



Publishing date: 21/12/2015

Document title: ACER Opinion 18-2015

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**OPINION OF THE AGENCY FOR THE COOPERATION OF ENERGY  
REGULATORS No 18/2015**

**of 18 December 2015**

**ON ENTSOG'S WINTER SUPPLY OUTLOOK 2015/16**

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<sup>1</sup> (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<sup>2</sup>, and, in particular, Article 9(2) thereof,

HAVING REGARD to the favourable opinion of the Board of Regulators of 16 December 2015, 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”) developed, adopted and published on 5 November 2015 the Winter Supply Outlook 2015/16 pursuant to Article 8(3)(f) of Regulation (EC) No 715/2009.
- (2) ENTSOG submitted the Winter Supply Outlook 2015/16 to the Agency for its opinion on 6 November 2015 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 following Opinion on ENTSOG's Winter Supply Outlook 2015/16:

1. The Agency appreciates ENTSOG's highly anticipated analysis following concerns about the security of gas supply for the winter 2015/2016. In this context, the Agency underlines the importance of the main conclusions identified in the Winter Supply Outlook 2015/16, notably:

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<sup>1</sup> OJ L 211, 14.8.2009, p. 1.

<sup>2</sup> OJ L211, 14.8.2009, p.36.

- The European natural gas transmission system is robust enough to sustain most parts of the European market, even in the case of a severe winter and/or short-term supply route disruptions, provided the gas itself is available.
  - The European transmission system's robustness further provides the capability of supplying Ukraine with substantial gas volumes, a relevant finding given Ukraine's relatively tight storage level situation as of 1 October 2015 and the ongoing disputes between the relevant Russian and Ukrainian gas companies regarding the delivery of natural gas to Ukraine for the 2015/16 winter season<sup>3</sup>.
  - Despite overall improvements in gas infrastructure at the European level in recent years, South-East Europe remains acutely vulnerable to potential disruptions of gas supply through Ukraine.
  - The results of the 2-week Cold Spell case show potential demand curtailment in Sweden, which can be mitigated through the availability of interruptible capacity or storage, the latter of which however could potentially be limited by the considerably lower level of gas in Danish underground storage as of 1 October 2015 compared to the previous winter<sup>4</sup>.
2. The Agency notes that ENTSOG published the Winter Supply Outlook 2015/16 on 5 November 2015, around the same time of the year as the Winter Supply Outlook 2014/15. The Agency notes that the timing of the publishing of the Winter Supply Outlook coincides with the beginning of the winter season, i.e. the Outlook is published after the end of the gas storage injection period and after the moment when nominations for gas supply for the forthcoming winter are usually made. Taking into account ENTSOG's responsibilities, the Agency encourages ENTSOG to publish its seasonal supply outlooks further ahead of the season so as to allow stakeholders to take earlier action in cases where the outlooks identify potential shortfalls in gas supply or shortcomings in gas infrastructure operations. The Agency takes note of ENTSOG's collaboration with GLE and GSE in ensuring continued improvement in liquefied natural gas (LNG) and underground gas storage (UGS) modelling, notably regarding the time-adjusted behaviour of LNG terminals during the 2-week Cold Spell case, and the revision of UGS deliverability curves.
  3. The Agency notes that ENTSOG has discontinued the use of a 'Warm Winter' gas demand profile in its sensitivity analysis, opting for the 'Reference Winter' and 'Cold Winter' cases, better suited, in the view of the Agency, to the purposes of the Winter Supply Outlook.
  4. The Agency invites ENTSOG to provide more clarity on the assumptions behind the principle of 'optimal crisis management' underlying the modelling of high-demand situations and disruptions, as the term seems to be defined differently in the present and the previous edition of the Winter Supply Outlook.

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<sup>3</sup> [http://europa.eu/rapid/press-release\\_STATEMENT-15-5724\\_en.htm](http://europa.eu/rapid/press-release_STATEMENT-15-5724_en.htm)

<sup>4</sup> AGSI platform: <http://transparency.gie.eu/>


5. Concerning the methodology applied for the Outlook, the Agency reiterates its view that analysing the physical flow and availability of gas supplies is as important as examining the technical cross-border capacities and the ability of the transmission system to respond to sudden and unforeseen changes in gas supply and demand dynamics. An assessment of the ability of external supply sources (outside the European Union) adequately to respond to high-demand periods, as well as a further assessment of potential bottlenecks within the Member States and an analysis of demand-side management opportunities could shed more light on potential Member State-specific shortcomings in high-demand and reduced-supply situations. The Agency recognises ENTSOG's efforts to expand its assessment of the commodity dimension of gas in seasonal supply outlooks, and encourages ENTSOG further to develop the inclusion of additional supply and demand elements in future supply outlooks.
6. The Agency notes that the Winter Supply Outlook 2015/16 omits reference to the different qualities of gas across the European market. The Agency points to the growing relevance of developing gas quality differentiation parameters in ENTSOG's modelling for future supply outlooks, reflecting potential concerns regarding low-calorific value gas (L-gas), particularly in North West Europe.
7. The Agency further points to ENTSOG's practical consideration of LNG as a singular gas source in its supply cases, and encourages ENTSOG to pursue a more developed analysis of the role and capabilities of LNG in responding to potential supply interruptions and demand spikes, with the ultimate goal of refining future seasonal supply outlooks by means of providing a clearer view of the potential role of various LNG sources in both a European and regional context.
8. As regards disruption scenarios, the Agency finds the chosen scenario in the Outlook to remain relevant and justified in the current context. However, as in previous years, the Agency urges ENTSOG to broaden the scope of the analysis and to include possible gas supply disruptions from other main European gas sources in order to produce a more complete view of the European gas system's resilience from both a physical supply and an infrastructure point of view. As revealed in ENTSOG's Winter Review 2014/15, apart from those affecting transits through Ukraine, a number of supply disruptions occurred over that season, most notably in Norway. A more comprehensive analysis identifying the necessary minimum levels of gas supply from each source that cannot be substituted for by others during the winter season could provide valuable insight into both the flexibility and the robustness of the internal market and the merit order of these supply sources, especially if provided at regional level.
9. The Agency takes note of the reassessment made by ENTSOG regarding the availability and use of the OPAL pipeline in the simulations of the Winter Supply Outlook 2015/16, in line with the conditions of the applicable exemption decision.

10. The Agency welcomes ENTSOG's expected cooperation with ENTSO-E in integrating the analysis of the gas supply disruption risk in case of a transit disruption through Ukraine for the ENTSO-E Winter Outlook 2015-16.
11. The Agency welcomes ENTSOG's Winter Review 2014/15, prepared on a voluntary basis, as an important element in the continued enhancement of seasonal supply outlooks through the analysis of recent and concrete developments of the European market at both an internal and external level.
12. The Agency is of the view that the Winter Supply Outlook 2015/16 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 18 December 2015.

For the Agency:

  
Alberto Rototschnig  
Director



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