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Cc : [WP2010@ergeg.org](mailto:WP2010@ergeg.org)

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**Subject: European Energy Regulators 2010 Work Programme (C09-WPDC-18-03)**

Dear Mrs Fay GEITONA,

Thank you for the opportunity to respond to your consultation which for the first time submits the European Energy Regulators' work programme to a full consultation with all stakeholders.

#### **Document and process**

We appreciate the style and formatting of the document. It affords a good opportunity for all interested parties to see the full range of regulators' work in a simple and easy to read form. To fully appreciate the anticipated workload and inputs required it will be essential to define more detailed plans in each area of activity. Participants in the development processes, particularly system users, need to understand concrete deliverables and milestones throughout these processes. We look forward to working with regulators to achieve this in areas where GTE+ / ENTSOG inputs are required or where matters are relevant to gas TSOs.

The draft programme is ambitious. A reduced scope with an increased focus on priority areas would better ensure that regulators, ENTSOs and especially stakeholders can match resources to the priority areas. For example capacity and balancing should be priorities but we are less clear that work on tariff structures should have the same priority at this point in time. Experience shows that resources, particular those of system users, are limited and that scarce resources need to be focussed in tightly defined priority areas taking due account of causality between topic areas. More detailed specifications of plans should place emphasis on quality of work and delivering tangible progress rather than on quantity of work leading to little more than an output of position or update papers.



In our response we have focussed on areas where GTE+ and its successor ENTSOG will have a particularly important role to play and it will be essential that we are involved in the regulators' (and subsequently ACER's) development activity. In relation to the process of delivering codes we welcome the opportunity to be involved in the Framework Guidelines development activity, including in any ad-hoc expert groups that might be established. We also reaffirm our position that these groups, and indeed all activities where regulators have the lead responsibility, should be as transparent and responsive as possible to ensure confidence in the processes and outcomes.

We notice that the investment climate is not explicitly mentioned in the Work Programme proposals. Both market functioning and security of supply are best delivered by providing a sound investment environment for TSOs. As gas supply and demand patterns change in response to the environmental influences that will influence so much of the regulators' Work Programme it will be critical that investment is enabled to facilitate an optimum optionality of gas sourcing and delivery within the gas transmission system. Developing the necessary regulatory co-ordination to deliver a sound investment framework should be a priority within the Work Programme.

We welcome regulators confirmation that TSOs should be remunerated for their work associated with the development and implementation of codes to promote the single market. A key role of regulators should be to use financial incentives as a means to accelerate the delivery of codes and timely implementation. We notice this philosophical approach is not explicitly identified in the Work Programme but that it should be.

Specifically we offer to work with regulators to better develop plans for each area of the Work Programme in which GTE+/ENTSOG must be involved (including capacity, balancing and tariff structures) to better understand how the processes will function and interact and how GTE+/ENTSOG can support these initiatives.

### **Specific comments in relation to individual projects**

#### **13. Pilot Framework Guideline on CAM and CMP and Draft Comitology Guidelines (GWG)**

Stakeholders have consistently stressed that improvements in capacity availability and associated allocation processes are essential to deliver progress towards a single European gas market. We therefore support the Commission's initiative to ask the regulators to prepare a draft Framework Guideline in this area.

We applaud the regulators aspiration to complete this work in Q1 2010. We anticipate that this will require publication of a proposal late this year if the envisaged two month consultation is applied and regulators are to consider and reflect consultation feedback prior to delivering the first Framework Guideline.



The work should include preparation of an initial impact assessment to inform which policy options might be viable for further development in the ENTSOG led code development. This recommendation should be based upon sufficient elaboration of options and their potential impact on all stakeholders to substantiate the preferred, option, or viable set of options, for consideration. Additionally the initial impact assessment and subsequent work in the code development phase should provide the basis for the Commission's final impact assessment that would be expected to precede the comitology process.

However we require some clarity about the scope of the Framework Guideline; will it contain proposals for both Capacity Allocation Methods (CAM) and Congestion Management Principles (CMP)? We support that both should be delivered by a Framework Guideline and subsequent Network Code; using this approach will enable appropriate involvement of all stakeholders and provide the best basis for this pilot.

We offer to work closely with regulators to develop, and then enact, a plan which will allow the timely and efficient elaboration of possible policy options and an initial impact assessment to inform the regulators' Framework Guideline proposal.

#### **15. Input to the Framework Guideline on gas balancing rules (GWG)**

The aspiration for work in this area is not clear. The proposed timeline implies an initial impact assessment by Q2 2010 whereas the description refers to development of Framework Guidelines. No timeline for the development of Framework Guidelines is specified. We recognise the aspiration to progress towards balancing regimes based on within day markets. We would propose that initial work in this area should set an aspirational target for balancing regimes that define a number of intermediate steps and the necessary conditions to define the progression. We believe that this will inform a Commission invitation to start Framework Guideline development in this area. Delivery of a Framework Guideline should be envisaged in late 2010 or early in 2011.

We offer to work with the regulators, and where appropriate wider stakeholders, to develop a plan to support substantial progress in this area during 2010.

#### **17. ERGEG Response to GTE+'s 10-year network development plan based on CEER model-based analysis (GWG)**

We continue to work with the regulators on this and will continue to appraise them of GTE+ (or its successor ENTSOG) progress. We welcome the ERGEG acknowledgement that the work of the regulators should complement rather than duplicate that of GTE+ or subsequently ENTSOG.



## 19. Input to the Framework Guideline on harmonised tariff structures

We are not clear that work in this area should be a priority and therefore would welcome early discussion with regulators about the aspirations for this work so that we can ensure that our organisation, and our members, can ensure the availability of necessary resources if required.

We note that the Commission have commissioned work in this area and that it would be prudent to await the outcomes before embarking on major work in this area. Efforts should be focussed upon addressing demonstrable shortcomings arising from the structure of tariffs that are impeding the development of the single European market.

Please do not hesitate to contact us if you require any further clarification of this response.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jacques Laurelut', written over a horizontal line.

Jacques Laurelut

GTE President and GTE+ Transition Manager