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**OPINION OF THE AGENCY FOR THE COOPERATION OF ENERGY
REGULATORS No 13/2013**

of 27 June 2013

ON ENTSOG'S ANNUAL SUMMER SUPPLY OUTLOOK 2013

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, Article 9(2) thereof;

HAVING REGARD to the favourable opinion of the Board of Regulators of 12 June 2013, 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 2 May 2013 the Summer Supply Outlook 2013, pursuant to Article 8(3)(f) of Regulation (EC) No 715/2009;
- (2) ENTSOG requested the Agency’s opinion on 2 May 2013, 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;
- (4) ENTSOG’s 2013 Annual Work Programme foresees work and deliverables as described in Article 8 of Regulation (EC) No 715/2009, including the development of annual summer and winter supply outlooks,

¹ OJ L 211, 14.8.2009, p. 1.

² OJ L211, 14.8.2009, p.36.

HAS ADOPTED the present Opinion on ENTSOG's Summer Supply Outlook 2013 with the following comments and guidance:

1. The Agency welcomes the publication of the 2013 Summer Supply Outlook ahead of the season and earlier than in the case of previous outlooks, a practice which allows for a timely action by stakeholders in cases where the outlook identifies possible negative impacts of specific events on the gas infrastructure operations or the gas supply.
2. The main objective of the 2013 Outlook is identical to the objective of previous outlooks, i.e. the assessment of the robustness of the gas supply infrastructure in all parts of Europe while carrying out system maintenance and gas storage injection and providing flexibility for network users. An objective of the Outlook is also to assess whether the gas network system is capable of achieving 100% underground storage fill-in levels by 30 September 2012, taking into account a reference case based on gas market conditions prevailing over the recent two years, and accompanied by an analysis of the supply's sensitivity to certain events. The objectives of the Outlook are primarily related to the assessment of the robustness of the gas infrastructure and its ability to deal with certain real-life and hypothetical scenarios, and not to gas supply assessment *per se*. Expected gas supply volumes, gas supply mix (volumes of gas originating from various sources) and gas injection into storages for the summer season of 2013 are not discussed in the Outlook, since, as stated by ENTSOG, they depend on shippers' decisions.
3. Regarding the stated objectives of the Outlook, the Agency finds ENTSOG's demonstration of the system's robustness in terms of handling maximum gas injection into storage reassuring, especially given the fact that historically working volumes of gas in storage have never reached full capacity, typically being 88 to 93% of full storage capacity (on average).
4. The Agency finds that ENTSOG has taken into account the Agency's earlier recommendations regarding the need to give greater attention to the short-term supply and transmission trends based on historic gas flow data and comparative analysis of past outlooks. Data about the actual monthly gas supply and gas injection into storage as evidenced during the last two summer seasons is now a part of ENTSOG's analytical framework, rather than the hypothetical flat supply and injection patterns used previously. The inclusion of real-life data in the analyses is appreciated by the Agency as evidence of ENTSOG's desire to incorporate in its seasonal outlooks critically important aspects of gas supply, along with the equally important analyses related to the robustness of the gas supply infrastructure. 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 and, at the same time, invites ENTSOG to consider making current seasonal supply issues an even more visible part of the outlooks.
5. The Agency finds valuable the use of supply sensitivity analysis, as introduced in the Ten-Year Network Development Plan 2013-2022, for providing a better insight into the dependence on major supply sources and the transmission routes from such sources. The indications that a hypothetical 10 to 20% decrease of Russian gas imports in Eastern Europe and lower levels of LNG imports in the Iberian Peninsula and Southern France

are likely to affect the final gas stock levels in storage if certain additional measures are not applied (e.g., increase of supply from other sources and the maximum use of the capacity of cross-border interconnections) are particularly informative and useful. The Agency believes that an important aim of the modelling in the course of the preparation of the outlooks is the identification of shortcomings and the formulation of possible efficient solutions, and appreciates ENTSOG's effort directed to pinpointing potential gas supply issues on a country and regional scale.

6. The Agency welcomes the inclusion of event-specific analyses in the Outlook, such as, for example, the analysis of the very low levels of working gas volumes in storages observed in Denmark and Sweden at the end of the long and cold winter of 2012-2013. The Agency finds encouraging the fact that such event-specific analyses are complemented by reports on the steps which have been taken in order to overcome the possible negative impacts of such events. Final investment decisions regarding projects to enhance German-Danish cross-border capacities are already in place and aim at overcoming limitations that resulted in "Early Warning Calls" declared in Denmark and Sweden in the spring of 2013.
7. The Agency welcomes the application of a TYNDP modelling approach for assessing the robustness and sensitivity of the European gas network, while inviting ENTSOG to continue its work on the enhancement of its modelling tool, input and output parameters, and level of detail on both regional and route scale, to enable the assessment of possible internal bottlenecks and disruptions.
8. The Agency welcomes ENTSOG's Summer Review 2012, a document developed on a voluntary basis and released as part of the Outlook, which provides evidence on the last four summers' gas demand seasons, including the evolution of gas demand for different uses of gas. The Agency notes the particular value of the Review for identifying the reasons for important changes in demand and supply patterns, such as, for example, the decrease of gas consumption in the summer of 2012 due to the reduced use of gas for power generation and the significant change of the supply mix as a result of lower LNG imports and higher imports of piped gas from Norway.
9. The Agency welcomes the provision of historic information about the monthly cross-border flows in the EU in the summer of 2012, along with data about LNG and gas imports from third countries. 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.
10. The Agency believes that the Summer Supply Outlook 2013 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.

The present Opinion is addressed to ENTSOG.

Done at Ljubljana on 27 June 2013.

For the Agency:



Alberto Pototschnig
Director



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