

**OPINION No 21/2019
OF THE EUROPEAN UNION AGENCY
FOR THE COOPERATION OF ENERGY REGULATORS**

of 13 December 2019

on ENTSOG's draft Annual Work Programme for 2020

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 (ACER)¹, and, in particular, Article 4(3)(b) thereof,

Having regard to Article 9(2) of Regulation (EC) No 715/2009²,

Having regard to the favourable opinion of the Board of Regulators of 11 December 2019, delivered pursuant to Article 22(5) of Regulation (EU) 2019/942,

Whereas:

1. INTRODUCTION

- (1) On 12 September 2019, the European Network of Transmission System Operators for Gas (ENTSOG) submitted the final draft of its Annual Work Programme 2020 (final draft AWP 2020) to ACER for its opinion.
- (2) Pursuant to Article 4(3)(b) of Regulation (EU) No 2019/942, ACER may provide an opinion to ENTSOG in accordance with the first subparagraph of Article 9(2) of Regulation (EC) No 715/2009 on the draft annual work programme, taking into account the objectives of non-discrimination, effective competition and the efficient functioning of the internal gas market.

¹ OJ L158, 14.6.2019, p. 22.

² OJ L 211, 14.8.2009, p. 44.

2. SCOPE

- (3) In this Opinion, ACER assesses the final draft AWP 2020 taking into account:
- the objectives referred to in recital (2) above; and
 - the planning and the foreseen prioritisation of ENTSOG's tasks, deliverables, resource allocation, and the expected challenges and ways to address them.

3. SUMMARY OF THE FINAL DRAFT AWP 2020

- (4) ENTSOG plans to work in 2020 in three core areas, namely activities related to network codes and guidelines, scenarios and infrastructure, and security of gas supply. ENTSOG also foresees work in the area of research and development and in supporting activities.
- (5) The final draft of the AWP 2020 is structured in chapters which cover the core and other areas of work, and also contains an introduction and (in an Annex) an overview of the regulatory framework of ENTSOG's tasks.

4. ASSESSMENT OF THE FINAL DRAFT AWP 2020

4.1. Network codes and guidelines

- (6) ENTSOG foresees performing similar type of work (*mutatis mutandis*) across all network codes, namely work focusing on the implementation and the monitoring of the implementation of the network codes, as well as on assistance, knowledge sharing, and guidance to stakeholders (including cooperation with ACER, Member States, Energy Community Contracting Parties and third countries, where applicable).
- (7) ACER is of the view that the final draft AWP 2020 clearly identifies the activities and deliverables, and highlights the priorities expected from ENTSOG in this work area in line with the regulatory requirements and the work *status quo* as of late 2019.
- (8) ACER notes ENTSOG's focus on activities related to monitoring and facilitation work in the area of guidelines for congestion management procedures and transparency. ACER is of the view that the final draft AWP 2020 adequately addresses issues and the relevant work formats related to congestion management procedures and transparency guidelines.
- (9) ACER positively notes ENTSOG's plan to continue cooperating via the Transparency Platform with ACER for raising issues and discussing the implementation of the network codes and guidelines.

4.2. Scenarios and infrastructure

- (10) ACER notes the presence of several interrelated key deliverables, namely the 10-year network development plan 2020 (TYNDP 2020), the adapted ENTSO-E/ENTSOG Consistent and Interlinked Model, the scenario development for the TYNDP 2020, and the support of the PCI project collection and selection process. ACER reiterates its outstanding request to ENTSOG duly to consider and strive fully to implement ACER's recommendations and guidance already provided to ENTSOG in its Opinions and

Recommendations related to these processes and deliverables, and in particular activities related to scenarios, models, CBA methodology and its application.

- (11) ACER positively notes ENTSOG's intention to include for the first time in the TYNDP 2020 a new category of energy transition-related (ETR) projects and to analyse how these projects can address the need for de-carbonisation in line with the Paris Agreement targets. It would also be valuable to include a special chapter with a detailed analysis of how these projects interact with, impact, and complement the current and future gas networks and infrastructures.
- (12) ACER draws ENTSOG's attention to the fact that the existing CBA methodology (CBA 2.0) does not enable the proper assessment of a project's contribution to sustainability, and invites ENTSOG to improve the sustainability dimension of the CBA methodology. ACER welcomes ENTSOG's intention further to work on improvements to the modelling tool and indicators for the TYNDP, considering feedback from stakeholders during consultation processes.
- (13) ACER appreciates ENTSOG's plan to consider ACER's views expressed in its opinion on the draft Interlinked Model as submitted by the ENTSOs in December 2016, and the on-going work for identifying relevant electricity and gas interlinkages that are not part of the initial submission. ACER positively notes that the ENTSOs launched on 17 May 2018 a focus study on the interlinkages between gas and electricity scenarios and projects assessment. ACER welcomes ENTSOs' plan to consider the outcomes of this study and to prepare an adapted version of the Interlinked Model for approval by the European Commission. ACER requests the ENTSOs to provide a timely opportunity to ACER to review the draft adapted version of the Interlinked Model and formulate – if appropriate – recommendations for the adapted Interlinked Model.
- (14) ACER invites ENTSOG to highlight in the final version of its AWP 2020 the elements and the ways of interaction that exist or are planned to be created between the various deliverables (e.g., tools and methodologies) which ENTSOG develops and uses in the area of scenarios and infrastructure. In particular, ACER recommends that ENTSOG foresee to provide clearer user guidelines for the scenarios, the models, the CBA methodology, and the project mapping in terms of project maturity and actual advancement. ACER further recommends ENTSOG to provide guidance for the application of these tools and methods for various purposes and at different moments of time by key users outside ENTSOG (e.g. stakeholders involved in the TYNDP, PCI selection, NRAs, and others). ACER is of the view that such guidelines could help to enhance the consistency of the tools, the methods and their application for the relevant deliverables and objectives.

4.3. Security of gas supply

- (15) ACER welcomes ENTSOG's plan to focus its work in the area of security of supply on the facilitation of regional cooperation and operational issues, the functioning of the ReCo system for Gas as a CNOT for emergency conditions, and the support of the Gas Coordination Group and relevant institutions and stakeholders. ACER notes ENTSOG's plan to continue working on the technical cooperation between Member States, Energy Community Contracting Parties, and third country TSOs.

- (16) ACER encourages ENTSOG to continue working on mechanisms that would assure that LNG is not considered a single source of supply when assessing diversification of gas supply sources.

4.4. Other

- (17) ACER appreciates ENTSOG's plan to continue providing aggregated fundamental data to ARIS as a Registered Reporting Mechanism, as well as to various stakeholder user groups managed by ACER (e.g. REMIT Expert Group, RRM User Group, roundtable on insider information disclosure, etc.).

4.5. ENTSOG's consultation of the draft AWP 2020

- (18) ACER appreciates the carrying out by ENTSOG of a public consultation on its draft AWP 2020, and the taking on-board in the final draft AWP 2020 of two main points emerging from the feedback from the consultation, namely the proper prioritisation of activities in line with the regulatory framework and the enhanced consideration of the role of renewable, de-carbonised and low-carbon gases, included by way of creating a platform on ENTSOG's website for informing on innovative work on de-carbonisation (the Innovative Projects Platform).

5. CONCLUSION

- (19) ACER is of the view that ENTSOG's draft final AWP 2020 is reasonably well structured, detailed and informative about the priorities, deliverables and scheduling of ENTSOG's work.
- (20) ACER finds particularly valuable ENTSOG's intention to prioritize in its work during 2020 the tasks and deliverables related to sustainability and de-carbonisation. ACER finds quite timely and appropriate the inclusion by ENTSOG in its final draft AWP 2020 of work and deliverables leading to the consideration of ETR projects in the TYNDP 2020, as well as the enhancement of the dialogue with stakeholders and the transparency regarding key aspects of de-carbonisation. ACER considers that ENTSOG should particularly analyse how these projects impact or complement the current and future evolution of the European gas network and infrastructures.
- (21) However, ACER notes that the final draft AWP 2020 generally does not indicate whether there are specific risks for not achieving the various objectives, tasks and deliverables. ACER notes that in 2018 ENTSOG indicated that it had already initiated an internal evaluation of the risks in the aforementioned context and expects the relevant assessment to be included in future work programmes, but the final draft AWP 2020 still does not contain such assessments and the relevant risk mitigation strategies. ACER reiterates its recommendation that future annual work programmes indicate 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,

HAS ADOPTED THIS OPINION:

1. The Agency finds that the final draft AWP 2020 generally 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 13 December 2019.

- SIGNED -

For the Agency
Director ad interim
Alberto POTOTSCHNIG