



# **ENTSOOG Preliminary Comments on EWI's Model-based Analysis of Infrastructure Projects and Market Integration in Europe**

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# Introduction

**Observations, comments and questions presented by ENTSOG in this presentation are to be considered as preliminary feedback. ENTSOG plans to analyse the study in more detail, in particular in the light of the answers to the questions raised herewith.**

# Key Observations

- The EWI model is based on a system of pipelines forming nodes and edges while the ENTSOG model is based on interconnected entry-exit systems each one being a meshed network.
- It applies cost-based approach using one virtual standard cost driving flows across the networks; the virtual standard cost is quite different from currently applicable tariffs and possibly even more so from the pricing mechanisms to be applied in the future (CAM Network Code)
  - *How is the provision of Regulation (EC) 715/2009 taken into account regarding the entry-exit tariff regimes which are not based on distance?*
- Some crucial supply contracts commitments (such as ToP obligations) seem to be underestimated
- The text description does not always seem to reflect what is shown in the maps / graphs / tables

# Key Questions (1)

**To be able to give an opinion on the EWI study, ENTSOG needs to understand better the underlying methodology and would therefore like to raise the following questions:**

- *How are the technical parameters (geographic location, interconnection, length, directionality, technical capacity) of pipelines used? How is the technical capacity calculated? How does the information interact with entry-exit technical capacities given by ENTSOG?*
- *How are the regionalized demand profiles derived and how are they used?*
- *Why are infrastructure costs not based on current actual data provided by operators themselves (rather than on 10-year old studies)?*
- *In which operations does the model uses one market area and when does it use multiple market areas (which are those market areas?)*

## Key Questions (2)

- *Which adjustments have been made in the study regarding inter-TSO infrastructure projects as presented in TYNDP 2010-2019 and why?*
- *What are the assumptions made for storage and LNG infrastructure projects?*
- *How are the typical injection and withdrawal profiles of storage facilities taken into account?*
- *How is the average winter day calculated?*
- *What is the meaning of the following definition (p.19): Location-specific marginal costs of gas supply <...> represent the shadow costs on each node's balance constraint in the model <...> which indicate marginal system costs for supplying one additional cubic metre of natural gas at this respective node <...>.*
- *How are the marginal costs calculated?*

# ENTSOG Network Model

- ENTSOG is working on improvement of its network model used in TYNDP 2010-2019
- ENTSOG model used for supply disruption simulations for GCG as well as for the Summer Outlook report already applies certain fine-tuning to flows distribution
- ENTSOG expects major modifications to the model in the coming months which will be used for modelling the network for TYNDP 2011-2020 to be published in December 2010

# Thank You for Your Attention

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