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ACER OPINION n° 02-2012

ON ENTSOG'S 2011-2012 ANNUAL WINTER SUPPLY OUTLOOK

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 a European Agency for the Cooperation of Energy Regulators¹, and, in particular, Articles 6(2) and 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 9(1), 9(2), and 8(3) thereof;

HAVING REGARD to the favourable opinion of the Board of Regulators of 4 May 2012;

WHEREAS:

- (1) The European Network of Transmission System Operators for Gas (hereafter referred to as "ENTSOG") has developed, adopted and published on 14 December 2011 the Winter Supply Outlook 2011-2012, pursuant to Article 8(3)(f) of Regulation (EC) No 715/2009.
- (2) Pursuant to Articles 6(2) of Regulation (EC) No 713/2009 and Article 9(1) of Regulation (EC) No 715/2009, the Agency shall monitor the execution of the tasks referred to in Article 8(1), (2) and (3) of Regulation (EC) No 715/2009 and report to the Commission.
- (3) Pursuant to Article 6(3)(b) of Regulation (EC) No 713/2009 and Article 9(2), first subparagraph, of Regulation (EC) No 715/2009, the Agency shall provide an opinion to the 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.
- (4) The 2012 Annual Work Programme of ENTSOG foresees further work as described in Article 8 of Regulation (EC) No 715/2009, in particular regarding the development of annual summer and winter supply outlooks;

¹ OJ L 211, 14.8.2009, p.1

² OJ L 211, 14.8.2009, p.36

HAS ADOPTED the present OPINION on ENTSOG's Winter Supply Outlook 2011-2012, for submission to ENTSOG and the European Commission, with the following recommendations, comments and guidance:

1. Pursuant to Article 8(3)(f) of Regulation (EC) No 715/2009, ENTSOG should adopt "annual summer and winter supply outlooks". ENTSOG has adopted the most recent Winter Supply Outlook 2011-2012 and has published the Outlook on 14 December 2011. ENTSOG has also assessed the European supply adequacy outlook within the non-binding Community-wide ten-year network development plan (hereafter referred to as "TYNDP"), pursuant to Article 8(3)(b) of Regulation (EC) No 715/2009. The Agency welcomes the production of the Winter Supply Outlook 2011-2012 and expects any future winter and summer supply outlooks developed by ENTSOG to be submitted to the Agency in compliance with Article 9(2), first subparagraph, of Regulation (EC) No 715/2009.
2. The Agency expresses its appreciation of ENTSOG's determination to ensure the functioning of a robust, secure and efficient pan-European system of gas transmission and ENTSOG's effort to streamline the Community-wide assessments of supply, both through TYNDP and seasonal outlooks.
3. The Agency welcomes ENTSOG's decision to enlarge the geographical scope of the outlooks, with the Winter Supply Outlook 2011-2012 now covering the EU-27 (less Cyprus and Malta) plus Croatia, Serbia, the Former Yugoslav Republic of Macedonia, and exports to Turkey and the Kaliningrad Region of the Russian Federation.
4. Regarding the timing for the production and publication of the Winter Supply Outlook 2011-2012, the Agency welcomes the Outlook's publication in the advent of the season, while believing that an earlier schedule could be adopted in order to allow for a higher level, early perspective on supply and demand trends during a forthcoming season and potential "warning" in case of specific events.
5. The Agency welcomes ENTSOG's work regarding the development of an adequate methodology and tools for conducting regular seasonal supply outlooks, and recommends directing further effort to analysing the system capacity adequacy under various climatic scenarios and the ability to meet demand by using underground gas storage stocks. The Agency suggests at the same time greater attention to supply trends and more detailed analysis of potential supply variations (including projected capacity use), to any lessons learned regarding supply constraints and supply disruptions and to the ways in which such variations and constraints in supply can be handled.
6. A consistent approach in applying identical methodology and tools to both supply outlooks and TYNDP development is welcomed by the Agency. The Agency advises to consider complementing the basic security of supply scenario analyses and deliberations of the biennial TYNDP by additional analyses and evaluations of

current and anticipated supply modulations and challenges via the biannual winter and summer supply outlooks.

7. Regarding ENTSOG's use of integrated flow patterns analysis for the purposes of the Winter Supply Outlook 2011-2012, the Agency supports ENTSOG's transition to specific flow pattern analysis and recommends focusing on identifying trends which cannot be captured at a regional level. The Agency advises ENTSOG to strive planning regional work in a manner conducive to identifying Community-wide issues which could be subject of further work aiming at eliminating barriers and constraints to the unimpeded flow of gas.
8. The Agency welcomes ENTSOG's decision to focus its work, for the time being, on assessing the European gas network's flexibility when meeting high daily gas demand and on the evolution of underground gas storage stock levels during the winter of 2011/2012 (October to March), while encouraging ENTSOG to provide in the future an equally focused view on the ways and means which are instrumental for improving security of supply, in particular, by ensuring sufficient flows of gas to meet demand.
9. With regard to ENTSOG's highlights on the heterogeneity of the supply and demand profiles, the Agency stresses the usefulness of the analysis and asks ENTSOG to consider providing specific examples and recommendations for dealing with potential restrictions preventing the adequacy of flexible supply with respect to seasonal demand in a given region.
10. The Agency welcomes, supports, and encourages the provision by Transmission System Operators and Storage System Operators of the information regarding demand, supply and stocks of gas in storage, while suggesting greater reliance on data from shippers and other market participants, in line with their volume obligations and with their commitments to capacity use (contractual and de-facto).
11. With reference to the balance between Community-wide (top-down) approach and the detailed analysis of seasonal supply outlook in particular regions and locations (bottom-up) approach, the Agency supports the development of a Community-wide outlook by using detailed regional and local knowledge and recommends the provision of comprehensive project information where relevant.
12. The Agency appreciates ENTSOG's commitment to strongly involve stakeholders in the processes of developing required products and in all other activities necessary for the implementation of the Internal Gas Market, and encourages ENTSOG to involve more directly stakeholders in the development of the Supply Outlooks, possibly by being proactive in requesting views about the content of the Winter Outlook as well as specific information from key stakeholders who may impact supply, demand and the flexibility of the system, including producers of gas.
13. The Agency appreciates the positions taken by ENTSOG and the contributions it has made to implement the Internal Market for Gas by fulfilling its obligations for

the development of seasonal supply outlooks and looks forward to the submission of the next full Outlook.

Done at Ljubljana on 4 June 2012.

For the Agency:


Alberto Pototschnig
Director



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