

## RESPONSES TO ERGEG'S RECOMMENDATIONS ON THE 10-YEAR GAS NETWORK DEVELOPMENT PLAN 22 MAY 2009

### **What would be for you the benefits of the 10-year gas network development plan?**

The main benefit derives from having a long term vision of the European gas market situation: current and planned facilities, sources of supply, gas flows, strengths and risks, etc. A ten-year period -including periodic reviews- is appropriate for companies so they would make decisions based on more information available and less risk-taking.

It is also important to note that from the long-term information contained in this Plan, it will be possible to identify bottlenecks in capacity shortage that could occur in certain interconnections. In this way, solutions necessary to prevent emerging bottlenecks should be addressed within an adequate timeframe.

### **What is the most important information you expect from the 10-year gas network development plan?**

Having an European's long-term vision is most valuable aspect for us. To date, the planning is being carried out at a national level. There is, however, no Community vision and it cannot be obtained as the result of the integration of national plans.

Thus, this vision has to satisfy both the security of supply requirement even in case of failure of main supplier (Criterion n -1), as well as the requirements for the development of the single market. For both aspects it is necessary to enhance the international interconnections which are not often sufficiently covered by national planning, whose main objective is to ensure security of supply in each Member State.

### **Do you consider that the 10-year gas network development plan, as proposed by ERGEG, will be beneficial to security of supply?**

In general terms, ERGEG's proposal fits perfectly with the requirements that must fulfil a 10-year gas network development plan. One of its main objectives should be the improvement of security of supply and, in that respect, we believe that, if the Plan is developed according to the proposed criteria, the security of supply in Europe will be improved.

Nonetheless, to ensure the effectiveness of the Plan, we consider necessary to work on further harmonization/integration of the investment processes utilized in each Member State. The current regulatory divergences (e.g. mandatory planning in Spain vs. market criteria in the UK) have a direct impact on investment plans and, therefore, should be weighed while producing the 10-year Plan.

### **Do you consider that the scope proposed by ERGEG is appropriate? Should it be enlarged?**

In general terms, ERGEG's proposal is appropriate.

However, we feel the proposal should also take into account the following aspects:

- It should be mandatory the construction of facilities necessary to meet the 10% interconnection capacity target approved by the European Council. These facilities and its implementation should be included in the Plan as a priority.
- The analysis of potential measures to address the failure of main supplier (Criterion-1): alternative geographical sources and routes for gas supply and transportation, reversal flows, interruptible demand to be accessed in an emergency situation, possibility of increasing indigenous production, interaction with other forms of energy especially electricity, etc.
- The investment required to develop certain infrastructures deemed as a priority from an European security of supply standpoint, although not always be adequately supported by a strictly economic or demand analysis (e.g. Open Season). Therefore we consider the necessity for articulating an economic mechanism that allows the development of key infrastructures to ensure security of supply at European level even if funding is not sufficiently justified from a purely economic view

**Do you agree with the combined bottom-up / top down methodology proposed in the document? What would be the most efficient process to achieve the top down approach?**

In general, ERGEG's proposal seems appropriate.

However, we believe it is worth underlining that the top-down approach should be achieved independently of the national plans: a European plan should not be the sum of national plans, but should consider the EU as a whole when undertaking the European plan according to a previous set of working hypotheses.

From this very first European Plan, a process of rapprochement between the national and European plans should take place: Member States should review its national plans based on the outcome of the European Plan and then prepare a second European plan that takes into account the results of the revised national plans.

Evidently, regional plans, which should play an integrative role between national and European level, are to be reviewed as well within the process.

**Would you agree with putting an obligation on market participants to communicate all the relevant information about their future projects?**

We understand that the relevant information should be made public both on projects that are already decided and on those to start construction, which also may have a significant impact on the European level.

**What would be the best way for ENTSOG (including its members) to collect data from stakeholders? Should that be carried out at a national, regional or European level?**

Data should be collected at national level based on statistics from national government agencies and from stakeholders. In case the latter had an influence on the business, they should be treated as confidential and provided in an integrated manner.

In cases where regional markets are operational, data used should correspond to the integrated data into regional level.

This requires a previously made significant effort to harmonize both data type and content, as well as on the subsequent processing to utilize them.

**Are the scenarios mentioned appropriate? Would you have other proposals?**

We consider ERGEG's proposal appropriate based on a baseline scenario and two alternatives to high and low demand growth.

**What are your views on the proposed EU network modeling and simulation of supply disruption?**

The network modeling should be proposed and used by ENTSO-G based on those currently used and on new needs.

Although the network modeling is being used by ENTSO-G, data entry and results analysis must be performed with the participation of all stakeholders involved.

**Do you consider the drafting methodology and content relevant? In your view, should ERGEG be more or less prescriptive?**

We consider the drafting methodology and content relevant.

**Do you consider it important to have a monitoring report assessing and explaining deviations from the previous plan?**

It is very important to monitor the construction of facilities envisaged in the Plan, with particular attention to the delays. There should be regular reports on reasons for delays, possible alternatives and new scheduled dates.

In the case of priority facilities set aside to secure supply or to promote the single market, and that have not sufficiently justified time delays, it should be reported to the Community institutions in order to take additional appropriate measures.

**Is the consultation procedure for the EU-wide 10-year gas network development plan proposed in section 3.5 appropriate?**

In general, we agree with the procedure described. However, as noted above, the European plan does not have to integrate national plans, but to integrate the national data provided by the stakeholders (demand forecasts and facilities data) to set an European plan.

This European plan should be disseminated and discussed again among stakeholders of all Member States.