

## **TWENTY-FIFTH MEETING OF THE EUROPEAN GAS REGULATORY FORUM**

**6 – 7 May 2014**

### ***01 Present and Future Challenges in the EU gas sector***

#### **01.A Impact of Ukraine crisis on security of supply and market development in the EU**

The Forum invites all market players and authorities – including also through the Gas Coordination Group – to follow closely the situation in the Ukraine and to contribute to the extent possible to ensure uninterrupted gas supplies to European consumers in the forthcoming summer and winter seasons.

The Forum notes that a better interconnection and integration of the Central-Eastern, South-Eastern and Baltic regions of the European Union with rest of the internal energy market and the development of a North-South priority corridor between those regions are crucial in order to bring significant benefits in term of security of supply and competition for the concerned Member States. A cost-benefit analysis relative to the strengthening of interconnections enabling more flows from the Iberian Peninsula to the rest of the European Union is necessary.

The Forum also notes the strategic role both storage and LNG can play for EU security of supply. The Forum thanks CEER and GIE for the assessments on storage and LNG in the security of supply context and invites them to continue their work on an appropriate framework that reflects the role and value of storage both in efficient market functioning and in security of supply situations

#### **01.B Supply and demand balance in the EU gas sector (2014-2025)**

The Forum welcomes the discussion on the supply-demand balance of EU gas markets, which provides useful background to the policy discussions on the agenda of the Forum.

#### **01.C Energy regulation – strategic outlook**

The Forum takes note of ACER and CEER strategic work on “Energy regulation: A bridge to 2025” and encourages market participants to contribute to the public consultation. The Forum welcomes considerations on closer coordination between electricity and gas markets where appropriate.

The Forum also takes note of ACER’s work on the review of the Gas Target Model. The Forum highlights the need to develop specific implementation plans to build on existing work on the completion of the internal market in gas in order to achieve the objective that all European gas consumers can benefit from better functioning wholesale and retail markets as soon as possible.

#### **01.D Developing an effective trading architecture for the EU internal market**

The Forum welcomes the initiatives to develop an effective EU gas trading architecture, including considerations on forward market liquidity, efficient hub design, governance and harmonization. The Forum encourages ACER, EFET and other stakeholders to continue this work and to report back to the Forum.

## **01.E Promoting gas in transport**

The Forum welcomes the discussion on the possible long-term role of gas in transport and encourages the Commission and stakeholders to work together on implementation plans for the most viable concepts. The Forum also welcomes the recent adoption by the European Parliament of the Directive on the deployment of alternative fuels infrastructure underlining, inter alia, the role of natural gas for the diversification of energy sources for transport in order to reduce the use of oil and as one of the solutions for reducing the environmental impact of transport.

## **01.F The position of gas-fired power generation in the EU**

The Forum recognizes the current difficult economics but also the essential role of flexible generation in backing up renewable electricity generation. The Forum welcomes the work by Eurelectric, ACER and other stakeholders in exploring all possible solutions in ensuring a long term business case for various forms of generation, including gas-fired power plants.

## ***02 Implementation of the TEN-E Guidelines***

### **02.A Incentives for investments in electricity and gas infrastructure projects**

The Forum welcomes the on-going work on the study on risk-related incentives for projects of common interest (PCI) and takes note of the proposed approach to identify risk-related incentives on a case-by-case basis according to the developed inventory of risks.

The Forum looks forward to the ACER recommendation on incentives for PCIs and on a common methodology for risk evaluation. The Forum notes firstly that incentives can only be granted based on the availability of the relevant information showing evidence of higher risks, secondly that additional risk-related incentives shall not be granted when risks are already covered by the regulatory framework and thirdly that the value of the incentives should not exceed the value of the project's benefits.

The Forum also welcomes the ENTSOG work on risk-related incentives for PCIs and acknowledges the focus on risk-related remuneration rather than risk mitigating measures inside the regulatory frameworks.

### **02.B Cost-Benefit Analysis and Cross-border cost allocation**

The Forum welcomes the ACER recommendation on the ENTSOG Cost-Benefit Analysis (CBA) methodology and invites ACER to update the recommendation in 2014 with more concrete guidance, based on the experience gained and the feedback received. The Forum notes that the CBA will be at the heart of PCI selection and decisions on Cross-border cost allocation (CBCA), deciding on the appropriate allocation of costs requires having a clear view of the benefits, their geographical distribution and their expression in monetised terms. The Forum invites ENTSOG to further improve and refine its CBA methodology.

The Forum calls upon NRAs to handle investment requests in a manner that a CBCA decision is available in time for a participation of project promoters in the first call for proposal under the Connecting Europe Facility in order to effectively speed up the implementation of projects of common interest.

### ***03 Implementation of Network Codes and Guidelines***

#### **03.A Congestion Management Procedures**

The Forum welcomes the Commission's work on an interpretative note for the better implementation of the CMP Guidelines. The Forum also welcomes the first ACER monitoring report on the congestion situation and invites ACER in close cooperation with ENTSOG to deepen its monitoring work in order to improve the quality of the report.

The Forum notes that full implementation of the CMP is still outstanding and asks TSOs, NRAs, with the cooperation of ENTSOG, ACER and the guidance of the Commission to ensure full compliance with applicable rules in an expedited manner. This work should focus on full data provision by TSOs and ENTSOG and the alignment of specific CMP measures on two sides of an interconnection point. The Forum invites ACER, ENTSOG and the Commission to work to ensure a common understanding of the state of contractual congestion at EU interconnection points ahead of ACER's second report on congestion.

#### **03.B Capacity Allocation Mechanisms and Balancing Network Code – Early implementation progress**

The Forum welcomes NRAs' and TSOs' efforts in enabling the early implementation of the CAM Network Code and encourages further work. The Forum welcomes the progress on the PRISMA Primary booking platform, including the secondary market capacity trading platform and the other pilot projects and encourages the work on the establishment of further pan European initiatives.

The Forum invites ACER to consider developing proposals on governance rules for capacity platforms at EU level and report back to the next Forum. The Forum invites ENTSOG to deliver its report on the joint capacity booking platforms identifying options to implement the indicated market needs, with the involvement of ACER and following stakeholder consultation.

The Forum welcomes the adoption of the Balancing Network Code. The Forum considers the implementation of the Balancing code as an important step towards completing the Internal Energy Market as it will foster the development of short term gas markets, provide price signals as well as contribute to the development of a competitive and efficient gas wholesale market.

The Forum underlines the relevance of early implementation of the Balancing Network Code and encourages TSOs to identify early implementation projects. The Forum invites ENTSOG and ACER to follow up the implementation by identifying potential issues, promoting the exchange of best practices at national level and supporting cross-border cooperation in the relevant areas. In this context the Forum invites ACER to collect national implementation plans and present to the next Forum the implementation situation, with particular focus on interim measures planned. The Forum urges NRAs, TSOs and Member States to work towards a complete, coordinated and consistent implementation of the Balancing Network Code.

## ***04 Network Code Development***

### **04.B Network Code on Tariffs**

The Forum welcomes ACER's Framework Guidelines on rules regarding harmonised transmission tariff structures for gas. The Forum welcomes the work and extensive consultation done by ENTSOG to develop the network code. The Forum encourages ACER and ENTSOG to closely cooperate on the development of the network code addressing the legitimate concerns and interests of stakeholders.

### **04.C Incremental capacity (NC CAM amendment)**

The Forum welcomes ACER's guidance to ENTSOG on harmonised approaches to market-based procedures to develop incremental and new capacity. The Forum also welcomes ENTSOG's and stakeholders' work so far in developing a draft network code amendment on that basis. The Forum encourages ACER and ENTSOG to continue their close cooperation and to ensure alignment between this and the Tariff Network Code work.