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# **Progress report on key projects - GRI SSE**

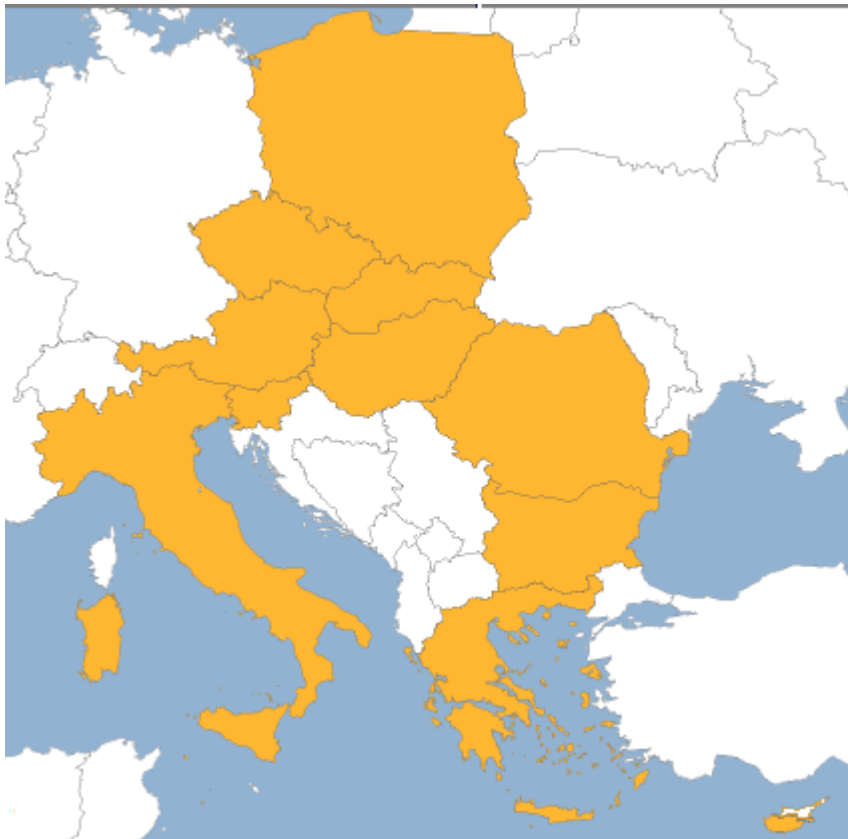
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22<sup>nd</sup> Madrid Forum, 2-3 October 2012

# Current work in progress in GRI SSE in 2012

## Geographical scope of GRI SSE



Capacity allocation and  
bundled products

Enabling market  
integration

Interoperability

Infrastructure

Security of Supply

Transparency

Projects	Responsible	Starting	Deadline
<b>Coordinated short term capacity services - Bundled capacity allocation at Austria/Italy IP</b>	TSOs	2011	2012-2013
<b>GATRAC bundled products</b>	TSOs	2011	2012+

## Main achievements:

- Both projects are ongoing and part of the CAM Implementation Roadmap
- AT/IT IP pilot project: day-ahead capacity auction following consultation with shippers
- GATRAC platform: successful cross-regional pilot project on early CAM implementation
  - Extension: EUstream

## **Bundled capacity allocation at AT/IT IP pilot - Progress**

- Goal: definition of a bundled capacity product to be allocated by explicit auctions in order to connect PSV and Baumgarten in 2013
- Strong involvement of the TSOs Snam Rete Gas and TAG + NRAs AEEG and E-Control
  - » Austrian side: TAG started auctioning day ahead interruptible capacity
  - » Italian side: AEEG modified the rules to use the entry capacity at Tarvisio so to allow shippers to nominate extra amount of capacity according to the results of the TAG's daily auction
- E-Control and AEEG established a joint task force to design the main features of the evolution of the current arrangement towards CAM NC provisions

## Joint guidelines

- Not all the provisions of the CAM code are implementable in the short term → identification of intermediate step
- The intermediate step is to be developed by TSOs on the basis of joint guidelines issued by the NRAs upon consultation of market participants
- Key elements of the guidelines:
  - » Joint booking platform (possibility to adopt the EU platform)
  - » Capacity to be offered
  - » Auction elements
  - » Transparency requirements
- AEEG and E-Control launched the consultation, market participants' views are welcome! (consultation closes on 19 October)
- Next steps: evaluation of consultation feedback; definition of implementation procedure; modification of contractual arrangements and regulatory framework; joint booking platform choice; allocation of bundled capacity product (daily firm and interruptible) via auctions by Q2 2013

Projects	Responsible	Deadline	Status
<b>Cross-border Regional Balancing Platform</b>	CEGH	2012	Ongoing
<b>Implementation of the Gas Target Model – Analysis of marcoeconomic benefits linked to implementing different models for balancing and trading zones</b> <ul style="list-style-type: none"> <li>Market areas / trading regions / market coupling</li> </ul>	NRAs and TSOs	2012	Ongoing

- CEGH on track to provide a cross-border connection to neighbouring market areas in cooperation with respective TSOs
- GTM implementation: studies on future market architecture scenarios

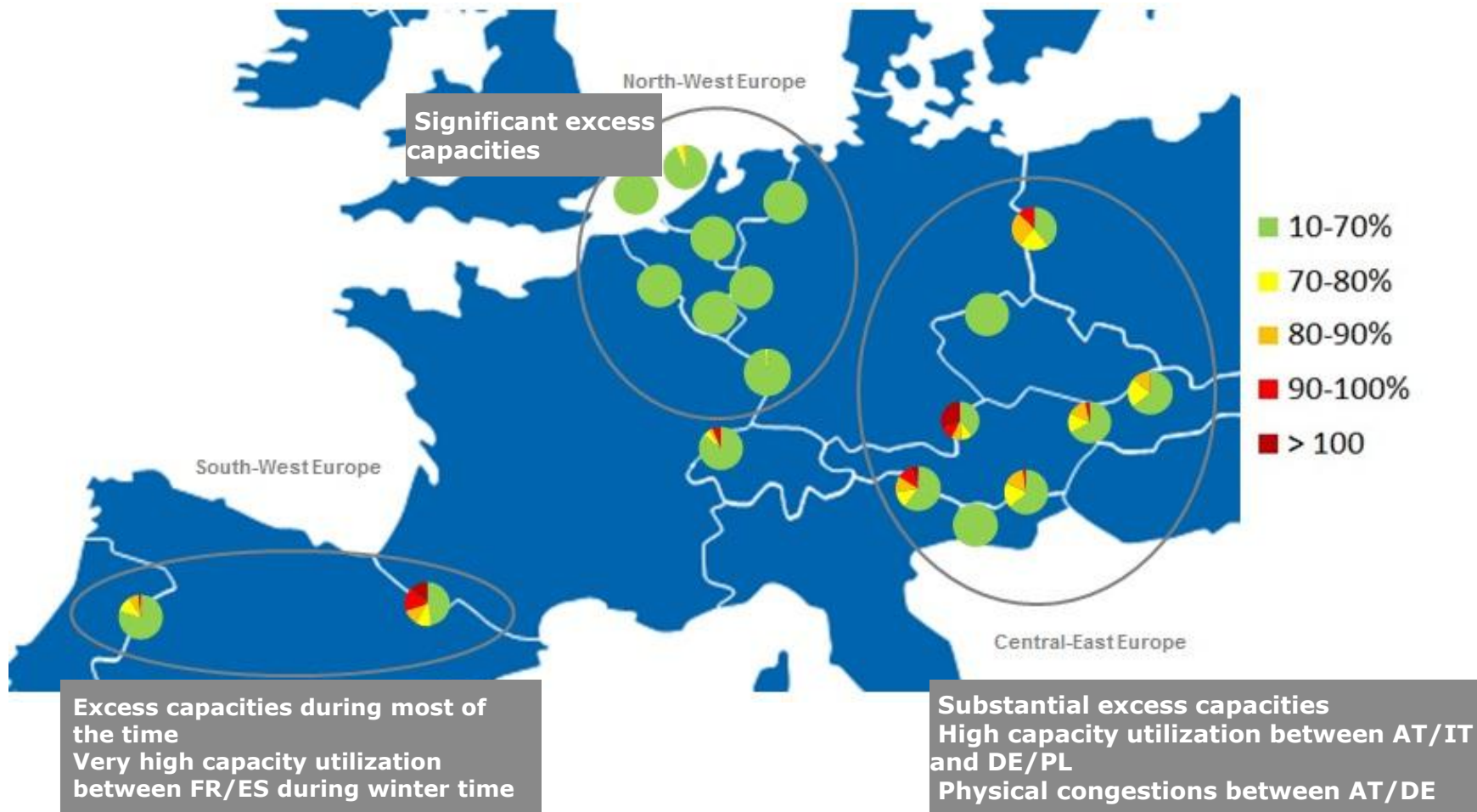
## **GTM implementation**

Pilot projects to identify ways for GTM implementation (market areas/trading regions)

- 1. Macro level study on possibilities for cross-border market integration in Europe
  - Analysis of macroeconomic / welfare benefits of market integration – with 2 case regions
- 2. Case study on identification of implementation steps of the measures proposed in the GTM

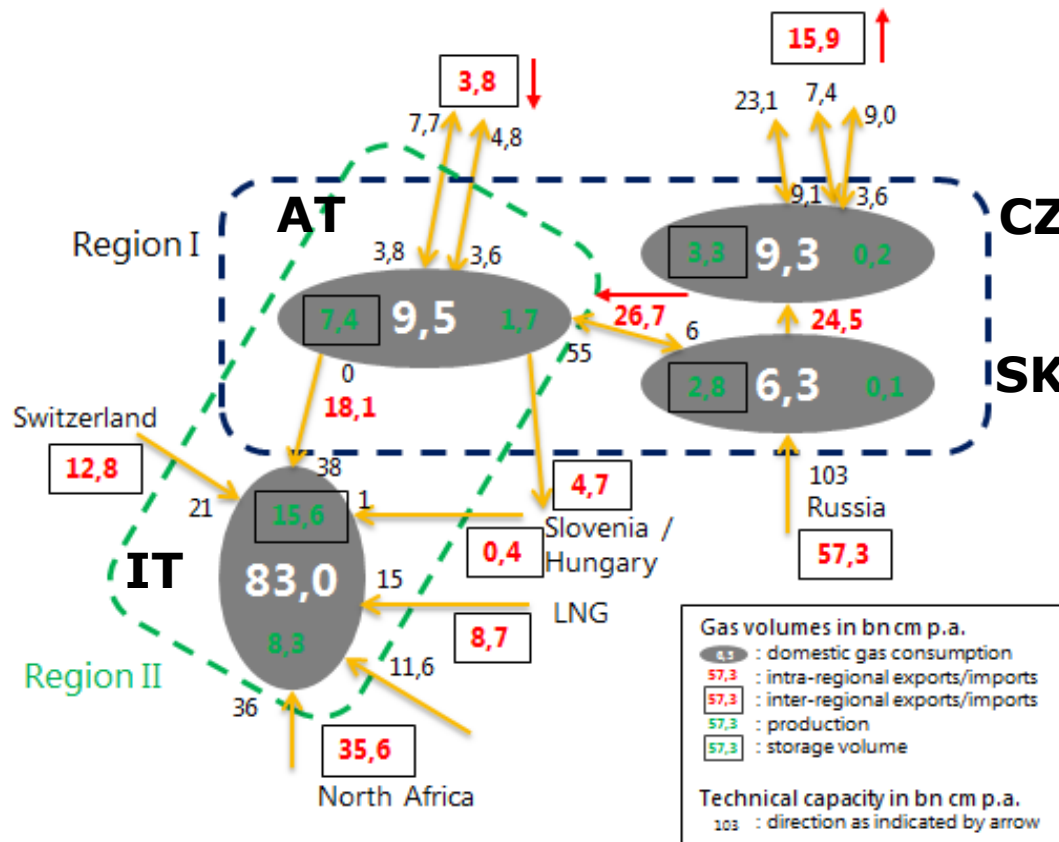
Great potential to share outcome at cross-regional level

# Possibilities for market integration





# Technical data and flows in the analysed regions



[Source: UK Department of Energy and Climate Change, IEA, ENTSOG, E-Bridge analysis]

## Region I:

- Consumption: 25,1 bcm
- Imports: 61,1 bcm
- Exports: 38,7 bcm
- Production: 2,0 bcm
- Storage capacity: 54 % of total consumption
  - 29,5% (A)
  - 11,1% (SK)
  - 13,2%(CZ)
- Imports mainly from Russia
- Gas exchanges exist in Austria and the Czech Republic
- In the Slovak Republic, no VTP has been set up

## Region II

- Consumption: 92,5 bcm
- Imports: 87,6 bcm
- Exports: 5,1 bcm
- Production: 10,0 bcm
- Storage capacity: 24,8 % of total consumption
  - 8%(A)
  - 16,9% (I)
- Diversified imports
- VTPs exist in Austria and Italy

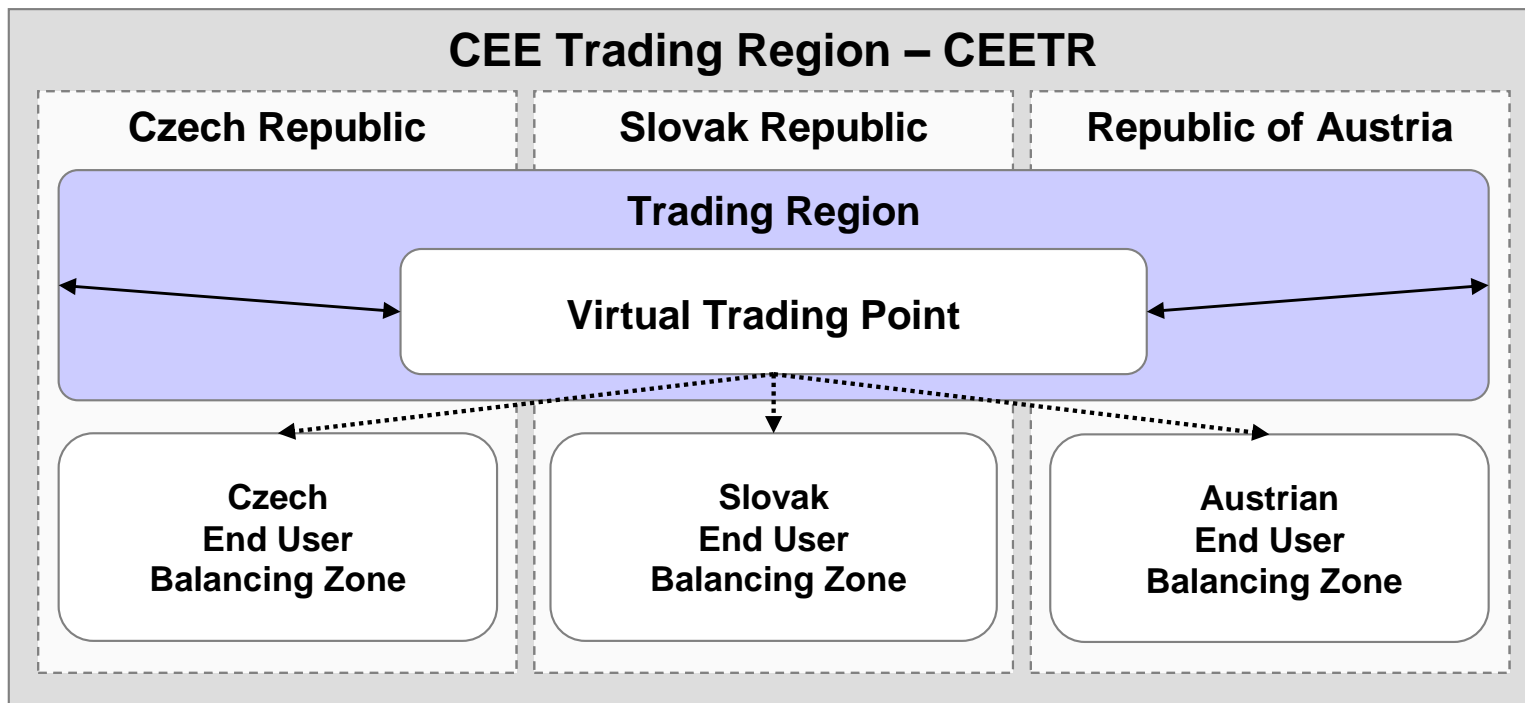
# Macroeconomic effects of market integration calculated for CEE

- Region 1 (CZ/SK/AT) positive effects to be expected.
- Expected social welfare gain (> € 15 Mio.) justifies establishment of an integrated market.
- Capacities seem sufficient to allow for price convergence during most of the time.
- Region 1 could be expanded by region 2 after promising experience has been gained.

# Model towards a Trading Region - 1

- CEE Trading Region (CEETR) pilot project to assess possible implementation steps of the GTM measures.
- CEETR partners: eustream, NET4GAS, CEGH, E-Control consulting supported by Wagner, Elbling & Company.
- Model description is finalised on
  - Capacity products: FAC, DAC, Interr
  - Tariffs: cross-border E/E zone (NC shall take into account)
  - Balancing: Distinction between CEETR and End User Balancing Zone (NC shall take into account)

# Model towards a Trading Region - 2



- ↔ Nominated transfer of gas into / out of the trading region (physical mainflow or counterflow transport)
- ⋯▶ Nominated transfer of gas from the balancing system of the trading region to an end user balancing zone

Projects	Responsible	Deadline	Status
<b>Exchange best practice and consult SoS preventive action plans within GRI SSE</b>	<b>TSOs coordinated by GRIP Lead Reg.</b>	<b>Ongoing</b>	<b>Ongoing</b>

- Security of supply continues to be high priority in the GRI SSE
- Sharing of Preventive Action Plans and risk assessments, exchange of best practices
- Potential for sharing approach at cross-regional level

Projects	Responsible	Deadline	Status
<b>Check investment plans against the background of future market architecture scenarios</b>	<b>TSOs coordinated by GRIP Lead Reg.</b>	<b>Ongoing</b>	<b>Ongoing</b>
<b>Consultation of the regional TYNDP</b>	<b>TSOs with active stakeholder involvement</b>	<b>2012</b>	<b>Ongoing</b>

- Sharing of experience concerning infrastructure developments

# Thank you for your attention!



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