

**CONCLUSIONS  
MADRID FORUM  
21-22 MARCH 2011**

**DAY 1**

**1. 3<sup>rd</sup> package – Transposition and implementation**

- (1) The Forum welcomes the information provided by the Commission on the state of play of the transposition of the 3rd package into national law. The Forum stresses the importance of full, consistent and timely implementation and encourages the Commission to continue providing assistance to Member States, ACER, national regulatory authorities and system operators in the course of the implementation process. The Forum invites ACER and national regulatory authorities, system operators and market participants to implement the provisions of Regulation (EC) No 715/2009 which do not need transposition in national law.
- (2) The Forum welcomes the launch of the Agency for the Cooperation of Energy Regulators (ACER) on 3rd March 2011 and wishes the Agency much success. The Forum thanks the Director of ACER for the information provided on the future work of ACER.
- (3) The Forum welcomes the formal establishment of ENTSOG under the 3rd package and invites ENTSOG closely to cooperate with ACER and the Commission in the process of delivering opinions regarding its statutes. The Forum appreciates that ENTSOG has already submitted its current articles, rules and list of members to the Commission and ACER prior to 3rd March 2011.
- (4) The Forum thanks ERGEG for the analysis done on transit contracts which are still in force. As a further step, the Commission invites ACER to provide an additional assessment pinpointing those Member States/TSOs which it continues to have doubts about in relation to the elimination of the transit contracts and to identify where it sees scope and need for additional analysis.

**2. Gas Target Model – progress report**

- (5) The Forum welcomes the work done by CEER and appreciates the open and transparent process launched by regulators for the development of a Gas Target Model. The Forum agrees that the Target Model will be a non-binding, general framework of principles, providing a description of how the market is expected to develop in line with the objective to create a single integrated, open, flexible and competitive gas market in the EU. The Target Model would serve as a tool for streamlining the development of Commission guidelines as well as framework guidelines that are the foundations of the broader network codes. The Gas Target Model (i) should provide support for the guidelines and network code development work in view of reaching the 2014 target to complete the internal market and (ii) should also provide an outlook on the framework for the development of the EU gas

market beyond that date. Regulators invite Member States and stakeholders to provide views on the development of the Gas Target Model.

- (6) The Forum encourages regulators to continue the work in close cooperation in ACER and with the appropriate involvement and consultation of Member States and stakeholders to further improve the transparency of the process and to present to the next Forum the results of the Gas Target Model process.

### **3. EIP and infrastructure financing: regulatory aspects**

- (7) The Forum confirms the investment challenge in gas infrastructure to achieve the energy policy objectives. This includes investment in high pressure gas transmission pipelines, reverse flows and storage as well as LNG/CNG terminals as outlined by the Energy Infrastructure Package (EIP) and underscored by ENTSOG's new TYNDP.
- (8) The Forum stresses the importance of market based solutions, proper cost allocation and regulatory incentives. The Forum confirms that all efforts should be undertaken to create an investment framework for cross-border infrastructure that is appropriate to adequately reflect regional and European socio-economic benefits as well as investment risks in the tariff structures to foster infrastructure investments.
- (9) The identification of projects of European interest should be based on the 10-year network development plan (TYNDP) and on objective and transparent criteria reflecting the energy policy objectives of an integrated market, security of supply, innovation and sustainability.
- (10) The Forum particularly stresses the need for streamlining and accelerating the permitting and planning procedures.

### **4. Framework Guideline Tariffs**

- (11) The Forum thanks ERGEG for the preparatory work done so far. The Forum agrees with the initial scope presented but agrees that further preparatory work is necessary also in view of the ongoing work on the follow-up to the EIP.
- (12) The Commission considers pursuing the work underway by ERGEG on harmonizing tariffication structures in the context of Commission guidelines. In this respect, the Commission invites regulators to finalise their work and present the results to the Commission. The Commission will keep the Forum informed of its follow-up work on tariffication and will keep Member States, regulators and stakeholders involved in the process.

## DAY 2

### **5. Framework Guideline/Network Code on Capacity Allocation Mechanisms**

- (13) The Forum welcomes the work done by ERGEG to develop the pilot framework guideline on capacity allocation mechanisms. The Forum welcomes the public consultation launched by ACER on the framework guideline on capacity allocation mechanisms. The Forum acknowledges that the framework guideline submitted by ACER is in line with the previous ERGEG work which incorporated the Commission's recommendations presented during the 18th Madrid Forum.
- (14) The Forum welcomes the robust process that ENTSOG established to develop network codes, which provides for extensive stakeholder consultation. The Forum expects the draft network code to include detailed provisions on auction design, bundling of products, harmonisation of transportation contracts as well as relevant communication procedures.
- (15) The Forum invites ACER and ENTSOG to cooperate closely on the development of the network code. It encourages ACER to pursue ongoing work on impact assessment, in particular with regard to mandatory bundled products for which some stakeholders restated concerns as regards impact on market functioning.
- (16) The Forum welcomes Member States' active participation in the discussions from the early stages onwards and thanks Germany and Greece for their respective presentations.

### **6. Congestion Management Procedures – Comitology Guidelines – update on progress**

- (17) The Forum notes the Commission's presentation on its proposal to amend Chapter 2 of Annex I of Regulation (EC) 715/2009 on congestion management procedures and invites the Commission to pursue further effective Member States and stakeholder consultation.
- (18) The Forum thanks ERGEG for its analysis of the application of capacity allocation and congestion management procedures under Regulation (EC) 1775/2005.

### **7. Framework Guideline on Balancing**

- (19) The Forum congratulates ERGEG for the work done on the development of a pilot framework guideline on market-based balancing rules and welcomes the stakeholder involvement in this process. The Forum looks forward to the public consultation on the framework guideline on market-based balancing rules that ACER plans to launch by mid-April.

## **8. REMIT – a proposal for new EU energy market integrity rules – update on the Council negotiations**

- (20) The Forum welcomes the presentation on the progress made by the Commission, the Council and the Parliament in the REMIT negotiations.
- (21) The Forum welcomes the ERGEG pilot project on electricity trade data reporting which demonstrates the feasibility of an efficient and cost effective centralised trade data collection and storage scheme. The Forum takes note of the results of this project and encourages the Commission to build on these experiences for developing the necessary delegated acts under REMIT.

## **9. Storage/GGPSSO – update on progress**

- (22) The Forum welcomes ERGEG's work on the revision of the Guidelines of Good Practice for Storage System Operators (GGPSSO) regarding capacity allocation and congestion management procedures and encourages the regulators to pursue the discussion with the storage system operators with a view to implementing the amendments to the GGPSSO, while respecting Member States' rights under the Directive.

## **10. LNG – update on progress**

- (23) The Forum welcomes the work done by regulators and GLE and invites both to continue their valuable work in this area.

## **11. Commission priorities – update on the public consultation**

- (24) The Forum welcomes the launch of the public consultation by the Commission regarding the priorities for the framework guidelines and the network codes and welcomes the opportunity to provide input during the public consultation.
- (25) The Forum agrees that there is an urgent need to establish the internal market and that framework guidelines and network codes are an essential tool to accomplish this target.

## **12. New Regional Initiatives concept (report on public consultation)**

- (26) The Forum notes the report by the Commission on the results of the public consultation and supports the invitation to the existing Gas Regional Initiatives to present their work program for 2012-2014 to the Commission and to ACER by September recognising that further progress on the Gas Target Model would be helpful.
- (27) The Forum discusses the Commission's initial thoughts about the composition and governance structure and looks forward to hearing further ideas taking due account of the work programme of the existing Gas Regional Initiatives. The active role of Member States, the Commission and ACER in the Regional Initiatives is considered to be valuable.