

**TWENTY-SEVENTH MEETING OF THE
EUROPEAN GAS REGULATORY FORUM
20-21 April 2015**

01. Energy Union, security of supply and European gas market design

Energy Union

The Forum welcomes the Commission's Energy Union communication as an opportunity to move EU energy and climate policy into a higher gear to address the EU's supply security, sustainability and growth challenges. The Forum notes that an Energy Union strategy should encompass key issues such as: competitiveness and bringing benefits of the market to its consumers, governance and the role of institutions, defining the role of the market versus the role of political interventions, the role of the Energy Community, the long-term role of gas and its effects on the investment in infrastructure as well as the link between the electricity and the gas market. The Forum calls upon the Commission to swiftly provide policy guidance by operationalizing its strategy based on broad consultations of stakeholders.

Security of supply

The Forum underlines that well-connected and diversified wholesale gas markets with a robust, pro-competitive regulatory framework have already shown substantial improvement in gas security of supply. In the most vulnerable regions however, with insufficient interconnection and where no functioning markets exist, further, proportionate intervention may be necessary. However, any such interventions should be designed so as to minimize market distortion.

The Forum recommends that when developing an amendment to the Security of Gas Supply Regulation the Commission promotes enhanced regional cooperation thereby supporting efforts of Member States, NRAs and TSOs towards more cross-border cooperation in security of supply. Furthermore, the Forum foresees the possibility of a differentiated approach of security of supply measures depending on market development in a region, the efficient use of infrastructure as well as to ensure transparency of measures.

The Forum notes the strategic role storage (and innovation in flexibility products therein) can play for EU security of supply, notably by providing access to physical delivery and welcomes the work of CEER in this respect. The Forum encourages CEER to carry out a similar exercise in the area of LNG. Demand side response should get the same attention as one of the cost efficient ways to ensure security of supply.

The Forum welcomes the publication of the fourth edition of the Ten Year Network Development Plan by ENTSOG. The Forum invites ENTSOG to continue to improve the associated Cost-Benefit Analysis for the upcoming rounds of PCI identification.

European Gas Target Model / European gas market design

The Forum acknowledges the useful work on the ACER Gas Target Model review and update, setting out different market integration modalities. The Forum agrees that all European consumers should benefit equally from secure gas supplies priced purely on the basis of supply and demand fundamentals by promoting the creation of deep and liquid spot and forward markets.

The Forum invites Member States and NRAs – consulting market participants – to work towards achieving these objectives. The Forum invites ACER and ENTSOG to support and monitor the process and report back to the Forum.

The Forum notes the ongoing regional discussions relative to the optimal configuration of Entry-Exit systems as well as the creation of liquid Gas Hubs and encourages the Gas Regional Initiatives, ACER and ENTSOG, with the close involvement of stakeholders, to further assess the matter and report back to the next Forum.

02. Gas quality harmonisation

The Forum looks forward to the imminent adoption of a CEN gas quality standard. The Forum regrets that an agreement on a value range related to the Wobbe Index could not be reached by CEN and encourages relevant stakeholders at national level to pursue the assessment of potential future instabilities in the Wobbe values and the impacts that has on the safe and secure operation on gas appliances and processes. The Forum invites the Commission to ensure the binding application of the forthcoming standard.

03. Network Code Development work

Network Code on Tariffs

The Forum acknowledges the work and extensive consultation done by ENTSOG to develop the Network Code on rules regarding harmonised transmission tariff structures for gas. The Forum takes note of ACER's concerns regarding the compliance of the Network Code with the Framework Guidelines raised in its reasoned opinion as well as the concerns raised by stakeholders on the current draft of the network code.

The Forum thus takes account of the intention of ACER, ENTSOG and the Commission to closely cooperate on the finalization of the Network Code, having regard to the legitimate concerns and interests of stakeholders but also ensuring that an ambitious and effective legislative draft – in line with the objectives of the completion of the internal market – can be formally presented to Member States in Comitology by the end of 2015. The Forum continues to emphasize the need for a robust impact assessment underpinning the policy options and encourages all stakeholders to provide evidence to underpin their stand point.

Incremental Capacity (CAM NC amendment)

The Forum welcomes ENTSOG's amendment proposal to the Network Code CAM on incremental and new capacity and ACER's public consultation on it. The Forum invites ENTSOG, ACER as well as the Commission to work together to resolve key open issues relating to open season procedures and fixed and floating tariffs.

04. Completing the European internal market – Progress of market rules implementation and main challenges

Third package implementation

The Forum fully endorses the Commission's actions to rigorously enforce the implementation of the Third package. The Energy Community countries are encouraged to implement the 3rd Package swiftly and fully in order to join the internal market and therewith enable participation in ACER.

Congestion management and transparency guidelines implementation

The Forum welcomes the launch of the new transparency platform and reminds ENTSOG to ensure that the available data are complete, reliable and made available in a user friendly manner.

The Forum also notes that ACER's draft 2015 congestion report shows only limited improvement as regards the application of measures addressing contractual congestion. Consequently the Forum urges full implementation of the CMP guidelines by TSOs and NRAs, with the cooperation of ENTSOG, ACER and the guidance of the Commission. The Forum also notes the need for increased coordination on cross-border implementation to achieve effective application of these rules.

Capacity Allocation Mechanisms Network Code implementation progress – main milestones and challenges

The Forum acknowledges NRAs' and TSOs' work on the implementation of the CAM Network Code but encourages them to step up their efforts with a view to the approaching binding implementation date of 1 November 2015. The Forum insists that capacity platforms PRISMA, RBP and GSA step up their efforts to implement a legally compliant and fully operational cooperation model and welcomes the steps taken to that effect. The Forum also notes however that a technical solution for cooperation will most likely not be in place by the deadline of 1 November 2015. The Forum looks forward to ACER's initiative to conduct an analysis of the existing booking platforms to assess whether they all comply with all provisions of the CAM Network Code by 1 November 2015.

The Forum welcomes the joint work by ENTSOG and EFET relative to capacity contract harmonization and urges them, as well as other interested stakeholders, to bring to the attention of NRAs, ACER and the Commission specific implementation solutions on the matter.

Balancing Network Code– Implementation progress and main challenges

The Forum underlines the importance of the implementation of the Balancing Network Code as it is not only an important step towards a competitive and efficient gas market but also enhances security of gas supply, in particular during the prevention phase.

In view of the approaching binding implementation date of 1 October 2015, the Forum encourages ACER to produce and publish an implementation monitoring report by the beginning of 2016. Furthermore, the Forum encourages NRAs, TSOs, ACER, ENTSOG and stakeholders to take an active role in the implementation process by having regular exchanges addressing potential issues, promoting the exchange of best practices at national level and supporting cross-border cooperation where needed.

Enhanced role of the regions in the market rules implementation process

The Forum acknowledges the efforts undertaken in the Gas Regional Initiatives on market integration and early implementation of network codes but takes the view that these efforts need to be redoubled to achieve an integrated EU gas market. Therefore the Forum encourages the Gas Regional Initiatives to move from rather general work plans to concrete and measurable deliverables, in order to ensure an effective implementation of the Third Energy Package including EU network codes and guidelines. The Forum also welcomes the tighter cooperation between Member States and Energy Community Contracting Parties in the regional work.

The Forum agrees that regional work including in the North West Region would have added value as a useful tool for implementation and therefore encourages NRAs of the region to take the lead to re-activate work involving stakeholders.