

## North West – IG meeting

8 March 2012

EK offices, The Hague

### DRAFT MINUTES

Participants			
Menno	van Liere	NMa/EK (Chair)	
Gijsbert	Lybaart	NMa/EK	
Marie-Claire	Aoun	CRE	
Pitt	Wangen	ILR	
Bjorn	ter Bruggen	EI	
Sigrún	Eyjólfsdóttir	DERA	
Joana	Stirnberg	Terranets	
Colin	Hamilton	National Grid	
Nicolas	Gregoire	Fluxys	
Bas	Barten	GTS	
Christophe	Poillon	GRTgaz	
Thomas	Huerre	GRTgaz	
Sylvia	Beyer	European Commission	

#### 1. Welcome and approval of the agenda

On behalf of NMa, Menno van Liere welcomed all participants and explained that Robert Spencer unfortunately could not attend the meeting due to unforeseen circumstances. Next to that, NMa indicated that representatives from two NRAs (CREG and CRE) had registered to participate in the meeting but – due to sickness – were unfortunately not in the position to attend the meeting. Following this announcement, the agenda for the meeting and the minutes of the previous IG-meeting (September 2011) were approved.

#### Decisions agreed:

- The draft minutes of the 22<sup>nd</sup> RCC-meeting and the draft agenda for this meeting were approved.

#### 2. ACER expectations towards GRI (NW) work

NMa explained that ACER as of 3 March 2011 has taken over the responsibilities of the Regional Initiatives. In its new role, the Agency has been analyzing how to ensure that the different GRIs can best tribute to the creation of an internal energy market. Given the fact that these ACER expectations form the basis for GRI NW work, NMa explained in a nutshell these expectations.

The conclusions from the 20<sup>th</sup> Madrid Forum (September 2011) form an important input for ACER. In this matter, the forum stressed that both ACER and the GRIs should provide greater focus of the prioritisation of their work and a need for focus on infrastructure development and early implementation of framework guidelines and network codes was brought forward. Also, the Forum suggested that priority should be given to projects that may have a significant added value and feed into the network development process, such as the development of joint CAM platforms and offering bundled products on a voluntary basis.

In the view of ACER, there are a number of key areas of work for the GRIs: a) early implementation of network codes, creation of a regional booking platform for CAM and c) Infrastructure. With regard to ACER's ideas on approach, it has been suggested by the Agency that each GRI should work on one of several identical topics (e.g. booking platform for CAM) and that successful approaches to a project could be used in other regions (e.g. Transparency project in GRI NW is "exported" to other GRIs).

Decisions agreed:

N/A.

### 3. Update on current projects

#### 3.1 GRI NW Transparency project

NMa – given the fact that Ofgem was unfortunately not able to participate in the meeting – presented the achievements made within the Transparency project since the last RCC meeting (September 2011). In this matter, NMa summarized the goal of the project, being a) to monitor the compliance of TSOs against the 3rd Package transparency requirements and b) consult the market whether data has been published in appropriate manner.

Since the last RCC meeting, all TSOs in the region have been asked to complete a questionnaire (drafted within the RCC) to indicate their compliance to the relevant Transparency requirements. As a next step – after each NRA has checked the compliance assessment of their national TSO – a public consultation was announced during the 9th Stakeholder Group meeting in Rotterdam (November 2011). The consultation period ended on 20 January and about 10 responses were received (of several TSOs, shippers and several European representative organizations).

NMa explained that the *first analysis* of the responses has made clear that stakeholders are of the view that the level of Transparency has improved the last couple of years, but that still some improvements can be made by TSOs. Looking to the responses received, stakeholders with regard to the *way of publication*, have made clear that there is a demand for standardisation of data publication. Also, TSOs should provide explanatory notes if data cannot be published (rather than just reporting "no data available") and some information (while being free of charge) is only available on portals that require a log-on. With regard to *content*, stakeholders have indicated that they sometimes receive different data on opposite sites of an IP and also would like to see an improvement in publishing historical data and current data (near real time).

NMa also informed the RCC that in general three types of responses have come forward during the consultation: a) general comments, b) response to compliance of a specific TSO and c) feedback on the summary table. With regard to the first type of response, NMa indicated that the current thought is that they will be used to elaborate a conclusions report and drafting of a summary of responses, while specific responses to the compliance of a TSO should be send to the relevant NRA (who should then decide what to do next). With regard to the third type of response, it these will be assessed in more detail before judging how to treat these responses.

GTS asked whether the individual responses will also be send to the individual TSOs, NMa replied that it is up to each national NRA to decide how the individual responses will be shared. GRTgaz asked whether TSOs will have the possibility to see (and respond to) the conclusions report before it will be published. NMa indicated that it envisions that the TSOs will be “taken on board” before the conclusions document is published, but that it has not yet been discussed how this should be done. GRTgaz also indicated that the timeline for the Transparency project in the European Energy Work Plan 2011 – 2014 should be updated (the timing of the project is not adequate anymore).

Decisions agreed:

N/A.

### **3.2 GRI NW Investment project**

Fluxys – as coordinator for the GRI NW GRIP – explained that a public consultation of the GRIP was launched during the 9<sup>th</sup> Stakeholder Group of GRI NW in Rotterdam. The consultation period ended in January and only EFET responded to the consultation. In its response, EFET stated that based upon the information in the GRIP, it is difficult to assess whether or not the projects in the GRIP have been considered on a regional basis as the best regional solution for the provision of additional capacity. Next to that, EFET urges that non-FID projects take into account the level of additional capacity that will be required by market participants in the future. In this matter, EFET referred to their paper on incremental capacity.

Fluxys explained that TSOs are of the opinion (and this has been communicated to EFET) that FID projects have firm commitments from market participants as a result of market testing and, as such, they are the best regional solutions. With regard to the role of the GRIP into incremental capacity, TSOs have taken the view that this role is limited to providing information to market participants, allowing them to make the best decision. The risk involved with incremental capacity should in their view be shared between parties requesting this capacity and TSOs.

Fluxys also explained that the GRIP has been discussed in the Gas Coordination Group (December 2011) and one of the conclusions was that more emphasize on Security of Supply could be in the next GRIP. The European Commission explained that (next to Security of Supply) the GRIP could provide more information on the outcome of Open Seasons and more alignment between the TYNDP and the GRIP (in which the GRIP would provide more details on certain topics in the TYNDP) would be welcomed.

GTS indicated that it would not be useful to provide precise information on all Open Seasons, but perhaps all ongoing Open Seasons could be mentioned, including a link to where more information can be found. In this matter, it was emphasized that ENTSOG already provides information on Open Seasons. CRE responded that not all contracts should be part of the GRIP, but that information on process and results of the Open Season could be part of the document.

CRE – on behalf of the RCC – presented the preliminary thoughts of the RCC on the GRIP. In general, the RCC positively acknowledges the work of TSOs on the GRIP and finds it positive that the GRIP has an updated database for demand and supply projections and for the list of FID – non FID projects in the region with a focus on IPs. Also, the identification of the appropriate IPs influenced by TSOs projects is welcomed, as it represents an additional opportunity for the TSOs to foster their coordination on investment needs at IPs. The RCC also welcomed the public consultation process and fully realizes that the drafting of the GRIP has been a learning by doing process.

At the same time, the RCC has identified a number of recommendations as to how the GRIP could become most “fit for purpose” for stakeholders. In the opinion of the RCC, there is a need to contribute to higher consistency between national and EU TYNDP. In the EU TYNDP for example, congestion is identified within our region, but the GRIP does not further elaborate on this issue. As such, deeper understanding of cross-border congestions is welcomed. Next to that, a modelling exercise in order to simulate the resilience of the system in situations of disruptions or to evaluate market integration is welcomed. Also, more interaction with stakeholders (e.g. early dialogue between TSOs, NRAs and stakeholders in order to evaluate cross-border bottlenecks and capacity requests) is welcomed.

GRTgaz indicated that a modelling exercise (flow calculations) is difficult because no single capacity calculation method is used by TSOs. In this matter, it is not quite clear what the added value would be. In addition, Fluxys mentioned that the TYNDP already does modelling work. The idea is to use the TYNDP model from ENTSOG and there seems (thus) no additional value to do it in the GRIP. CRE wondered whether it is possible to have different thinking on regional level. GTS wondered what the added value of a regional modelling is if modelling already is done on a national and European level. The European Commission stated that the TYNDP should be the starting point for the GRIP and welcomed the discussion on a regional level on the GRIP. The European Commission also announced that a meeting is organized once all GRIPs are published.

With regard to the next steps, CRE indicated that the RCC will draft a letter with the recommendations and send these to Fluxys (as TSO coordinator for the GRIP). In this matter, it was agreed that the letter will be send during April and that a physical meeting (rather than a Telco) would be organized in April/ May to discuss – in an open dialogue – the recommendations with TSOs and NRAs.

#### Decisions agreed:

- In the 1<sup>st</sup> week of April 2012, the RCC will send a letter with GRIP recommendations to Fluxys (as TSO coordinator of the GRIP);
- Mid April 2012, the recommendations will be discussed in an open dialogue between NRAs and TSOs.

## **4. (Possible) new projects within GRI NW**

### **4.1 Regional booking platform for CAM**

GRTgaz – on behalf of the TSOs – explained that different booking platforms have already been initiated in NW Europe (TRAC-X, Capsquare, Link-4-hubs, GATRAC) and TSOs are responsible for these platforms. Given the recent developments, the existing capacity platforms will have to be upgraded in the context of the network code for CAM. In this matter, TSOs involved in the existing platforms in NW Europe are currently working on their convergence toward a unique platform. The negotiations on this convergence are ongoing and any next steps will be communicated at a later stage. GRTgaz mentioned that the South region is expecting France (CRE and GRTgaz) to “export” the NW GRI solution to the South Region.

NMa explained – on behalf of the RCC – that ACER has indicated that all GRIs should work in developing a regional booking for CAM. In this matter, NMa indicated that the NC of CAM (chapter 8) states that two adjacent TSOs that need to work together and take the necessary steps towards applying the rules of this Network Code and that an action plan needs to be drafted on how to reduce the number of platforms and eventually establish a single EU-wide platform. Given the fact that the step between two adjacent TSOs working together vs. a European booking platform is a big step, there is added value to create a regional booking platform. Among others things, the creation of a regional booking platform can boost competition in NW market (one platform exists where all capacity can be auctioned), TSOs can feed the lessons learned into the ENTSOG action plan and share the lessons learned with other regions.

During the last Stakeholder Group meeting, stakeholders also encouraged TSOs to integrate booking platforms into a regional platform and the TSOs response was constructive and recognized added value of such a platform. In this matter, it was mentioned by some TSOs that a bottom up approach would be feasible (instead of a top down approach where NRAs are in the lead). Although this approach seems logical to the RCC, a number of conditions were discussed that TSOs should take into account: the NC on CAM needs to be the basis for the work, the project needs to be performed in an open and transparent process (update stakeholders and share lessons learned), stakeholders should be involved in e.g. design issues and an open dialogue between NRAs and TSOs (e.g. governance) should be ensured. NMa indicated that also some governance rules should be discussed (how do involved NRAs and TSOs interact), although that would not mean that TSOs need to have permission for each step to take (this would slow the process down and would not be in the spirit of a bottom up approach).

GTS indicated that the network code for CAM can be qualified as “self implementable” and sees no direct reason for a regional project to e.g. create a regional booking platform (this is something that TSOs could do). NMa responded that it sees an added value for regional projects, but that these projects could be performed bottom up (where TSOs are in the lead). NMa also mentioned that during the Madrid Forum (22 March 2012) GRI NW will give an update on the work plan and will announce that the possibility of a regional booking platform will be discussed. In this matter, all TSOs were invited to discuss whether the Madrid Forum can be used as a good opportunity to announce the regional booking platform (if it is decided to go forward).

The European Commission indicated that the deadline of 2014 is “tomorrow” and is of the opinion that steps need to be taken to contribute to the 2014 deadline. Pioneering in this matter is a positive step as implementation will require substantial adaptation by all TSOs in all regions. The actors should not wait until all network codes have passed the comitology process but start early implementation work aligned with the draft code. Regions should thus not wait until the network codes have passed the comitology process: why wait for other regions?

Decisions agreed:

- N/A

#### **4.2 Role of GRI NW in the Gas Target Model**

NMa explained that the first official Gas Target Model (drafted by CEER) was published in December 2011. This model contains three steps to create an internal market and one of these steps is to enable functioning gas markets. In this matter, the Gas Target Model calls upon NRAs to assess market liquidity and degree of market integration in close cooperation with each other (and MS, TSOs etc.) within the framework of the GRIs. In this matter, the possible role of GRI NW in the Gas Target Model was discussed. Among other things, it was suggested by NMa that the assessment of market liquidity is to be done on national level but that the outcome of these analyses can be presented and discussed during the SG meetings. GRTgaz indicated that the ratio of the criteria to assess liquidity are not the best and asked how liquidity could be further improved. NMa responded that it might be a bridge too far to discuss this question in the IG meeting, but is of the opinion that such questions could be further discussed between stakeholders during e.g. the Stakeholder Group meeting (share lessons learned on how liquidity can be successfully improved).

During the Gas Target Model discussions, it has become clear – as least for NMa – that no clear “yes or no” exists about whether implicit allocation should be applicable in the gas market. Next to that, GRI NW – of all three gas regions – is probably the most advanced region for implicit allocation. For this reason, NMa wondered whether it has added value to draft a regional (RCC) paper on implicit allocation. In this process, NMa explained that it envisions that NRAs could determine their position on the feasibility of implicit allocation, as starting point for discussion. As a second step, a workshop could be organized where TSOs, exchanges, shippers, Member States etc. could provide their opinion on implicit allocation. Finally, the results from the workshop could be taken into account by the RCC and a regional position paper could be drafted.

Decisions agreed:

- NMa will further elaborate what the role of GRI NW can be in implementing the Gas Target Model.

### 4.3 Monitoring Security of Supply

Security of Supply is – and will remain – an important subject in the European Gas Market. In the South South East region, monitoring Security of Supply has always been an important priority and ACER has asked NMa (with the thought of sharing successful areas with other regions) to explore the possibility to start monitoring Security of Supply within GRI NW and possibly using the approach that is used in the South South-East region. In this matter, NMa mentioned that monitoring Security of Supply is a topic that is already addressed within the Pentalateral Forum by Member States. Fluxys indicated that Member States – given the fact that they are leading in monitoring Security of Supply – need to sit at the table to discuss any possible projects for GRI NW. In addition, Fluxys noted that Security of Supply is already being dealt with by the Gas Coordination Group. GTS indicated that the aim within the Netherlands is to reduce the load of reporting and wondered whether a new project would again increase reporting (on a regional level). It was concluded that Member States are in the lead on Security of Supply and that any specific projects within GRI NW should come forth on request of Member States. During the upcoming Government meeting of GRI NW (26 April 2012), Security of Supply and a potential role for GRI NW – if any – will be further discussed.

#### Decisions agreed:

- During the upcoming Government meeting of GRI NW (26 April 2012), Security of Supply and a potential role for GRI NW – if any – will be further discussed with Member States.

### 4.4 Energy Infrastructure Package (identification PCIs)

The European Commission presented the aim and vision forward on the regulation on guidelines for trans-European energy infrastructure – Identification of Projects of Common Interest. In this matter, the European Commission explained that 2012 will be used as a preparatory year in order to test the process for PCI identification. The European Commission invites all GRIs to state their interest and potential contribution to this important process. Among other things, this means a pilot exercise in each of region, find agreement on priority-specific aspects and come up by the end of 2012 with a list of potential PCIs. Also, the necessary synergies between existing regional cooperation fora, notably Regional Initiatives should be created. To do so, the European Commission foresees several steps, such as establishing working groups in each region, define outputs for the end 2012, working methods, roles and timeline. To make this happen, an EU budget is foreseen for each region to hire an external consultant, where needed, to assist in evaluating proposed projects.

In terms of timing of the pilot project for selecting PCIs, the European Commission indicated that the first PCI proposals should be identified by June 2012, evaluated by September 2012, while the Regional pilot PCI list should be completed by December 2012. On 19 March, a meeting will take place within the South South East region, while on 30 March for the North West region. The invitation to participate in this pilot projects has been send to Member States, who in turn should send experts to the meeting.

The European Commission foresees that each group should have a steering committee composed of Member States, ACER, ENTSOs and the European Commission. All other group members should report to this committee. Also, it should be ensured that existing Regional Initiative groups should be complementary of market integration work. This could be done according to the European Commission through the following:

- GRIs to discuss PCIs, based on the application of the criteria/CBA methodology for each "future" PCI;
- Evaluate methodology, discuss benefits beyond national borders;
- Monitor implementation (as already monitoring regional TYNDPs);
- Discuss cost allocation for projects that affect more than 2 Member States.

GTS indicated that – based upon the explanation provided by the European Commission – that it seems that it is the European Commission intention that the Regional Groups will not be the Gas Regional Initiatives, but that the Regional Initiatives could support the Regional Groups where possible. The European Commission confirmed this and indicated that during the upcoming period it should become more clear how the GRIs can support the PCI selection process.

Decisions agreed:

- N/A.

## **5. Upcoming Madrid Forum**

NMa explained that In an earlier stage the GRI NW presentation for the upcoming Madrid Forum. Following some comments of NRAs, NMa has revised the presentation for the upcoming Madrid Forum. To ensure that the presentation will fully update stakeholders on the developments within our region, NMa will revise the GRI NW presentation based upon the outcome of both meetings, but will ensure that the presentation will stay in line with what has been discussed (especially with regard to the regional booking platform for CAM).

Decisions agreed:

- N/A.

## **6. Next meeting**

The next IG meeting will take place on 6 September 2012 in The Hague.

Decisions agreed:

- N/A.