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## ERGEG public consultation on the 10-year gas network development plan

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Dear Mrs. Geitona,

we appreciate the opportunity to give our opinion on the ERGEG consultation paper on the 10-year gas network development plan (Ref.: E08-GNM-04-03).

EnBW supports ERGEG's approach regarding non-discrimination, effective competition and the efficient functioning of the market. The development plan should promote investments in order to advance a more liquid wholesale market. You have to bear in mind, private investments should mainly base on market signals. We believe the 10-year network development plan is a helpful instrument for the identification of infrastructure bottlenecks. Thus, the development plan will be a key tool to improve security of supply.

1. **What would be the benefits of the 10-year gas network development plan?**
2. **What is the most important information you expect from the 10-year gas network development plan?**

EnBW expects that the TYDP (10-year gas network development plan) will provide transparent and reliable information for optimising the prospective network investments. The recommended approach will provide a pan-European overview of the predicted supply and demand of gas. As a result local imbalances can be identified and corresponding counteractions can be started with. Simultaneously the security of supply will be raised. Furthermore the TYDP will ensure that the local established investment plans will be harmonised in a European context and redundant plans will be prevented.

Vorsitzender des Aufsichtsrats:  
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Vorstand:  
Hans-Peter Villis (Vorsitzender)  
Dr. Bernhard Beck  
Christian Buchel  
Dr. Rudolf Schulten  
Dr. Hans-Josef Zimmer

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

EnBW considers the TYDP initiated by ERGEG as a useful initiative to estimate the expansion of the gas network on a European scale. By recording data on planned gas network the TYDP has the potential to highlight European security of supply issues. However, enhanced security of supply can only be achieved if certain requirements are taken into consideration by the TYDP: all TSO concerned must disclose their gas network development plans, not all of the projects will be put into practice, published investment plans and actually carried out projects might differ from each other, risk that commercially sensitive data will be disclosed. Furthermore events such as unpredictable incidents e.g. Russian-Ukrainian gas conflict and the uncertainty of gas market dynamics might have a disruptive impact on the planning. In order to improve security of supply the TYDP must anticipate potential gas deficits and infrastructure bottlenecks, identify congestions at entry/exit points, assess the need to diversify current gas supplies and the need to overcome emergency procedures and solidarity mechanisms.

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

EnBW considers the scope of the 10-year gas network development plan appropriate. It will play an essential role in the planning and the development of a single European gas market. By focusing on the development of capacity according to demand and supply evolution from a European perspective, cross-border issues will be able to be dealt with more effectively. National stand-alone attempts in grid development belong to the past.

**5. 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?**

We agree that both approaches combined make sense in order to have a consistent result in the end. Parts of the top-down approach described ensure the consistency of what has to be contributed by TSOs.

The consultation paper reads "ENTSOG should provide TSOs with information on the main cross-border issues to be resolved" – this top-down approach however has to be accompanied by a bottom-up approach through consultation of stakeholders. Therefore building up a "broad vision" of the European dynamics and congestion points can best be achieved by joint forces of ENTSOG and stakeholders. The first step, however, is to publish the existing assumptions and methodologies used by the TSOs (e.g. to assess and forecast peak demand, their 'critical day' assumptions) in their own capacity forecasting and network models.

We would like to stress that bottom-up measures – since they are so important in order to guarantee a maximum of stakeholder participation – have to be designed in an efficient way so that they do not delay necessary progress and developments.

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

An obligation on market participants to communicate all the relevant information about their future projects has already been indicated in the Third Energy Package. In order to safeguard a fair competition the adherence to reporting obligations should therefore be brought into focus. However from our point of view, investment plans of potential, strategic projects would also be disclosed to stakeholders (non EU natural gas producers) who in turn would have not to meet such reporting criteria. This could adversely affect the market position of buyers and possibly the security of energy supply within the EU. In addition potential trends based on the TYDP that are not to be materialised could lead to stranded investments.

**7. 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?**

For achieving comparability the collected data must be harmonised and it is necessary to standardise the assumption of the stakeholders. As far as possible, a double burden should be prevented. Different requirements for the data on the three levels exist. As most of the knowledge of networks is based on the regional level the data should be carried out on the national or regional level rather than on the European. So the national TSOs should report the data on a national level to ENTSOG. Nonetheless it should remain within the task of the higher levels to condense the data and to look for redundant investment plans or investment gaps. Hence a consistent overall investment plan should be made on a European level.

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

We fully support ERGEG's assessment that long-term forecasts and therefore a coherent picture of worldwide EU gas demand and supply trends are the heart of the 10-year gas network development plan. Hence, all views of the mentioned stakeholders have to be taken into account and weighed against each other though we acknowledge that "views" depend from each entity's interest and may not necessarily go into the same direction. There has to be a clear and well-conceived methodology in place in order to turn these views into a valid contribution for the development of the TYDP. Therefore we would like to stress the need of relevant competence on the side of ENTSOG to fully incorporate and use the information supplied by the market. In order to deliver tangible and workable results for the market ENTSOG has to make sensible use of the information and must ensure professional and speedy handling by building up respective expertise. National regulators must ensure that the extra accruing costs of TSOs are fully covered.

The paper talks about "stakeholders" having to "submit the required data to ENTSOG within a reasonable period of time". From our perspective it is not clear which data is meant in that respect. A clear definition of what the data consists of is needed and has to be consulted to market participants. When it comes to market information such as ratings, evaluations, assessments of risks and forecasts, we

must stress that market participants buy market information themselves from information providers. This information can not be freely distributed to ENTSOG. All information that falls into these categories has to be bought on the market by ENTSOG or by individual TSOs (again the extra accruing costs on the TSO side have to be fully covered). Stakeholders cannot be obliged to submit confidential information or paid content neither to the cooperation of network operators nor to individual TSOs.

Turning to the scenarios mentioned in the text, the overall aim should be to guarantee consistency. We therefore think that it is not sufficient to designate a 'business as usual' scenario, as this leaves too much space for interpretation. The first step to obtain some consistency is for the TSOs to publish the existing assumptions and methodologies that they used to assess and forecast peak demand, and the 'critical day' assumptions in their own network models. ACER and ENTSOG should then agree on a consistent reference case set of assumptions and there should be one consultation with stakeholders on this. The biggest determinant of gas demand is the connected load. Thus TSOs and DSOs are in the best position to assess this load together with non-confidential information on major new storage or gas-fired power projects. EnBW sees a necessity for scenarios different from the ones proposed by ERGEG: a reference case (best expectation for the agreed assumptions) and a high case (with all possible projects that are not 'duplicates').

Given the number of underlying conditions mentioned by ERGEG we think that the TYDP is a highly ambitious project that has to meet the most important criterion in order to be relevant to TSOs and the market likewise: the TYDP adds additional value to future regional and European market integration.

## **9. What are your views on the proposed EU network modelling and simulation of supply disruption?**

EnBW welcomes ERGEG's proposal that the TYDP should include a simulation of supply disruption and EU network modelling. However, as further steps in this regard are not defined and proposed by ERGEG EnBW refrains from taking a clear position.

In general EnBW agrees with ERGEG that it is necessary to carry out a simulation of the disruption of major supply sources in order to assess and evaluate security of supply in an adequate manner. As a result of the identification of risky points in the European network potential gas deficits, infrastructural bottlenecks and emergency procedures will be identified at an early stage and coped with more easily.

In order to avoid mismatches between the different kinds of TYPD (national, regional and European) it should be guaranteed that the modelling of integrated transmission network is an integral part of and will be carried out by all three investment plans equally. The fact the TYDP will be built upon, influenced by and influence the national and regional investment plans requires a coherent approach in the action of modelling. Requirements need to be developed in order to conduct efficiently the network modelling in the framework of all three investment plans.

As the TYDP will be developed by ENTSOG EnBW assumes that the simulation of supply disruption as well as the EU network modelling will be also drafted by the association of TSOs.

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

The TYDP aims to give an overview on the long term infrastructure in Europe. Hence both approaches - bottom-up and top-down - are relevant in order to convey a reliable picture of the gas network development. The bottom-up approach is the basis for the top-down approach which is influenced by and consisting of the national and regional investment plans. However, to provide and achieve the most efficient result a certain degree of flexibility is needed in the development of the TYDP. Thus national TSO and ENTSOG should be entitled to add new elements as well as to remove elements for which priority/efficiency is expected to be high/low. Consequently, EnBW believes the degree of adaptation would be diminished if ERGEG has more exertion of influence. More prescriptive power of ERGEG declines the ability of TSO and ENTSOG to adapt easily and quickly to new situations and circumstances. Due to the fact that ENTSOG will develop the TYDP decisions on the modelling of the plan should be within the area of responsibility of the association rather than with ERGEG.

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

The 10-year gas network development plan should – although not binding – be a determining factor in the further evolution of the European gas network. To ensure transparency on all levels of grid development, explanations for modifying previous TYDP should be published. This would also give stakeholders the opportunity to state their opinions to the deviations.

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

We would like to stress and strongly support ERGEG´s point that it is absolutely necessary to establish a constant dialogue between market participants, TSOs and regulators both on the national and regional level through a balanced interaction of bottom-up and top-down approaches. To our understanding the term 'regional' comprises regions that are formed across national borders.

However, reading through the ERGEG proposal one gets the impression that national, regional and European approaches and assessments are done independently from each other. Even though the national approach by itself ensures that investments within each regulated system are sufficient to enable gas distribution to local consumers, given the fact that European gas markets and trading activities become more and more interlinked we doubt that a strict split-up in national, cross-border and an overall European assessment is the optimal way forward. As we understand the 10-year gas network development shall ensure the flourishing of a pan-European gas market while fully respecting security of supply criteria. In

order to achieve the best and fastest possible outcome for the market by having new infrastructure built that the market needs we call for a closer link between national and regional consultations, they should be applied at the same time and involve stakeholders actively. A better balance is needed between top-down/bottom-up and EU/regional and national approaches. A multitude of consultations and discussions bears the risk of causing opacity, i.e. the opposite of what should be intended. Developing the 10-year plan is not a task and aim by itself but just a tool to better allocate investments. Constant contact throughout the consultation process with relevant stakeholders is essential. A discussion in the Madrid Forum “and among representative organisations, such as DG TREN and DG COMP” can be helpful add-on but the basis for designing the plan should definitely be the assumption, inputs and outputs from the consultation with the stakeholders mentioned in the ERGEG consultation paper.

EnBW hopes that these comments prove to be useful for ERGEG in the further development of the 10-year gas network development plan. We remain at your disposal for any remaining questions.

Yours sincerely,

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