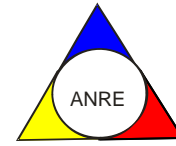




**Hungarian Energy and
Public Utility Regulatory Authority**



Romanian Energy Regulatory Authority

**29th Regional Coordination Committee Meeting
GAS REGIONAL INITIATIVE – SOUTH SOUTH-EAST**

7 July 2016, 14:00 – 17:30

**Budapest, 52. Bajcsy-Zsilinszky út,
HEA premises, 1st floor, Conference room**

Draft Minutes

Link to meeting documents: <http://www.acer.europa.eu/Events/29th-SSE-GRI-RCC-meeting/default.aspx>

Mr Kőrösi welcomed the participants on behalf of the organizer co-chair HEA.

The agenda of the 29th RCC meeting and the Minutes of the 28th RCC meeting were approved.

2. Update on GRI SSE region developments

2.1. Update on recent national issues – round table

- E-Control – Mr. Alessandro Ischia:
 - In the context of the balancing rules for distribution system, an amendment to the Austrian market rules was introduced in order to enhance the demand side liquidity management by means of a flexible merit order list management tool. Regarding the implementation of CAM NC, competing auctions were introduced at Oberkappel and Überackern in tight cooperation with the German TSOs. The auctions are carried out on PRISMA booking platform. No bundled capacity at Mosonmagyaróvár: a cross-tendering solution will be the most suitable – it is expected during the next months.
 - Starting from the 1.1.2017 the new regulatory period for the transit system will be in place in Austria. At the present moment E-Control has worked to the definition of the TSOs costs and new entry-exit system tariffs. The amended Austrian tariffs regulation will be consulted after the summer time and published between September and October.

- TYNDP: on 1 July the distribution area manager (AGGM) and the market area manager (GCA) published for consultation the long term planning and the Austrian coordinated TYNDP respectively. According to the time schedule, E-Control will approve the two planning instruments in Q3/4 2016.
 - Interoperability NC: E-Control approved the extension of the period of usage of the present data exchange solutions until January 2018.
- EWRC – Ms. Victoria Jermanova:
 - The Interconnection Agreement between Bulgaria and Greece had been signed in May 2016; this is the first step for diversification in Bulgaria. The TPA will be ensured on the new interconnector.
- NEURC – Ms. Tetiana Kryvonoh:
 - The unbundling action plan of the Ukrainian TSO Ukrtransgaz is in its last preparation stage, and the certification procedure is in the last stage of final adoption. .
 - The NRA issued new methodologies of storage tariffs and capacity allocation rules.
- HEA – Mr. Balázs Sándor:
 - NC implementation is ongoing. With regards to the BAL NC there is a transition to model 1.
 - A reshaping process of households gas supply has been started. The suppliers will be concentrated into a single public utility company from 1 October 2017;
 - Infringement procedure (tariffs, independence of NRA) – the government and the NRA are working on the steps needed.
 - Delays in the Mosonmagyaróvár IP on the platform use question: the TSOs are working on the solutions.
 - A restructuring process of the National NDP has been started. (elevated importance of short term products leading to the need to reshape the procedure)
- AEEGSI – Mr. Vincenzo Cioffo:
 - The NRA will be launching a new balancing system by October 2016. The preliminary consultation has been closed.
 - An Open Season procedure has been announced by the TSO SNAM concerning to the Trans-Adriatic Pipeline.
 - The new Italian law prescribes that the TYNDP consultation will have to be conducted by the NRA instead of the TSO from 2016. That will start at the end of October.
 - The NRA made a decision regarding interoperability at IPs – SNAM Rete Gas' network code will have to be modified.
- ERE – Mr. Maksim Shuli:
 - The Gas Directive 2009/73/EC is under implementation.
 - Good news on oil and gas exploration: Shell discovered large gas reserves in Albania and will start drilling still this year.
 - As a 3rd Energy Package compliant unbundling action, new gas companies TSO & DSO have been established from the national oil and gas company.

- HERA – Mr. Nicola Vistica:
 - Regarding the Balancing Network Code: The early implementation of trading platform is expected to be ready in October 2016.
 - The Interoperability NC is fully implemented in Croatia. Interconnection Agreement has been complied.
 - CAM NC is fully implemented, although the TSO Plinacro uses two booking platforms which is too costly
 - Concerning the Tariffs NC, this is the last year of first regulatory period. The current phase is about adopting new rules.
 - The approval process of methodology for the Krk LNG terminal is ongoing. The consultations have been done. The evaluation is expected to be finished at the end of July.
- AERS – Mr. Aleksandar Popadic:
 - Natural gas prices are decreasing on the free market in Serbia. Only a portion of them remained regulated.
- ANRE – Ms. Lusine Caracasian:
 - The minimum storage levels will be defined for the winter season by the NRA.
 - The tariff levels will be unchanged until the end of March 2017.

2.2. Report on conclusions of 2nd EU Infrastructure Forum concerning GRI SSE

Mr. Dennis Hesselning gave an overview about the Forum held on 23-24 June in Copenhagen

- The first day of the Forum hosted mainly political speakers.
- The second day was devoted mainly to stakeholders.
- During the first day, Mr. Edmond Alphandéry, president of CEPS (Centre for European Policy Studies) presented the CEPS report¹ on the gap, emerging between financing needs of projects and the amount of bankable projects (among the factors discouraging investments are uncertainties regarding regulations).
- The ACER's PCI Monitoring Report has been publicised after the Forum, mentioning many delays/rescheduling of PCIs.
 - The SSE region is of particular importance for gas sector PCIs (in terms of projects/countries)
 - About 50% of PCIs are on time, the rest is delayed/rescheduled (typically at the beginning of the project and this is often due to demand uncertainties)
 - There is a limited advancement in cases of old PCIs. Mr Hesselning noted that if there is no progress on an "old" PCI, it has to be questioned if it is worth keeping that project on the list.
 - The NPV of expected life-cycle costs for gas PCIs is 7.8 billion EUR, which is about 2-3 times the average – numbers give rise to serious scepticism about whether the PCI list could be implemented as a whole;
 - There is a moderate interest from project promoters in financial instruments.

<https://www.ceps.eu/system/files/Fostering%20Investment%20in%20Cross-border%20Energy%20Infrastructure%20in%20Europe%20-%20A%20report%20by%20the%20High-Level%20Group%20on%20Energy%20Infrastructure%20in%20Europe.pdf>

Forum conclusions: The ENTSOs shall set up expert groups on implementation of transmission projects in both electricity and gas.

- CBCA monitoring
 - Insufficiency in cooperation during consultation – some TSOs turned to the ACER for not having been consulted in projects that concern them.
 - The NRAs tend to allocate costs to the hosting member state, where national net impacts are positive.
 - It seems to be necessary to improve the CBA methodology by better monetising benefits
 - ACER considers the possibility of introducing conditions to CBCA decisions (e.g.: once bookings exceed a certain level, the additional income would be subtracted from costs to be paid via CBCA)

2.3. Balancing Implementation Monitoring

- Mr. Hesselning outlined the report of the Balancing TF
- The report is based on the requirements of Article 9(1) of the Gas Regulation.
- A second workshop is expected to be held in the SSE region during fall
- Mr. Hesselning encourages everyone to take part in the work of the TF
- The Balancing Evaluation Framework is an important appliance of the report, which is a matrix of 23 criteria grouped into 6 topics.
 - Mr. Hesselning highlighted the importance of plans and their evaluation regarding interim measures: NRAs shall make sure that their approval is not only a reaction to TSO's short-term proposal, but a thorough evaluation of reliable, multiple-year plans
 - PL, IE, DK can be considered good examples of appropriate planning and execution
- Mr Ischia noted that in some countries there are more than one balancing systems and combining these for the sake of the report might not deliver the foreseen value.

3. GRI SSE Work Plan 2015-2018

3.1. Update on revision of GRI SSE WP

Ms. Lusine Caracasian co-chair gave an account of the revised Work Plan 2015-2018.

- There are 2 new projects:
 - RO-HU-AT with the promotion of E-Control
 - Wholesale licensing with promotion of HEA (redefined project)
- There will be one more week to comment the WP for NRAs and stakeholders after the circulation
- Mr Hesselning voices his concern regarding the lack of proper use of the planning template in particular cases: they are either too vague or demonstrate little planning (especially projects II., V., VI. (VTP).)
 - Mr Ischia pointed out that in certain cases planning is made difficult by external factors that require rescheduling

3.2. Update on implementation of WP projects

- Bulgaria-Greece Interconnector (project promoters: EWRC and RAE)

Ms. Victoria Jermanova (EWRC) informed the meeting that they had negotiated with the currently missing RAE and she declares on behalf of both NRAs

- A decision has been taken that the project should be deleted from the list because it will be completed on 1 Oct 2016

Follow-up: a few days after the meeting, following the ACER's suggestion, the two project promoters decided to keep the project in the Work Plan and present its results at the next GRI SSE meeting, during fall 2016.

- Both TSOs chose the RBP in compliance with CAM
- The Interconnection Agreement had been concluded, bundled capacities will be offered. The circumstances ensure the availability of virtual reverse flow.
- The remaining tasks:
 - definition of interruptible capacities,
 - definition of interruption sequence,
 - information exchange

- BACI – Austria-Czech Republic market integration (project promoter: E-Control)

- Mr Ischia gave a brief background to the project (The CEETR conception started 5 years ago with participation of AT, CZ and SK)
- There is no physical interconnection between AT and CZ. Trading Region Upgrade (TRU) option (not a standalone product, has to be attached to entry capacity, exercised at nomination) – plan to offer TRU in the next annual auction.
- A consultation had been organized in February: interest indicated with many questions raised

- RO-HU-AT project (project promoter: E-Control)

- Incremental rules are going to be applied in the project
- A market survey related to the open season (OS) was carried out. The aim was to get information and preferences regarding alternative methods for capacity allocation. The method 3 has been supported. (capacity will be allocated firstly to those network users, whose booking preferences will guarantee the stronger financial sustainability of the project)
- The complete set of entry-exit tariffs to be applied during the OS is still pending and NRAs should present it by Q1 2016 latest.
- .
- Mr Popadic (AERS) asked whether a swap would not be an easier solution – Mr Ischia responded that the promoters asked explicitly for firm capacity products along the route.

- Virtual Trading Point project (project promoter: E-Control)
 - The E-Control created a detailed questionnaire with 42 questions and circulated it. All GRI countries and Serbia answered
 - The findings of the survey were presented question by question

- Licensing (project promoter: HEA)
 - Mr Sandor summarised the concept developed by HEA: no new type of license planned, due to the heterogeneity of licensing processes country by country. Instead, the existing trading license system is kept with the key fundamental requirements harmonised.
 - The HEA prepared a concept paper which was consulted twice: NRA-level (plus ACER, EC) and secondly among stakeholders. There were more feedbacks at the second round of comments.
 - Mr Cioffo recommended analysing how REMIT and the licensing issue could function together (reporting required under REMIT as well as in a number of licensing regime, thus we shall avoid duplication of data provision)
 - Mr Ischia highlighted the importance of understanding the precise reasoning and the rationale behind the introduction of the license regime in each member states.
 - The chair Mr. Kőrösi concluded that HEA will work out a revision of the concept, using the comments received before the meetings, and naturally taking into account all useful remarks and comments got during the RCC and the SG meetings.

3.3. Implementation Groups of NCs – updates

- Mr Hesseling raised his concern regarding the necessity of having IGs as they seem to be somewhat passive in SSE
- This issue will be discussed at the next RCC meeting in Bucharest.

4. Short overview of gas developments in the Energy Community

Ms. Nina Grall, leader of the ECRB secretariat, informed the Committee about the followings:

- The ECRB-GRI cooperation within the framework of CESEC and PECEI
- There are infringement procedures against a few EnC countries that will soon go to the Ministerial Council
- There will be an important discussion on timely changes of the Treaty on the Ministerial Council in October.
 - Among others: the “binding reciprocity” rules will have to be applied on borders of EU MSs and EnC countries (NCs as well, but it is rather complicated to enforce)

5. Any Other Business

5.1. Direct lines in Bulgaria

Ms. Mariana Sirkova explained a recent problem in which a number of consumers are supplied from a direct line the owner of which is not licensed to conduct such an activity. The HEA and the AEEGSI have indicated that they have experience with similar problems and offered their help to the EWRC.

6. Next meetings

The next RCC meeting is foreseen in October after the Madrid Forum, to be held in Bucharest. The exact point of time will be determined later. The event will be organised back to back with the Stakeholder Group meeting and the Energy Community GWG as usually.