



EREGEG's approach to the 10-year network development plan

Recent regulatory developments

Preliminary results of the consultation on EREGEG recommendations

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- **ERGEG work started in 2008, in parallel with GTE+**
 - Preparation of the implementation of the third package
 - Cross benefits of ERGEG and GTE+ works
- **ERGEG recommendations published in March 2009**
- **Public consultation**
 - Online consultation from 25 March to 29 May 2009
 - 1st ERGEG workshop on 29 April 2009
- **Publication of an evaluation of comments paper by ERGEG in November 2009**
- **Revised recommendations in the beginning of 2010**

- **Third legislative Package:** published in the OJEU on 14 August, 2009
 - **Security of Supply regulation:** Proposal by the EC published in July 2009 - under discussion
 - **Notification of investment projects in energy infrastructure:** Proposal for a Regulation published in July 2009
- ➔ *The 10 YNDP is created within the 3rd package but will be influenced by or will cover part of the new projects of regulation*



Regulatory developments

3rd Package – ACER and Gas Regulations

Community wide 10 year network development plan (EU 10 YNDP)

- The **ENTSO** shall adopt and publish a EU 10 YNDP every 2 years (*Art. 8 - Gas Regulation*)
- The ENTSOG shall conduct an **extensive consultation process**, at an early stage, involving all relevant market participants (*Art. 10 - Gas Regulation*)
- The EU 10 YNDP shall include the **modeling** of the integrated network, scenario development, a European supply and adequacy report and an assessment of the resilience of the system (*Art. 8 - Gas Regulation*)
- The **Agency** shall **provide an opinion** on the EU 10 YNDP and monitor its implementation (*Art. 6 - ACER Regulation*)
- The **Agency** shall review “**national ten year network development plans**” to assess their consistency with the EU 10 YNDP (*Art. 8 - Gas Regulation*)

Regional Investment plans

- TSOs shall publish **a regional investment plan** every 2 years, and may take investment decisions based on that regional investment plan (*Art. 12 - Gas Regulation*)
 - *Multiannual investment plans?*
 - *Perimeter of the region?*

Individual TSOs 10 YNDP

- The obligations of the TSOs vary according to the **unbundling model** chosen by the Member State
- The **ISO** has to comply with a 10 YNDP monitored by the NRA (*Art. 14, Gas Directive*)
- **ITO**: NRA has to consult the users, examine consistency with the EU 10 YNDP and may require amendments. NRA can take measures to ensure the realization of an investment – Focus on three years ahead (*Art. 22 Gas directive*)
- **NRA** monitors investment plans of the TSOs and provide an assessment as regards to their consistency with the EU 10 YNDP (*Art. 41 Gas directive*)

➔ **Need to analyze the relation between these investment plans**

New projects of regulation

SoS & investment notification

- **EC Proposal on the notification of investment projects**
 - Notification by Member States to the EC of data and information on investment projects - **reporting every 2 years**
 - **No duplication of requests** – exemption in cases where a “specific body is entrusted with the preparation of a multi-annual investment plan in energy infrastructure at Community level” specific body shall notify all relevant data to the EC
 - Concerning gas, the 10YNDP will largely cover the regulation’s scope
- **EC proposal of Security of Gas Supply Regulation**
 - **Supply standards:** supply for protected consumers guaranteed for 60 days according to the 1 out of 20 rule
 - Infrastructure standards: N-1 rule, reverse flows at all the IPs
 - Risk assessment based on scenarios
 - Infrastructure & supply standards will feed the 10YNDP; synergies concerning risk assessment

Recent regulatory developments

a key role for the 10 YNDP

3rd Package

Infrastructure development related to the single market

Prospective

EU 10 YNDP

- Scenarios and simulations
- Assessment of existing infrastructures & projects
- Monitoring report

SoS Regulation

Infrastructure standards for crisis management

Risk mitigation

Investment notification

Monitoring and reporting

- **EREG recommendations on EU-10 year network development plan issued on 25 March 2009**
- **22 responses received published on <http://www.energy-regulators.eu/>**
 - 13 shippers (Centrica, E.ON, EDF, EDISON, EnBW, ENI Gas & Power, Iberdrola, RWE, Scottish and Southern Energy, Shell Energy Europe, StatoilHydro, Yara and one confidential)
 - 8 associations (Bdew, EFET, Energy Networks Association, Eurelectric, Eurogas, GEODE, OGP & UPRIGAZ)
 - 1 TSO association: GTE



EREGEG's approach to the 10 YNDP

- **Objectives of the 10 year network development plan**
 - Shared vision of the European gas dynamics to all stakeholders: tool for **transparency**
 - Regularly updated and reliable information of market needs and dynamics
 - Identification of bottlenecks and investment gaps: tool to improve **competition** and **security of supply**
- **Status of the plan**
 - Built on assumptions and scenarios for supply/demand regarding the future evolution of the European network
 - **Simulations of disruptions** using a model of the integrated network
 - Include a **monitoring report** to identify deviations from the precedent plan update on potential delays
- **Methodology: Combine top down and bottom up approaches**
 - Top down approach: developing a European perspective
 - Bottom up: use national data to build a European picture



Evaluation of Comments

Preliminary results

- **Scope**

- The EU 10 YNDP should reflect the evidence of **improved cooperation and coordination** between TSOs and between NRAs
- The EU 10 YNDP has to recognize the **difference between projects that have reached a FID and other projects**, which have to be included for information.
- Almost all respondents in favour of a **monitoring report**

- **On the methodology**

- Broad agreement on the combination of **top down and bottom up approaches**
- Need to provide **sufficient flexibility for ENTSOG** in the development of the EU 10 YNDP – to revise the methodology, contents, scope, scenarios...
- **Assumptions should be clearly stated** and agreed upon between stakeholders, Agency and ENTSOG
- Need for **harmonising planning assumptions** between Member States for the scenarios

Evaluation of Comments

Preliminary results

- **Consultation and involvement of stakeholders**
 - Better balance between the **consultations** at European and national levels
 - **Clear involvement of the users** in the EU 10 YNDP, for instance through the Madrid Forum
- **On Security of supply**
 - Most respondents consider that the EU 10 YNDP will be beneficial to **Security of Supply**
 - Need for a **coordination between the Gas Coordination Group and ENTSOG** to provide a clear picture of the consequences of supply disruptions and the system's resilience

Preliminary ERGEG views

- **On the need to provide more flexibility:** ERGEG is aware that the preparation of the EU 10 YNDP is a **“learning by doing” process** – need to find an appropriate level between prescriptiveness and flexibility
- **Distribution of tasks:** ENTSOG does not only relate to the so-called organisation, but **include its members as contributors** to develop the EU 10 YNDP
- **Compatibility of data** included in the individual TSOs plans
- **Information expected from the EU 10 YNDP:** It does not formally aim at influencing market dynamics – ERGEG recognises that **arbitrating between infrastructure projects could be difficult for ENTSOG**
- **On security of supply:** Not the only element at stake for assessing the need for new infrastructure but has to be addressed – The plan will contribute to identify the **investments required for coping with supply disruptions** according to network simulations.

Preliminary ERGEG views

- **On the scope: Include LNG and storage facilities** (projects having an impact on cross border gas flows) – Focus on **congestion at cross border points and on internal bottlenecks having a cross border impact** - Keep out of scope investments and production plans of non-EU countries.
- **On the methodology:** should not be too heavy – the **bulk of data should be gathered at a national level** (bottom up) – homogenisation of data and review of their coherence at an EU level (top down)
 - Harmonisation of the assumptions and definitions when possible – assumptions on peak day and severe winter conditions should be published
 - ENTSOG is not in a position to identify priority projects or assess their probability of realisation
- **On the obligation to provide data:** ERGEG is keen on **giving priority to voluntary processes** but if such an approach appears to be inefficient, **an obligation might be necessary** – Some information might be kept confidential

Preliminary ERGEG views

- **On scenarios:** Select a small number of scenarios including one based on **national forecasts** and others on **Community wide models**
- **On the modelling:** the model should be **developed by ENTSOG** in consultation with stakeholders and consistently with the GCG.
- **Consultation procedure:** Stakeholders should be consulted **on the data collected and harmonised by ENTSOG**. Regular workshops should be organised during the drafting process (as GTE+ workshops).

- **EREGEG welcomes respondents proposals**
 - Broad support from the market
 - Better vision of challenges and constraints
 - Better understanding of the future role of the 10YNDP
- **Keep a pragmatic and flexible approach**
 - Learning by doing process
 - Avoid being too prescriptive about methodology from now
 - Be careful about the impact on the market
 - Focus on the objectives of the 10 YNDP and stakeholders' duties
- **Way forward**
 - Evaluation of comments: **to be published in November 2009**
 - Revised EREGEG recommendations: objective is to present them at the next Madrid Forum
 - Cooperation between EREGEG and GTE+



Thank you!