



ACER Public Consultation on the implementation of the Network Code on the Network Code on Interoperability and Data Exchange rules

PC_2017_G_01

Evaluation of Responses

Version of 25 May 2017

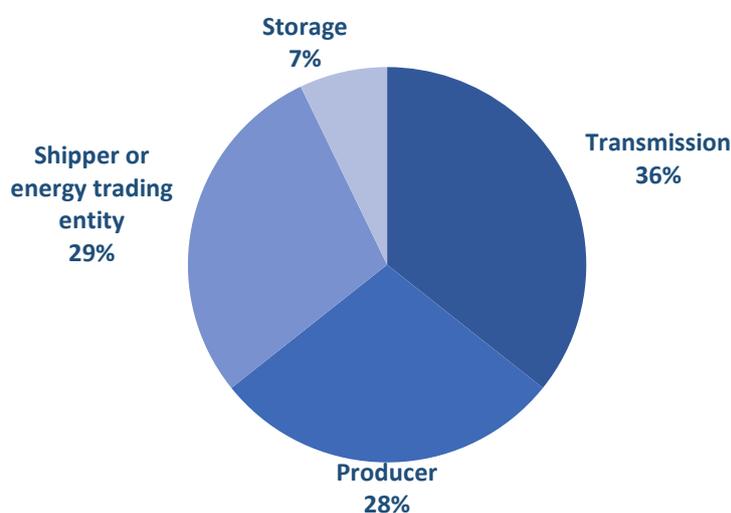
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1. Introduction

- (1) On 15 March 2017, the Agency for Cooperation of Energy Regulators (the 'Agency') launched a public consultation on implementation of the Network Code on Interoperability and Data Exchange rules (the 'Code')¹. The purpose of this consultation was to collect the views of the stakeholders on the implementation of the Code, in order to support the Agency's analysis for implementation monitoring. The Agency shall oversee the implementation of the network codes, pursuant to Article 9(1), third subparagraph, of Regulation (EC) No 715/2009 (the 'Gas Regulation')².
- (2) The consultation consisted in an on-line questionnaire³. It covered the issues of Interconnection Agreements, Gas Quality and Odourisation and Data Exchange.
- (3) The consultation resulted in a total of 14 responses. All contributions and the weight of each segment of the gas business represented by companies and associations is shown in the following table:

Figure 1: Contributions to the consultation per Segment of the gas chain (%)



Source: ACER.

Note: Annex 1 lists the names of all the respondents and the nature of their activity

2. Detailed review of the responses and Agency views

- (4) Stakeholders provided information on the implementation of the Code.

2.1 Interconnection Agreements - problems encountered

Question: **"Please report any problem encountered regarding Interconnection agreements."**

¹ Regulation (EU) 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange rules, OJ L 113, 01/05/2015.

² 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 1775/2005, OJ L 211/36 14/08/2009.

³ http://www.acer.europa.eu/Official_documents/Public_consultations/Pages/PC_2017_G_01.aspx

Respondent's feedback	ACER's views
<p>12 respondents do not report any problem. 1 respondent mentions gas quality parameters. 1 respondent mentions a missing interconnection agreement, between Bulgaria and Romania.</p>	<p>Overall, stakeholders do not report systemic problems.</p>

2.2 Gas Quality and Odourisation – associated trading difficulties

Question: "Please report any trading difficulty you faced that was caused by approaches to gas quality or odourisation."

Respondent's feedback	ACER's views
<p>No respondent reports a trading difficulty.</p> <p>4 respondents express concern over the variety of gas quality specifications across the EU networks, in particular concerning Wobbe Index (WI) and Gross Calorific Value (GCV).</p> <ul style="list-style-type: none"> • 1 of these respondents expects problems for end users. • 1 of these respondents specifically complains that different specifications (in particular on Wobbe Index) apply for L-gas in NL and DE, although most of the L-Gas in DE is imported from NL. This unnecessarily restricts the use of storage facilities connected to both networks. • 2 of these respondents object to the fact that currently, the shipper is fully liable for the gas quality specification, while the transmission system operator is the only stakeholder able to monitor and adjust the gas quality. 	<p>Overall, stakeholders do not report systemic issues. Issues raised regarding WI and GCV are related to liability but not explicitly to barriers to trade. The situation regarding L-gas over the Dutch-German border might be evaluated after further analysis in the context of the phasing-out of L-gas on the German side, in order to assess the nature of the restriction to trade that may materialize.</p>

2.3 ENTSOG Gas Quality Outlook

- (5) Pursuant to Article 18 of the Code, ENTSOG published its first long-term monitoring on gas quality in transmission systems⁴.
- (6) The Agency first concludes that the analysis is statistical. While ENTSOG does not conclude on the results, these do not show evidence of pending or quickly emerging gas quality problems. In that respect, the current granularity of the analysis (regional) seems appropriate.

⁴ See Annex G of ENTSOG 2017 TEN-YEAR NETWORK DEVELOPMENT PLAN

https://www.entsog.eu/public/uploads/files/publications/TYNDP/2017/entsog_tyndp_2017_Annex_G_GQA.pdf

- (7) The analysis was made on the set of historical data available at the start of the exercise. As far as pipeline gas is considered this is acceptable. For LNG a future update might be necessary in view of LNG (with differing or diverging specs) coming on stream in the years to come.
- (8) The graphs do not show dramatic shifts/changes over the next 10 year period, indicating that neither TSOs nor end customers should be heavily impacted by gas quality issues. Gas Quality is not likely to be an obstacle to flow gas throughout EU nor to impede trade or the development of hubs. Gas quality is not likely to pose problems regarding security of supply.

2.3.1 Remark on the Gas Quality Outlook conclusions

Questions: *“Please provide any remark on the conclusions.”*

Respondent’s feedback	ACER’s views
<p>9 stakeholders do not comment on the conclusion.</p> <p>2 stakeholders criticise the conclusions, next steps or the absence thereof.</p> <p>These 2 stakeholders requests more transparency over the inputs (measured or contractual values, size of the sample...).</p> <p>They also observe that assumptions on the impact of new LNG projects should be revised to take account of the uncertainty that it represents regarding gas quality.</p>	<p>ACER recommends that ENTSOG addresses these comments in the next edition of the outlook.</p>

2.3.2 Evaluation of the usefulness of the report

Questions: *“Do you find the report in its current form useful?”*

Respondent’s feedback	ACER’s views
<p>9 stakeholders see added value in the report in its current form.</p> <p>1 stakeholder is negative.</p>	<p>ACER observes the overall positive evaluation of the outlook and invites stakeholders to keep following up on the review of the outlook.</p>

2.4 Data Exchange

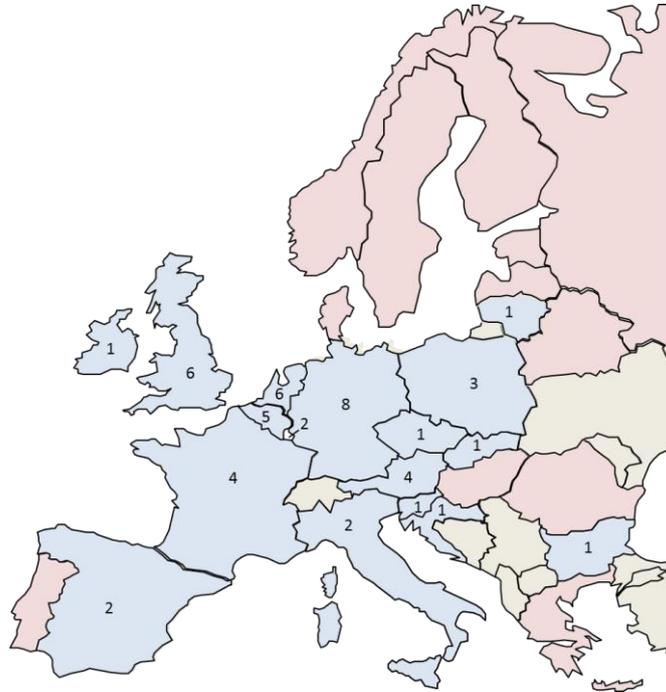
- (9) Pursuant to Article 24 of the Code, ENTSOG published a common network operation tool (the ‘CNOT’) harmonising the approach to be taken by Transmission System Operators regarding means of communicating with third parties.

2.4.1 EU country in which respondents operate

Question: *In which of the following EU countries do you operate?*

- (10) Figure 2 and Table 1 reveal that respondents operate in 17 Member States. About half of the respondents operate in several Member States.

Figure 2: Countries in which the respondents operate



Source: ACER

Note: EU countries are marked in blue or red. The blue colour signals that at least one respondent operates in the country. The number associated with countries marked in blue signals the number of respondents operating in this country.

Table 1: Number of countries in which each respondent operates

Number of countries covered by each respondent	
1	7
2 to 10	5
more than 10	2

Source: ACER

2.4.2 Number of standards used by respondents for communication with TSOs

Question: *“How many different standards are you using for communication with TSOs?”*

Table 2: Number of standards used by each respondent

Number of standards used by each respondent	
1	1
2 to 10	9
20	1

Source: ACER

2.4.3 Evaluation of the positive impact of the ENTSOG CNOT

Question: “In your opinion, will the implementation of the ENTSOG CNOT influence positively your situation?”

Table 3: Opinion of the respondents on if the CNOT will positively influence their situation

	Producer	Shipper	Storage	TSO	Total
No	2	1		2	5
Yes		2		3	5
Total	2	3		5	10

Source: ACER

2.4.4 Improvements expected from the CNOTs and Agency conclusions

Question: “Please clarify which are the improvements expected and the anticipated time horizon for these improvements to materialise.”

Respondent’s feedback	ACER’s views
<p>4 stakeholders provide observations.</p> <ul style="list-style-type: none"> 1 stakeholder supports the current approach as offering the flexibility to offer at least one alternative solution along with the CNOT. 2 stakeholders request harmonisation of the CAM/CMP – related protocols. 1 asks that it shall be document-based. 1 suggests to follow the EDIG@S standard. 1 stakeholder specifies that regarding communications related to the sale of surrendered capacity, the communication tool should allow defining the following roles, as communicating party roles should be (1) auction office and (2) registered network user. The choice of an interactive format should be the default. <p>In addition, one stakeholder criticises the process led by ENTSOG to conclude on the CNOT, deeming the outcome unsatisfactory.</p>	<p>From the series of questions related to CNOTs, the Agency observes the following:</p> <ul style="list-style-type: none"> The sample of respondents is significant enough to draw conclusions; Most stakeholders handle several standards, in several Member States; Regardless of the segment of the gas chain, stakeholder’s opinions on the CNOTs are divided. Concrete improvement suggestions are few and mainly limited to the use of EDIG@S as a standard, which was already debated during the ENTSOG process. <p>The problem that the standard intends to solve is valid. Opinions about the current CNOT are divided.</p> <p>Although the Agency acknowledged that ENTSOG fulfilled its regulatory obligations with a proper involvement of stakeholders, the Agency suggests that ENTSOG tests in the coming year the conclusions which led to the current CNOT, assessing the degree of implementation of the standard and possible reasons for a delay in implementation.</p>

3. Main conclusions resulting from the public consultation

Overall the Agency concludes that stakeholders do not report systemic problems related to the implementation of the Code.

Regarding Gas Quality and Odourisation, while no barrier to trade is reported, the situation regarding L-gas in the German and the Dutch market might be evaluated by the Agency after further analysis in the context of the phasing-out of L-gas on the German side.

Regarding the ENTSOG Gas Quality Outlook, while stakeholders are satisfied with its first edition, they suggest improvements and in particular the inclusion of LNG projects.

Regarding Data Exchange, and in particular ENTSOG's CNOTs, the consultation confirms the relevance of the issue and the need for harmonisation established in the context of the drafting of the Code. However, opinions on the added value of the CNOTs remain divided. The Agency welcomes further attempts by ENTSOG to address current concerns from the stakeholders to facilitate data exchange management across several Member States.

Annex 1: List of respondents

Company name	organisation	segment
Statoil	Company	Producer
National Grid	Company	TSO
NET4GAS	Company	TSO
Overgas Mrehzi	Company	TSO
innogy Gas Storage NWE GmbH	Company	Storage
WINGAS GmbH	Company	Shipper
ONTRAS Gastransport GmbH	Company	TSO
Polskie Górnictwo Naftowe i Gazownictwo S.A.	Company	Producer
Gasunie Transport Services GmbH	Company	TSO
VNG - Verbundnetz Gas AG	Company	Shipper
ENI SpA	Company	Shipper
Gazprom export LLC	Company	Producer
Vattenfall Energy Trading GmbH	Company	Shipper
GasTerra B.V.	Company	Producer