

OPINION No 02/2019
OF THE AGENCY FOR THE COOPERATION OF
ENERGY REGULATORS

of 9 January 2019

ON ENTSOG'S DRAFT ANNUAL WORK PROGRAMME FOR THE
YEAR 2019

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 Regulators¹ (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 1775/2005², and, in particular, Articles 8(3)(d), 8(5) and 9(2) thereof,

Having regard to the favourable opinion of the Board of Regulators of 12 December 2018, delivered pursuant to Article 15(1) of Regulation (EC) No 713/2009,

Whereas:

1. INTRODUCTION

- (1) The European Network of Transmission System Operators for Gas (hereinafter referred to as “ENTSOG”) submitted on 1 September 2018 the final draft of the Annual Work Programme 2019 (final draft AWP 2019) to the Agency for its opinion.
- (2) Pursuant to Article 6(3)(b) of Regulation (EC) No 713/2009 and Article 9(2) of Regulation (EC) No 715/2009, the draft annual work programme has to be evaluated by the Agency taking into account the objectives of non-discrimination, effective competition and the efficient functioning of the market.

¹ OJ L 211, 14.8.2009, p. 1.

² OJ L 211, 14.8.2009, p.36.

2. GENERAL FINDINGS

2.1. General Scope

- (3) ENTSOG's final draft AWP 2019 covers part of the Three-Year Plan of July 2015³, agreed between the European Commission, the Agency and ENTSOG.
- (4) ENTSOG conducted a stakeholder consultation pursuant to Article 10 of Regulation (EC) No 715/2009 from 27 July to 31 August 2018. ENTSOG did not receive any feedback during the public consultations, and accordingly the consulted draft version of the AWP 2019 was submitted to the Agency for its Opinion without any changes.
- (5) The Agency appreciates that ENTSOG's main focus of the planned activities is expected to shift in 2019 to the monitoring of the implementation and the effects of the Network Codes (NCs).
- (6) The Agency notes ENTSOG's intention adequately to assess the progress in the functioning of the European gas markets, to look at longer-term horizons for European Scenarios, and to analyse the impact of possible changes to the current regulatory framework on the EU gas market.
- (7) In all of the above work areas, the Agency expects ENTSOG regularly and proactively to involve the regulatory community, as well as to be in contact with the Agency whenever the work areas and activities touch on regulatory issues. The Agency commends ENTSOG's intention to continue its contribution to the Madrid Forum and the Copenhagen Energy Infrastructure Forum, as well as further to develop its relationship with the Agency, ENTSOG's members and stakeholders.

2.2. Network Codes and Guidelines

- (8) The Agency appreciates that ENTSOG's work plan is to focus on the monitoring of the implementation and the effects of the Congestion Management Procedures (CMP) Guidelines, the Capacity Allocation Methodologies Network Code (CAM NC), the Tariff Network Code (TAR NC), the Balancing (BAL NC) and the Interoperability and Data Exchange Network Code (INT NC), while providing members and stakeholders with advice and guidance throughout the implementation process.
- (9) In the areas where monitoring reports on the implementation of Network Codes (NCs) have already been issued by both the Agency and ENTSOG, the Agency encourages ENTSOG to focus its monitoring efforts on problematic issues, the most pertinent ones at this time being ensuring adequate implementation of the NCs and the provision of quality data for quantitative assessments initiated by the Agency.

³ Cf. https://ec.europa.eu/energy/sites/ener/files/documents/3years_work_plan_for_gas.pdf accessed on 7 September 2018.

- (10) The Agency welcomes ENTSOG's plan to refine the established Joint Functionality Process between the Agency and ENTSOG, after the first issues have been notified and addressed on the Joint Platform.
- (11) The Agency takes note of ENTSOG's intention to support coordination on strategic issues in relation to the effects of NCs for both gas and electricity within the Network Code Implementation and Monitoring Group (NC IMG), chaired by the European Commission.

2.3. Scenarios, Infrastructure and Security of Supply

2.3.1. General

- (12) Regarding the activities related to the development of natural gas infrastructure (System Development Business Area), the Agency takes note of ENTSOG's plan to develop the gas supply and demand scenarios to be used for the Ten-Year Network Development Plan (TYNDP) 2020, to continue modelling the integrated gas network, to inform the investment process in physical gas infrastructure and to support the selection process of Projects of Common Interest (PCIs) and the assessment of the European security of gas supply.
- (13) In performing the tasks leading to the delivery of the key planned documents in the Business Area, such as an updated Cost-Benefit Analysis (CBA) methodology, the publication of the TYNDP 2018 and the start of development of the TYNDP 2020, the Summer and Winter Supply Outlook for 2019 and Review for 2018, the preparation of the 4th edition of the Gas Regional Investment Plans (GRIPs) for publication in 2019, and the maps for Capacity (2018) and for System Development (2017-2018), the Agency invites ENTSOG to take in due account the views expressed by the Agency in its opinions and recommendations.
- (14) In particular, the Agency recalls its views on the need for improvement of ENTSOG's modelling tool and the delivery of a proper interlinked electricity and gas network and market model as part of the updated CBA methodology. The Agency also recalls its views on the need to adapt the CBA methodology in such a way as to allow for proper monetisation of all benefits and urges ENTSOG to take all necessary steps towards that direction. The Agency expects ENTSOG also to take into account the results of the informal bilateral discussions with the Agency at technical level and the trilateral discussions involving the European Commission.

2.3.2. Supporting activities

- (15) The Agency welcomes ENTSOG's effort in supporting the activities in the Gas Coordination Group (GCG), the Regional Groups for the 4th selection of PCIs during 2019 and the implementation of the updated CBA methodology, and the development of next edition of GRIPs. The Agency notes that these support activities should pursue objectives, timing, data and modelling consistency, and suggests that ENTSOG take advantage of the potential synergies of the various works planned in the investment activity area.

2.3.3. Security of Supply

- (16) The Agency notes ENTSOG's objectives to contribute to the enhancement of security of gas supply via a combination of activities leading to a number of deliverables (primarily focusing on short-term gas system issues, such as winter and summer supply outlooks and reviews) and contributions to the implementation of Regulation No (EU) 2017/1938 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010⁴.
- (17) In particular, the Agency notes that ENTSOG intends to facilitate the functioning of the Regional Coordination System for Gas (ReCo System for Gas) as Common Network Operating Tools (CNOT) for emergency conditions in the light of Article 8(3)(c) of Regulation (EC) No 715/2009. The Agency expects the submission of such CNOT for its opinion, in line with the said Article. The Agency also welcomes ENTSOG's intention generally to support the GCG activities.

2.4. Transparency Requirements

- (18) The Agency commends ENTSOG's intention to use the updated Transparency Platform as a cross-activity support tool, including for data collection purposes under REMIT⁵ and the transparency obligations arising from network codes, and in particular the transparency requirements of the TAR NC. The Agency encourages in particular the use of the Transparency Platform to the benefit of market participants and other stakeholders. In the latter aspect, a careful periodic consideration of user needs is, in the view of the Agency, desirable along with delivering reasonable improvements requested.
- (19) The Agency stresses the importance of ENTSOG's implementation of the Agency's recommendations regarding the Transparency Platform, in support of the work in the NC area and other key activities. The Agency encourages ENTSOG to improve data quality checks on the platform after coordinating with the Agency.
- (20) The Agency invites ENTSOG to facilitate data flows, based on Article 8(9) of Regulation (EC) No 715/2009, whenever it is required or it is of utility.

3. CONCLUSIONS AND RECOMMENDATIONS

- (21) The Agency finds the content of the final draft AWP 2019 appropriate. The Agency welcomes the classification of the main tasks by work area and the clear setting of objectives, key deliverables and work schedules in each main area of activity. The

⁴ OJ L 280, 28.10.2017, pp. 1-56.

⁵ Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency, OJ L 326, 8.12.2011, pp. 1-16.

final draft AWP 2019 is consistent with ENTSOG's tasks as described in Article 8 of Regulation (EC) No 715/2009 and the Three-Year Plan of July 2015. A possible improvement of the annual work programmes could include the stronger highlighting of critically important work areas and deliverables.

- (22) The Agency notes that the final draft AWP 2019 indicates key deliverables for 2019, but generally does not indicate whether there are specific risks of not achieving the various objectives, tasks and deliverables. The Agency 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. To that end, the Agency appreciates that ENTSOG has initiated the internal evaluation of the risks in the aforementioned context and expects the relevant assessment to be included in future work programmes,

HAS ADOPTED THIS OPINION:

1. ENTSOG has published and submitted to the Agency in a timely manner the Annual Work Programme for the year 2019, in compliance with the provisions of Articles 8(3)(d), 8(5) and 9(2) of Regulation (EC) No 715/2009.
2. The Agency finds that the final draft of the Annual Work Programme for the year 2019 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.

This Opinion is addressed to ENTSOG.

Done at Ljubljana on 9 January 2019.


For the Agency
Director ad Interim
Alberto POTOTSCHNIG