

**OPINION No 03/2019**  
**OF THE AGENCY FOR THE COOPERATION OF**  
**ENERGY REGULATORS**

**of 9 January 2019**

**ON ENTSOG'S WINTER SUPPLY OUTLOOK 2018/2019**

THE AGENCY FOR THE COOPERATION OF ENERGY REGULATORS,

Having regard to Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators<sup>1</sup>, and, in particular, Article 6(3)(b) thereof,

Having regard to Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005<sup>2</sup>, and, in particular, Article 9(2) thereof,

Having regard to the favourable opinion of the Board of Regulators of 12 December 2018, delivered pursuant to Article 15(1) of Regulation (EC) No 713/2009,

Whereas:

**1. INTRODUCTION**

- (1) The European Network of Transmission System Operators for Gas (“ENTSOG”) developed, adopted and published on 18 October 2018 the Winter Supply Outlook 2018/2019 pursuant to Article 8(3)(f) of Regulation (EC) No 715/2009.
- (2) Pursuant to Article 6(3)(b) of Regulation (EC) No 713/2009, the Agency shall provide an Opinion<sup>3</sup> to ENTSOG on, *inter alia*, relevant documents referred to in Article 8(3) of Regulation (EC) No 715/2009, as submitted to the Agency pursuant to Article 9(2), first subparagraph, of Regulation (EC) No 715/2009.

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<sup>1</sup> OJ L211, 14.8.2009, p. 1.

<sup>2</sup> OJ L211, 14.8.2009, p. 36.

<sup>3</sup> This Opinion is prepared in line with the Agency’s Revised Programming Document 2018-2020, which assigns resources to various tasks depending on its classification in terms of priority as “critical”, “important” or “relevant”. This Opinion is considered as “relevant” and is accordingly developed by using a simplified format.

## 2. SUMMARY OF THE DOCUMENT

- (3) In the Winter Supply Outlook 2018/2019, ENTSOG has undertaken an assessment of the behaviour of the European gas network for the upcoming winter (October 2018 to March 2019). ENTSOG's analysis looks into the possible evolution of gas supplies and underground gas storage (UGS) utilisation levels during the winter season, as well as into the ability of the gas infrastructure to meet gas demand, and especially to deal with high demand situations. The Outlook contains assumptions such as gas demand and supply levels, an analysis of the UGS storage level during the summer injection season needed to perform modelling of the system, the results of the modelling for a "reference" and a "cold" winter in terms of demand and supply balance and the evolution of gas-in-storage levels. It also contains the results of an analysis that "stresses" the system under scenarios of high demand and disruptions of certain routes of gas supply<sup>4</sup>. Annexes A-D to the Outlook provide a detailed analysis of the assumptions and the results.
- (4) ENTSOG has also reviewed and published a report on the European gas supply and demand for the Winter 2017/2018, which aims to provide an *ex-post* analysis of the gas demand and supply in the previous seasons. The report is published along with the Winter Supply Outlook 2018/2019.

## 3. ASSESSMENT OF THE DOCUMENT

- (5) The Agency welcomes the publication of the Winter Supply Outlook 2018/2019 by ENTSOG in due time, ahead of the winter season.
- (6) The Agency appreciates the analysis of the gas supply and demand trends and patterns and the expected evolution of storage levels contained in the Winter Supply Outlook 2018/2019 and in the documents accompanying the Outlook.
- (7) The Agency welcomes the assessment undertaken by ENTSOG of the behaviour of the European gas network during the upcoming winter, and takes notes of the overall conclusion that European gas infrastructure is able to handle the gas supplies in the Union and in the Energy Community Contracting Parties under different demand conditions, such as a "reference" and a "cold" winter, provided gas supply is available.
- (8) The Agency underlines the importance of the following conclusions contained in the Winter Supply Outlook:
- a. The European national gas production continues to be on a declining trend;
  - b. Gas available in UGS on 1 October is at a level which is close to the average of the last 5 years;

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<sup>4</sup> In particular, the routes considered to assess the disruption of gas supply scenario are: Ukraine, Belarus, Baltics states and Finland, Algerian pipes and LNG.

- c. In the event of a “cold” winter, the utilisation of liquefied natural gas (LNG) terminals would need to be significantly higher than in the previous 5 years in order for gas supply to meet gas demand;
  - d. Shippers who continued to inject gas into UGS until 1 November could help to secure higher flexibility of gas supply and infrastructure use;
  - e. Limited entry capacity in Bosnia and Herzegovina could expose it to demand curtailment during an assumed “peak demand day”;
  - f. The system offers flexibility in North-West Europe to provide services in case of an increase of gas demand due to an outage of non-gas power generation (nuclear plants and others) in Belgium; and
  - g. Under high demand situations, South-Eastern Europe would be significantly exposed to gas shortages in case of a disruption of gas transit through Ukraine.
- (9) The Agency notes positively the improvements of the Winter Supply Outlook 2018/2019 in comparison to previous editions, namely:
- a. the consistency of the results of the Supply Outlook and of the Union-wide security of supply simulation report of 2017 performed by ENTSOG in compliance with Regulation (EU) 2017/1938 on Security of Gas Supply (“SoS Regulation”);
  - b. the assessment of all supply disruptions defined in the SoS Regulation, including routes other than Ukraine; and
  - c. the improved topology of the network model in France, taking into account the creation of a single trading zone and the differentiation of the demand nodes for the low (L) and high (H) calorific gas.

Such improvements are in line with previous recommendations of the Agency. However, it remains unclear whether L-gas has been considered in ENTSOG’s network topology in the Netherlands and in Belgium. For future editions of the Outlook, the Agency calls on ENTSOG to include L-gas in the topology of the network and explicitly indicate in the documentation that this is the case.

- (10) The Agency takes note of ENTSOG’s finding that the level of gas in UGS at the end of last winter was the lowest of the last 8 years, due to high withdrawal at the end of the past winter when high gas demand situations occurred. At the same time, the Agency notes ENTSOG’s finding that shippers last year injected higher volumes of gas in UGS during the summer period than in any of the previous 6 years, which allowed reaching an initial level of storage on 1 October 2018 of 897 TWh<sup>5</sup>, which is in line with the level of UGS inventories observed ahead of the last winter. The Agency concurs with ENTSOG that additional injection of gas in UGS during the month of November 2018 would

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<sup>5</sup> In p.16 of ENTSOG’s WSO 2018/2019, it reads 1<sup>st</sup> October 2017. The Agency understands it should read 1<sup>st</sup> October 2018.

contribute to achieving better system flexibility during the upcoming winter season, and that the supply of LNG should exceed the one observed during the last five years in case of a “cold” winter in order to avoid that UGS levels fall to a historically low level at the end of the coming winter.

- (11) The Agency expects ENTSOG to provide justifications in future editions of the Outlook of the different UGS inventory level targets<sup>6</sup> at the end of the winter season in Spain (55%) in comparison to the other countries covered in the Outlook (30%).
- (12) The Agency finds reasonable ENTSOG’s approach based on historic observations to defining supply patterns (as used in the Winter Supply Outlook), i.e. the maximum supply potentials of the different sources providing gas to the European Union via pipeline. The Agency reiterates that, given the continuing decline of domestic gas production within the European Union and the likely increase of the dependence on gas imports, disruptions of gas imports (if any) would be the most likely reason for involuntary curtailment of demand in some of the Member States.
- (13) The Agency urges<sup>7</sup> ENTSOG to introduce in its future Outlooks an analysis determining the required minimum level of gas supplies from each major supply corridor that cannot be substituted by other gas flows due to the minimal flow requirements across routes needed to guarantee the flow dispatching capabilities.
- (14) The Agency welcomes the Winter Review 2017/2018, prepared by ENTSOG on a voluntary basis. The Agency notes that this review provides valuable insights into the trends and patterns actually observed in the past and previous winter seasons, and contributes to calibrate the assumptions of the modelling performed for the Winter Outlook. In particular, the Agency appreciates the review of specific events during the Winter 2017/2018 causing alterations of the demand supply balance, and the compilation of early warnings during the cold spell of February/March of 2018,

HAS ADOPTED THIS OPINION:

1. The Agency is of the view that the Winter Supply Outlook 2018/2019 meets the objectives of Regulation (EC) No 713/2009 and Regulation (EC) No 715/2009 in terms of contributing to non-discrimination, effective competition and the efficient and secure functioning of the internal natural gas market.

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<sup>6</sup> Cf. ENTSOG’s WSO 2018/2019, p. 18.

<sup>7</sup> Cf. Agency’s Opinion No 24/2017 on ENTSOG’s WSO 2017/2018, see point 10, p.4.

This Opinion is addressed to ENTSOG.

Done at Ljubljana on 9 January 2019.

  
*For the Agency*  
*Director ad Interim*  
Alberto POTOTSCHNIG