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OPINION OF THE AGENCY FOR THE COOPERATION OF ENERGY REGULATORS No 13/2014

of 17 June 2014

ON ENTSOG'S SUMMER SUPPLY OUTLOOK 2014

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[1] (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 1775/2005[2], and, in particular, Article 9(2) thereof,

HAVING REGARD to the favourable opinion of the Board of Regulators of 11 June 2014, 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") has developed, adopted and published on 23 April 2014 the Summer Supply Outlook 2014, pursuant to Article 8(3)(f) of Regulation (EC) No 715/2009.

(2) ENTSOG requested the Agency's opinion on 23 April 2014, pursuant to Article 9(2), first subparagraph, of Regulation (EC) No 715/2009.

(3) Pursuant to Article 6(3)(b) of Regulation (EC) No 713/2009, 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,

HAS ADOPTED the present Opinion on ENTSOG's Summer Supply Outlook 2014 with the following comments and guidance:

1. The Agency welcomes the publication of the 2014 Summer Supply Outlook ahead of the season, a practice which allows for action to be taken by stakeholders in cases where the outlook identifies possible negative impacts of specific events on the gas infrastructure operations or the gas supply.

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[1] OJ L 211, 14.8.2009, p. 1.
[2] OJ L211, 14.8.2009, p.36.

2. The Agency finds the main objectives and areas of analysis of the 2014 Summer Outlook appropriate. The Agency welcomes ENTSOG's demonstration of the gas supply interruption impact, particularly regarding levels of gas supply in storage, by using modelling and sensitivity analyses for assessing the following:

   - The European gas network's robustness in terms of capability to handle maintenance without disruption of service, increasing stock levels ahead of the winter, and flexibility for network users. The Agency notes the system's overall capability to handle gas injection into storage, reaching 90% of full storage capacity (active gas, on average), with sufficient flexibility by source of gas supply;

   - The dependence of Central and Eastern Europe on Russian gas for meeting gas demand, including injection in storage. The Agency appreciates the identification of countries where levels of gas in storage will be severely impacted by an interruption of gas supply from Russia via Ukraine, namely Bulgaria (0% in storage), Hungary and Serbia (20%), Poland (82%), and Romania (75%), even if the existing cross-border infrastructure between these countries is fully used;

   - The dependence of the Iberian Peninsula and Southern France on liquefied natural gas (LNG) supply for achieving high levels of stored gas ahead of the winter;

   - The dependence of Denmark and Sweden on the use of interruptible capacity for achieving high levels of stored gas (above 59%) ahead of the winter;

   - The levels of gas in storage in countries which will be severely impacted by an interruption of gas supply from Russia via all routes, namely Austria (59%), Bulgaria (0%), Croatia (88%), Germany, Czech and Slovakia (84%), Hungary and Serbia (17%), Latvia and Poland (0%);

   - The overall gas supply to the European Union Member States during the summer of 2014, which is relatively secure, as even in case of complete interruption of all Russian gas supply only Bulgaria will be unable to meet its seasonal (summer) gas demand.

3. The Agency notes with satisfaction the relevance of ENTSOG's analyses regarding levels of gas in storage and effects of complete gas supply cut-off from Russia, as well as the inclusion in the analyses of neighbouring countries which are not European Union members. The Agency encourages ENTSOG to continue its work towards the identification of seasonal risks to system flexibility and gas supply on a detailed level (regional and country-specific). The Agency recommends achieving in future Outlooks greater distinction of the reasons for the existence of the risks, possibly by using a combination of several critical risk characteristics, such as, for example, risks related to:

   - physical infrastructure bottlenecks, with a breakdown by type (pipeline, LNG, storage) and direction of flow;
   - contractual infrastructure bottlenecks, such as, for example, the availability of certain type of services (interruptible, firm or otherwise);

- virtual capacity bottlenecks, in particular at entry points or delivery points for imported gas to the European Union;
- short-term (seasonal or annual) or long-term character of the risk.

4. The Agency encourages ENTSOG to continue highlighting in future Outlooks the past gas supply patterns, as guidance regarding potentially problematic short-term variations in gas supply.

5. The Agency appreciates using for the Outlooks and the Ten-Year Network Development Plan (TYNDP) the same modelling approach and, where applicable, assumptions. The Agency invites ENTSOG to consider highlighting those conclusions of the Outlooks which are of relevance to the development of the next TYNDP, as well as the inclusion of indications in the Outlooks of those TYNDP projects which may be helpful for overcoming some bottlenecks which appear to be longer-term rather than seasonal or annual, as they recur in the Outlooks.

6. In the Agency's view, ENTSOG's Summer Review 2013 is valuable for identifying the reasons for important changes in demand and supply patterns, such as, for example, the higher than usual residual levels of stored gas at the end of the winter of 2013-2014. The Agency encourages ENTSOG to continue the practice of reviewing the actual supply and transmission flow variations on a seasonal basis, particularly for the purpose of enabling the analysis of intra-seasonal patterns and trends of gas supply.

7. The Agency believes that the Summer Supply Outlook 2014 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.

Done at Ljubljana on 17 June 2014.

For the Agency:

Alberto Pototschnig
Director

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