



Publishing date: 24/11/2015

Document title: on ENTSOG's 2016 draft Annual work programme

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**OPINION OF THE AGENCY FOR THE COOPERATION OF ENERGY
REGULATORS No 16/2015**

of 20 November 2015

ON ENTSOG's 2016 DRAFT ANNUAL WORK PROGRAMME

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 Regulators¹ (hereinafter referred to as “the Agency”), 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 1775/2005², and, in particular, Articles 8(3)(d), 8(5) and 9(2) thereof,

HAVING REGARD to the favourable opinion of the Board of Regulators of 18 November 2015, delivered pursuant to Article 15(1) of Regulation (EC) No 713/2009,

WHEREAS:

- (1) The European Network of Transmission System Operators for Gas (hereinafter referred to as “ENTSOG”) submitted, on 10 September 2015, the final draft Annual Work Programme 2016 by email to the Agency for its opinion;
- (2) Pursuant to Article 6(3)(b) of Regulation (EC) No 713/2009 and Article 9(2) of Regulation (EC) No 715/2009, the draft annual work programme has to be evaluated by the Agency taking into account the objectives of non-discrimination, effective competition and the efficient functioning of the market,

HAS ADOPTED the present Opinion on ENTSOG's final draft Annual Work Programme 2016, with the following main findings, recommendations, comments and guidance:

1. MAIN FINDINGS

- a. ENTSOG conducted a stakeholder consultation, pursuant to Article 10 of Regulation (EC) No 715/2009 as transposed by Articles 26(2) and 27(3) of ENTSOG's Rules of Procedure, from 16 July until 31 August 2015. Feedback received during the consultation process was taken into consideration for the preparation of the final draft

¹OJ L 211, 14.8.2009, p. 1.

²OJ L 211, 14.8.2009, p.36.

Annual Work Programme 2016. ENTSOG also took into consideration the Agency's Opinion³ on the ENTSOG Annual Work Programme 2015.

- b. The Agency appreciates the focus of ENTSOG's final draft Annual Work Programme 2016 on network codes development and the monitoring of the implementation of three network codes (Capacity Allocation Mechanisms, Balancing and Interoperability) and the Guidelines on Congestion Management Procedures. The Agency finds appropriate the balance between these activities and other important activities, such as the development and publication of the Ten Year Network Development Plan, Gas Regional Investment Plans, and Summer and Winter Supply Outlooks.
- c. The Agency takes note of the fact that ENTSOG is in a continuous process of discussion with Third Countries in the spirit of cooperation with neighbouring countries, and that the participation of Third Countries as Observers in ENTSOG is growing.
- d. The Agency finds appropriate the inclusion in the final draft Annual Work Programme 2016 of activities related to the assessment of European gas supply adequacy, the support to the Gas Coordination Group through assessments of the European security of gas supply, and the maintenance of internal analytical tools and the Professional Data Warehouse System in support of the Transparency Platform and for other purposes. The Agency encourages ENTSOG to coordinate its data and transparency-related work closer with the relevant areas of activity of the Agency.
- e. The final draft Annual Work Programme 2016 of ENTSOG is consistent with ENTSOG's tasks as described in Article 8 of Regulation (EC) No 715/2009 and the European Commission – ACER – ENTSOG 3-year work plan of July 2015⁴. It also takes into consideration the annual priority lists for the development of network codes and guidelines for 2016 and beyond, as publicly consulted by the European Commission⁵.

2. RECOMMENDATIONS, COMMENTS AND GUIDANCE

- a. The Agency finds appropriate the content of the final draft Annual Work Programme 2016. The Agency welcomes the classification of the main tasks by work area and the clear setting of objectives and key deliverables in each main area of activity.
- b. The Agency notes that the final draft Annual Work Programme 2016 generally does not indicate whether there are specific risks of not achieving the various objectives, tasks and deliverables. For future Annual Work Programmes, the Agency recommends indicating which objectives, activities and deliverables may be exposed to significant risks that could hinder due performance, along with the risk factors that could lead to such an outcome and any planned specific risk mitigation measures.
- c. The Agency appreciates ENTSOG's desire to cooperate and coordinate with the Agency in order to streamline processes, and recalls its expectation that the provisions

³ Opinion of the Agency for the Cooperation of Energy Regulators No. 18/2014 of 18 November 2014 on ENTSOG's 2015 Annual Work Programme.

⁴ Cf. https://ec.europa.eu/energy/sites/ener/files/documents/3years_work_plan_for_gas.pdf accessed on 5 October 2015.

⁵ Cf. <http://ec.europa.eu/energy/en/consultations/consultation-establishment-annual-priority-lists-development-network-codes-and>, accessed on 5 October 2015.

of Article 8(9) of Regulation (EC) No 715/2009 regarding making available all information required by the Agency will be fully implemented by ENTSOG.

- d. The Agency considers that adequate staff should be provided to ENTSOG to fulfil all its tasks under this Work Programme for 2016, and that the plan to replace seconded persons whose contract comes to an end should ensure smooth knowledge transition within ENTSOG.
- e. With respect to specific main areas of activity:
- The Agency welcomes ENTSOG's objectives and deliverables in capacity development and the key deliverables encompassing the monitoring and the reporting on the Capacity Allocation Mechanisms Network Code (CAM NC), the Congestion Management Procedures (CMP) Guidelines, the CAM NC Auction calendar, as well as the provision of support to the adoption of the Incremental Proposal (CAM NC amendment);
 - The Agency appreciates ENTSOG's objectives and deliverables in the area of the Balancing Network Code, notably the updated report on the implementation of the Balancing Network Code which ENTSOG foresees to deliver in cooperation with the Agency;
 - The Agency finds appropriate ENTSOG's objectives and deliverables in the area of the Network Code on Tariffs (TAR NC), along with its implementation plan and roadmap;
 - The Agency welcomes the planning of the Ten Year Network Development Plan (TYNDP) "in order to enable its efficient use in the selection of the third list of projects of common interest [PCIs]" (p. 21). The Agency recalls that in the Agency's Opinion No 11/2015 on the draft TYNDP 2015, "the Agency notes that the delivery of the next TYNDP in 2016 will contribute to the streamlining of the third PCI list". Accordingly, the calendar should be improved in the final Annual Work Programme 2016 so that the public consultation on the draft TYNDP and the consideration of the Agency's Opinion on it will take place in the second half of 2016, in order to allow ENTSOG to finalise the TYNDP by December 2016.
 - The next TYNDP is labelled as "2017-2037" (p. 21). The Agency is of the view that ENTSOG should rather refer to the time horizon of ten years defined by Regulation (EC) No 715/2009 and not the study horizon of 21 years which is currently used for cost-benefit analysis (CBA) purposes.
 - The final draft Annual Work Programme 2016 indicates that "*ENTSOG will also work in cooperation with ENTSO-E, EC and ACER to prepare possible scenarios for the replacement of nuclear power plants and for the integration of renewables as well as the possible use of gas in power generation*" (p. 6) and that "*a second public workshop will be organized during spring 2016 to present the updated CBA methodology*" (p. 21). The Agency notes, however, that ENTSOG did not indicate in the draft Work Programme 2016 any concrete activity and schedule of work related to the development of a CBA methodology and scenarios. The Agency recommends that such activities and the relevant deliverables and schedule of work be added in the final Annual Work Programme 2016.

- The Agency welcomes ENTSOG's effort to develop Gas Regional Investment Plans in a joint process with the development of the TYNDP in pursuit of data and modelling consistency, and suggests that ENTSOG takes advantage of the regional plans to assess in further details the infrastructure needs at regional level.
 - The Agency notes the importance of developing a consistent and interlinked ENTSO-E / ENTSOG modelling approach and stresses that, in addition to the modelling approach, the deliverables should include a model, in compliance with the requirements of Article 11(8) of Regulation (EU) No 347/2013⁶. The Agency recommends that ENTSOG includes this task and deliverable in the schedule of work of the final Annual Work Programme 2016.
 - Regarding the area of transparency, the Agency appreciates the statement by ENTSOG that the Agency's recommendations contained in its report on the Monitoring of Gas Transparency Requirements of 9 April 2013 have been implemented by ENTSOG. The Agency finds appropriate ENTSOG's intention to use the updated Transparency Platform as a cross-activity support tool, including for data collection purposes under REMIT and the transparency obligations arising from network codes, as well as its general use in support of market participants and other stakeholders. The Agency invites ENTSOG to consider the implications of Article 8(9) of Regulation (EC) No 715/2009 for the data flow from the Transparency Platform.
 - Regarding the area of Interoperability, the Agency appreciates the foreseen objectives and deliverables. The Agency notes the importance of facilitating regional cooperation and invites ENTSOG tangibly to describe the deliverables regarding the Early Warning System extension to the southern region and the implementation of the revised Security of Supply Regulation.
 - In the area of IT and Research and Development Activity, the Agency appreciates and encourages ENTSOG's plan to work on improving the gas demand model, by considering daily gas capacity demand figures that form the basis of the assessment of European gas infrastructures, as well as the evaluation of the impact of demand-side measures on European gas infrastructures. The Agency encourages ENTSOG to continue its effort to improve the modelling of the gas market and network in the light of the CBA methodology under Regulation (EU) No 347/2013, the interface to the data warehouse, and additional enhancements in the light of the TYNDP 2015 experience. The Agency finds appropriate ENTSOG's intention to work on supply flexibility analysis, gas quality monitoring, ENTSOG's own Professional Data Warehouse System, the data collection portal, and the standardisation and automation of urgent market messages.
- f. The Agency finds that the final draft Annual Work Programme 2016 meets the objectives of Regulation (EC) No 713/2009 and Regulation (EC) No 715/2009 in terms

⁶ In accordance with Article 11(8) of Regulation (EU) No 347/2013, first sentence, "[b]y 31 December 2016, the ENTSO for Electricity and the ENTSO for Gas shall jointly submit to the Commission and the Agency a consistent and interlinked electricity and gas market and network model including both electricity and gas transmission infrastructure as well as storage and LNG facilities, covering the energy infrastructure priority corridors and areas and drawn up in line with the principles laid down in Annex V."

of contributing to non-discrimination, effective competition and the efficient and secure functioning of the internal natural gas market.

Done at Ljubljana on 20 November 2015.

For the Agency:



Alberto Pototschnig
Director



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