

CONCLUSIONS
XXIV. MADRID FORUM
15-16 OCTOBER 2013

01 Present and future challenges in the EU gas sector

01.A. Gas in the future EU energy mix – the contribution of gas to a low-carbon energy sector

The Forum underlines the critical role of gas in the decarbonisation of the EU energy system and recognizes the difficulties to deliver the expected benefits in current market conditions and inter-fuel competition dynamics. To this end, the Forum underlines the importance to look at the impact of the electricity market development on the EU gas market.

The Forum stresses the role of innovation along the gas value chain to support the process of decarbonisation in the energy and transport sectors.

01.B. Development of contracts in the EU gas sector

The Forum welcomes the discussion on short and long term gas contracts. While noting the benefits of shorter term contracts in terms of promoting functioning, liquid markets, the Forum also acknowledges that modern long term contracts – beyond historic oil-indexed long-term contracts – may still continue to contribute to security of supply and the creation of investment signals for the benefit of the EU gas sector.

01.C. Storage levels and security of supply + LNG

The Forum welcomes the work of CEER, GSE and GLE on storage and LNG respectively. In addition, the Forum pleads for market based solutions before resorting to any regulated solution. The Forum notes the need for a strategic discussion as regards both storage and LNG and invites CEER and GSE and GLE respectively to prepare such a discussion for the next meeting.

02 Market design for the EU natural gas sector – Regulatory aspects

02.A. EC study on implementation of entry-exit regimes and market integration

The Forum welcomes the KEMA study on entry-exit systems, commissioned by the European Commission, and takes note of issues identified in conjunction with some of the implementation solutions for entry-exit systems across the EU. The Forum invites the European Commission, Member States, ACER and ENTSOG to assess the most appropriate approach to overcome the identified barriers and further enhance market integration by bringing certain national practices in line with the best practices (including on Hub operations), and to report back to the next Madrid Forum. The Forum invites EFET to present the results of its study on progress on Gas Hub development at the next Madrid Forum.

02.B. Review of progress on Gas Target Model implementation and further work areas for market integration

The Forum welcomes ACER's strategic paper "A bridge to 2025" which will include the review of the Gas Target Model with the objective of ensuring that it is fit for purpose until 2025. The Forum notes that review would be carried out in view of the overall target to promote market integration with full consultation of stakeholders. Work on the review should take into account all Framework Guidelines and Network Codes developed so far, the experience of the early implementation, along with other factors influencing the development of the gas sector and in particular the link to the Electricity Target Model. ACER is invited to report back on its assessment at the next Forum.

02.C. The future role of DSOs – Orientation debate

The Forum thanks CEER for its work on DSO related issues so far and invites regulators to continue exploring the future role of DSOs in a competitive market framework.

03 Infrastructure

03.A. Final PCI list (next steps)

The Forum highlights the strategic role of new gas infrastructure to improve supply diversification and support competitiveness of gas in the EU. The Forum therefore welcomes the adoption of the first list of Projects of Common Interest by the European Commission.

The Forum invites all concerned stakeholders to support the swift implementation of these projects, following the provisions on permitting, regulatory treatment and financing introduced in the guidelines.

03.B. TYNDP and CBA methodology

The Forum thanks ACER for its Reasoned Opinion on the ENTSOG TYNDP in which ACER invites ENTSOG to expand the scope of the TYNDP assessments and tools, to better understand the nature and size of the investment gaps and to ensure greater consistency between ENTSOG TYNDP, national network development plans and regional investment plans as well as with the ENTSO-E TYNDP.

The Forum furthermore encourages ENTSOG to take the lead in organising a broad European discussion on the right balance of the costs of further network expansion and alternative market oriented solutions like flexible products, demand side management and others in the gas sector.

The Forum welcomes the initial ENTSOG work on the development of a robust CBA methodology and urges all parties involved to progress according to the timeline defined in Article 11 of the Regulation 347/2013.

04 Implementation of NCs and Guidelines

04.A. CMP – taking stock of implementation

The Forum welcomes the ACER "Issues paper" on the need for coordinated decisions across Member States for the implementation of the CMP Guidelines as non-binding guidance for NRAs and invites ACER to continue its monitoring work. The Forum urges NRAs, TSOs and

Member States to work towards the full, coordinated and consistent implementation of the CMP guidelines with a view to enable bundled products as laid down in the CAM Network Code. The Forum invites the European Commission to monitor the implementation closely and take appropriate action to ensure effective cross-border congestion procedures being applied without delay.

The Forum welcomes ENTSOG's enhanced transparency platform and encourages ENTSOG to share with ACER relevant data from the platform needed for ACER's CMP monitoring report.

04.B. CAM – early implementation progress

The Forum welcomes NRAs' and TSOs' efforts in enabling the early implementation of the CAM Network Code and encourages further work. The Forum welcomes the progress on the PRISMA Primary booking platform and the other pilot projects and encourages the work on the establishment of further initiatives including PRISMA secondary market capacity trading. The Forum invites ENTSOG to make all the necessary preparations to launch its consultation on the joint capacity booking platforms in due time.

04.C. Progress on key regional projects

The Forum takes note of the continued efforts undertaken in the Gas Regional Initiatives and welcomes the focus on projects addressing specific issues in the regions such as interconnectivity, reverse flow projects and possible market zone mergers in the SSE Gas Regional Initiative as well as early implementation of network codes and guidelines in the North-West and South Gas Regional Initiative.

05 Update on the Network Code on Balancing

The Forum welcomes the favourable opinion of the Gas Committee on the Network Code on Gas Balancing of Transmission Networks. The Forum considers the implementation of the Balancing code as an important step towards completing the Internal Energy Market as it will foster the development of short term gas markets, provide price signals as well as contribute to the development of a competitive and efficient gas wholesale market. The Forum therefore encourages transmission system operators and ENTSOG with the full involvement of national regulatory authorities, ACER and where relevant Member States, to consider early implementation of the Balancing Network Code.

06 Network Code on Interoperability

The Forum welcomes the work of ENTSOG in delivering the Network Code and invites ACER to continue the constructive cooperation with ENTSOG to ensure an efficient process towards a reasoned opinion. The Forum urges the European Commission to submit an ambitious text and calls upon Member States to deliberate on this text constructively in the Comitology.

07 Implementation of REMIT Implementing Acts

The Forum welcomes the progress made on the implementing rules and encourages the associations of gas infrastructure operators to actively facilitate the collection and submission of infrastructure related data to ACER. The Forum also urges those Member States which have not done so yet to provide their national regulatory authorities with appropriate enforcement powers and notify the Commission thereof as required by REMIT. The Forum expresses concerns that defining physically settled forward products as financial transactions in the context of the on-going negotiations on Mifid II and EMIR may lead to negative consequences on energy trading markets.

08 Framework Guideline on Tariffs

The Forum welcomes the significant effort on the part of ACER to deliver a Framework Guideline on rules regarding harmonised transmission tariff structures for gas by November 2013 including the points raised by the European Commission on requirements regarding the further harmonisation of cost allocation methodologies.

The Forum takes note of the significant number of reactions to ACER's public consultation. The Forum invites ENTSOG to continue the cooperation with ACER and stakeholders to develop a robust and ambitious network code. The Forum furthermore encourages ACER and ENTSOG to pursue the work on the impact assessment of the proposed rules and encourages Member States to actively participate in the discussions from an early stage.

09 Incremental capacity

The Forum welcomes ACER's guidance work to ENTSOG on harmonised approaches to market-based procedures to develop incremental and new capacity. The Forum invites ENTSOG to develop on that basis – in close cooperation with stakeholders – a proposal for amending the CAM Network Code within 12 months. The Forum encourages ACER and ENTSOG to continue their close cooperation and to ensure alignment between this and the Tariff Network Code work.