

**OPINION No 16/2019**  
**OF THE EUROPEAN UNION AGENCY FOR THE COOPERATION OF**  
**ENERGY REGULATORS**

**of 25 July 2019**

**ON ENTSOG'S SUMMER SUPPLY OUTLOOK 2019**

THE EUROPEAN UNION AGENCY FOR THE COOPERATION OF ENERGY REGULATORS,

Having regard to Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators' (hereinafter referred to as "the Agency"), and, in particular, Article 4(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, and, in particular, Article 9(2) thereof,

Having regard to the favourable opinion of the Board of Regulators of 17 July 2019, delivered pursuant to Article 22(5)(a) of Regulation (EU) 2019/942,

Whereas:

**1. INTRODUCTION**

- (1) The European Network of Transmission System Operators for Gas ("ENTSOG") developed, adopted and published on 19 April 2019 the Summer Supply Outlook 2019 pursuant to Article 8(3)(f) of Regulation (EC) No 715/2009.
- (2) Pursuant to Article 4(3)(b) of Regulation (EU) 2019/942, the Agency shall provide an Opinion 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.

**2. SUMMARY OF THE DOCUMENT**

- (3) In the Summer Supply Outlook 2019, ENTSOG undertakes an assessment of the European gas network for the upcoming summer. The analysis investigates the possible evolution of gas supplies and injection in storages, as well as the ability of the gas infrastructure to handle gas demand.

- (4) ENTSOG has also reviewed and published a report on the European gas supply and demand for the summer of 2018, which aims to provide an *ex-post* analysis of gas demand and supply in the same season of the previous year. The report is published along with the Summer Supply Outlook 2019.

### 3. ASSESSMENT OF THE DOCUMENT

- (5) The Agency welcomes the publication of the Summer Supply Outlook 2019 by ENTSOG in due time, ahead of the summer season.

- (6) The Agency underlines the importance of the main conclusions contained in the Summer Supply Outlook 2019, and notes in particular that:

- a. a gas stock level in storages of at least 90% may be achieved by 30 September 2019, except in Latvia and Bulgaria. The Agency notes that achieving high level of gas stocks in storages by the end of the summer is likely to be facilitated by the high level of gas inventories at the end of the winter season (1 April 2019), when gas stocks stood at 38.4% of available storage capacity, the highest stock level observed during the last 8 years<sup>1</sup>, with the notable outlier of Sweden where stocks on 1 April 2019 were less than 10% of capacity;
- b. the existence of significant differences in stock levels at the start of the summer season in various Member States, coupled with differences in target levels for gas in storage at the end of the injection season (e.g., lower in the Baltics), may indicate a need for more differentiated assessments of the supply outlook by region. The Agency invites ENTSOG to investigate the usefulness of such a regional approach, including by emphasising assessments of gas demand and supply balance by region, complementing the focus on averages, per-country assessments, and levels of gas in storage;
- c. ENTSOG's view is that the restricted injection of gas in storage in Latvia is due to a decision of a foreign company (Gazprom) to discontinue using the Incukalns underground gas storage (UGS) for customers in Russia, thus limiting the use of Incukalns UGS to the needs of customers in Latvia and possibly Estonia and Lithuania;
- d. ENTSOG's expectation is that natural gas demand will increase by 3.7% this summer, compared to the summer of 2018.

- (7) The Agency reiterates its invitation to ENTSOG to consider the various roles which gas supply from UGS may play, such as the role of providing gas for covering

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<sup>1</sup> ENTSOG points out that the level of gas in UGS on 1 April 2019 (the start of the injection period) equalled 437.5 TWh, which is the highest level of stocks observed at the end of the 8 past winters. For comparison, on 1 April 2018, gas available in UGS was 191.1 TWh. Cf. ENTSOG's Summer Supply Outlook 2018, 17 April 2018, p 7.

baseload and the role of providing gas for peak demand shaving, highlighting its findings in upcoming Winter and Summer Outlooks.

- (8) The Agency welcomes ENTSOG's use for the production of the Summer Supply Outlook of the gas supply assumptions present in the Scenario Report prepared by ENTSOG in cooperation with ENTSO-E for the 2018 10-year network development plan (TYNDP 2018)<sup>2</sup>. However, the Agency notes that a number of the Scenario Report assumptions have been viewed critically by stakeholders and that the Agency has already recommended a number of improvements to the scenarios in its Opinion on the matter<sup>3</sup>.
- (9) The Agency welcomes that ENTSOG's Summer Outlook 2019 considers the changes in France's market zones, reflecting the new situation in France where the two existing balancing zones were merged in November 2018. The merger involved the creation of a single trading zone (TRF) instead of the two previously existing balancing zones (TRS for France South and PEG north for France North). The Agency notes that the new set-up considers one demand node for H-gas in France and a separate (wider area) L-gas node.
- (10) The Agency notes ENTSOG's expectation that gas supply from the European Union to Ukraine will remain at a level similar to the one observed in 2018, the assumption being that exports towards Ukraine will be 292 GWh/d, i.e. the average of the four previous summer seasons.
- (11) The Agency notes that assumed levels of gas demand and national production within the European Union are based on anticipated volumes as informed by the TSOs. However, the Agency notes that, at the same time, the shares of imports via various routes are the result of modelling<sup>4</sup>. The Agency notes that, in this overall modelling set-up gas, import supply is an output that is primarily dependent on assumptions about demand, domestic production and exports to Ukraine. At the same time, potential demand responses resulting from changes in supply are not considered.
- (12) The Agency notes that the analytical framework thus assumes that imported gas will always be available to serve demand, i.e. there will always be "additional flexibility" per supply source<sup>5</sup>, and the modelling checks whether the gas transmission network and storages are able to handle the supplied volumes, including by injecting gas in storage. The Agency invites ENTSOG to consider including, in future supply outlooks, an analysis of the potential changes in supply as an independent variable

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<sup>2</sup> Cf. [https://www.entsog.eu/sites/default/files/entsog-migration/publications/TYNDP/2018/entsos\\_tyndp\\_2018\\_Final\\_Scenario\\_Report.pdf](https://www.entsog.eu/sites/default/files/entsog-migration/publications/TYNDP/2018/entsos_tyndp_2018_Final_Scenario_Report.pdf)

<sup>3</sup> Cf.

[https://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Opinions/Opinions/ACER%20Opinion%2010-2018%20on%20the%20ENTSO-E%20and%20ENTSOG%20draft%20TYNDP%202018%20Scenario%20Report.pdf](https://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2010-2018%20on%20the%20ENTSO-E%20and%20ENTSOG%20draft%20TYNDP%202018%20Scenario%20Report.pdf)

<sup>4</sup> Cf. Summer Supply Outlook, Annex C – Summary of Assumptions (p. 22).

<sup>5</sup> Ibid., p. 21.

that could impact demand, i.e. consider market equilibrium as a result of both demand-side and supply-side factors, rather than the current approach in which primarily demand-side factors, domestic production and exports to Ukraine are considered as input (variables) in the modelling of imported gas supply as an output.

- (13) The Agency welcomes the publication by ENTSOG of data used for preparing the Summer Supply Outlook 2019, namely data on storage injection curves, monthly national production and total demand, and gas demand by sector (final use in the residential, commercial and industrial sectors, and electricity generation)<sup>6</sup>.
- (14) The Agency reiterates its invitation to ENTSOG to indicate, in forthcoming Outlooks, how the level of LNG stocks is defined, as the assumptions about the level of LNG stocks are important for the identification of available gas supply under both normal and stress (high demand or disrupted supply) conditions. The same applies to regasification and transmission capacity which is needed to move the re-gasified gas to zones in need of supply. The Agency also reiterates its view regarding LNG still being treated as a single source by ENTSOG in its analyses, without fully considering the diversification of sources it provides, and invites ENTSOG properly to consider the nature of the LNG markets in its analytical approach,

HAS ADOPTED THIS OPINION:

- (15) The Agency is of the view that ENTSOG's Summer Supply Outlook 2019 meets the objectives of Regulation (EU) 2019/942 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.

This Opinion is addressed to ENTSOG.

Done at Ljubljana on 25 July 2019.

**- SIGNED -**

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

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<sup>6</sup> Ibid., Annex D.