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By E-mail: [10-year-plan@ergeg.org](mailto:10-year-plan@ergeg.org)

Dear Fay

## **ERGEG recommendations on the 10-year gas development plan**

Centrica welcomes the opportunity to comment on ERGEG's recommendations on the 10-year gas network development plan. As a shipper with involvement in several European transmission networks we have a close interest in the effective implementation of the requirements for this plan as contained in the third energy package (3<sup>rd</sup> package).

Centrica is active in the European gas markets, primarily in North-West Europe. Outside of its home market of Great Britain where it is active under the British Gas brand and via Accord Energy Trading, Centrica also participates in the gas markets in the Benelux region and in Germany

This response is on behalf of the Centrica Group of companies excluding Centrica Storage Ltd. We have framed our response around ERGEG's questions for stakeholders contained in the Annex to the consultation document E08-GNM-04-03.

## **What would be for you the benefits of the 10-year gas network development plan?**

At high level, the 10-year plan should give market participants, system operators and regulatory authorities a robust and consistent pan-European view of the EU gas networks' current capability to meet consumer demand, enhancements already in process of planning and/or commitment and therefore the need for future development and to assess the networks' response to selected future scenarios. This will complement the development plans which TSOs produce for national regulatory authorities.

The plan should provide market participants with useful information on the capabilities of the EU system, which, along with the information users need from individual TSOs

and regulatory authorities, will help market participants plan their future market activities. At a detailed level, the plan should include access to the dataset of transmission network capacities and flows represented in the report, as well as the data underpinning the plan's assumptions and scenarios. Among other things, this will allow market participants to input the data into their own models.

By identifying current and future infrastructure bottlenecks the plan should help security of supply and the review of progress since the previous plan should highlight where problems are arising and not being resolved in a timely manner.

**What is the most important information you expect from the 10-year gas network development plan?**

The plan should provide public information on committed and planned infrastructure projects and current and forecast gas system capacities and flows under common scenarios. The plan should focus on cross-border infrastructure and developments having a regional impact. It should identify bottlenecks and show the effect on the system of the agreed demand/supply scenarios, including possible supply disruptions.

To be reliable, we feel that the plan needs to include publication of the consistent set of assumptions (e.g. for demand, supply) that ENTSOG will need to agree in the process of creating the plan.

Non-confidential data underpinning the report i.e. relating to TSO capacities and flows, actual and forecast network demand scenarios, demand/supply assumptions and economic assumptions etc should be provided in numerical form as a dataset.

**Do you consider that the 10-year gas network development plan, as proposed by ERGEG, will be beneficial to security of supply?**

Yes – a well designed plan will help identify investment needs, including the future resilience of the network by modelling under different scenarios. This approach will help to identify potential physical constraints before they occur.

This needs to be matched with implementation by TSOs of their obligation to publish individual plans and for system operators to provide users with the real-time, daily and long-term data they need for effective access to and use of the network. In this respect we hope that TSOs will continue to work on implementation of the “Mintra” list and information provision by other system operators, in particular for storage, can also be improved.

**Do you consider that the scope proposed by ERGEG is appropriate? Should it be enlarged?**

We agree it would be appropriate for the plan to examine in detail most investments of a pan-European and/or cross-border dimension, but it is important that in order to gain

an accurate view of EU supply/demand all data on inputs and outputs from transmission grids is included. We believe improvements are needed around data on indigenous gas production and storage facilities, and trust that these elements will be captured in the plan.

Subject to the above, we support ERGEG's proposed scope. However, there should be flexibility to adjust the scope of the plan if this is found to be necessary.

**Do you agree with the combined bottom-up/top down methodology proposed in the document? What would be the most efficient process to achieve the top down approach?**

We agree with the suggestion that there should be a combined bottom-up/top down methodology. The inclusion of a top-down approach, in addition to combining information from individual TSOs, will help ensure consistency. It is extremely important that the views of all stakeholders (governments, regulators, shippers etc) are taken into account and incorporated in the plan.

We agree with EFET that an initial step would be to publish the existing assumptions and methodologies used by TSOs in their own capacity forecasting models and long-term network plans.

**Would you agree with putting an obligation on market participants to communicate all the relevant information about their future projects?**

Regular processes by which TSOs collect information from market participants on their future capacity requirements and expected load are also already in place in several member states. Member States, through their National Regulatory Authority, should ensure that the ENTSOG plan results in an accurate and comprehensive view being available to stakeholders.

It is unclear what is meant precisely by the term "future projects" and "all relevant information" in the ERGEG question. The main text of the consultation document refers to both infrastructure investment projects (such as LNG and storage facilities) as well as market participant's needs for transportation capacity. In both cases we believe that the flow of information should be from the market participant, or the proposer of the new facility, to the relevant TSO, as the market participant/developer will already be in contact with the TSO with a view to ensuring connection rights for any new infrastructure.

**What would be the best way for ENTSOG (including its members) to collect data from stakeholders? Should that be carried out at a national, regional or European level?**

Data collection will be best carried out a national and individual TSO level. This should be combined with ENTSOG sharing preliminary results from the aggregation of TSO

data with users. This will help market participants identify any inconsistencies in the aggregated data

**Are the scenarios mentioned appropriate? Would you have other proposals?**

We agree that a range of scenarios need to be examined. In addition to the items identified by ERGEG, the plan should examine the response of the combined network to a peak day and extended severe weather event (e.g. severe winter). This is not necessarily the same as a “high case” scenario, which could reflect a general increase in demand. In drawing up the plan, we would like to see publication of TSOs’ individual peak-day & severe winter assumptions as well as ENTSOG agreeing common parameters for common scenarios for these in the plan. This would greatly assist any assessment of the data against common criteria.

**What are your views on the proposed EU network modelling and simulation of supply disruption?**

We support the ERGEG proposals.

**Do you consider the drafting methodology and content relevant? In your view, should ERGEG be more or less prescriptive?**

Subject to the comments made in this response, we agree with the overall approach. There should be flexibility to revise the drafting methodology and content in the light of experience, including stakeholder feedback. To ensure transparency, we would encourage ERGEG to be prescriptive about the data that should be made available to stakeholders and its timeliness.

**Do you consider it important to have a monitoring report assessing and explaining deviations from the previous plan?**

It is inevitable that there will be deviations from any previous plan. In formulating new plans, these deviations should be identified and explained and their implications assessed, with the purpose of improving the robustness of the new plan, and ensuring that the methodology supporting its preparation is fit for purpose. This could either be delivered as part a separate monitoring report or a section of the new plan.

There should be processes for ENTSOG to continuously update the database with new information or major changes, e.g. in the light of go/no-go decisions on new infrastructure projects.

**Is the consultation procedure for the EU-wide 10-year gas network development plan proposed in section 3.5 appropriate?**

We would like to see a more detailed consultation procedure, with stakeholders being consulted on a more regular basis, especially if the plan is a 2-yearly process.

ENTSOE could, for example, hold quarterly stakeholder workshops covering the latest status of its work on the next plan and comparing the current plan with actual market developments.

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We hope that this response will be helpful to ERGEG and GTE+ in further developing the abovementioned work. If you would like any further clarification, please do not hesitate to contact me on +44 7979 567785 or [helen.stack@centrica.com](mailto:helen.stack@centrica.com) .

Yours sincerely,

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