late 2013

There are a number of areas where the provisions in the Network Code are not sufficiently in line with the Framework Guidelines

➤ **Congestion Management Procedures – CMP**

- The CMP guidelines entered into force on 17 September 2012
- The provisions of the CMP apply to interconnection points between adjacent entry-exit systems, irrespective of whether they are physical or virtual, between two or more Member States or within the same Member State in so far as the points are subject to booking procedures by users
- Three CMP measures are introduced and should be implemented as of 1st October 2013:
 - ✓ Capacity increase through oversubscription and buy-back scheme
 - ✓ Surrender of contracted capacity
 - ✓ Long-term use-it-or-lose-it mechanism
- Firm day-ahead use-it-or-lose-it mechanism shall apply as of 1 July 2016

A dialogue and cross-border coordination between NRAs and TSOs is a key requirement for a successful implementation of the CMP guidelines

7. Infrastructure projects in the SSE region (1)

- Co-Chairs + open floor for RCC members
- Regulation 347/2013 on guidelines for trans-European energy infrastructure as a new factor that needs to be reflected by SSE GRI
 - Regional groups should be established for the purpose of proposing and reviewing PCIs. ... The cooperation should rely as much as possible on existing regional cooperation structures of national regulatory authorities and TSOs and other structures ...

7. Infrastructure projects in the SSE region(2)

- Possible involvement of GRI SSE related to Reg. 347/2013
 - » Exchange of views and experiences among NRAs and TSOs involved (e.g. on cost allocation method),
 - » Discuss the impact of PCIs (once approved) on the Region in terms of security of supply and markets integration
- **Challenges for the Region**
 - » Regional corridors set by Reg. 347/2013 do not perfectly fit into ACER Regions
 - » Risk of duplication of activities between the work carried out at regional level and that undertaken by the ACER task force responsible for PCIs

7. Infrastructure projects in the SSE region (3)

- Gas Regional Investment Plans 2013-2022
- GRIPs falling into SSE region:
 - ✓ GRIP Central-Eastern Europe
 - coordinating TSO GAZ-SYSTEM (PL)
 - ✓ GRIP Southern Corridor
 - coordinating TSO DESFA (GR)

8. Security of Supply

- Co-Chairs + open floor for RCC members
 - SoS continues to be a priority in the GRI SSE
 - In most MS of the region the relevant national Ministries (not the NRAs) act as Competent Authorities

NRAs are invited to enhance their Competent Authorities to present and exchange best practices and examples of regional cooperation at next SSE GRI SG meeting(s)

9. AOB

10. Next meeting

- December 2013, Milan

Thank you for your attention!



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