

North West – 25th RCC

18 October 2012

EK offices, The Hague

DRAFT MINUTES

Participants			
Menno	van Liere	NMa/EK (Chair)	
Michael	Jenner	Ofgem	
Bjorn	Ter Bruggen	EI	
Anders	Falk	EI	
Keelin	O'Brien	CER	
Sigrún	Eyjólfsdóttir	DERA	
Carole	Mathieu	CRE	

1. Welcome and approval of the agenda and approval of minutes 23rd RCC-meeting

On behalf of NMa, Menno van Liere welcomed all participants and explained that representatives from two NRAs will participate in the meeting but – due to train problems – will join the meeting later. Following these announcements, the agenda for the meeting and the minutes of the previous RCC-meeting (June 2012) were approved.

Decisions agreed:

- The draft minutes of the 24th RCC-meeting and the draft agenda for this meeting were approved.

2. Update on current projects

2.1 GRI NW Investment project

CRE – as project leader – provided an update on the (recent) developments on the GRIP. In this matter, it was explained that an ENTSOG meeting is taking place today with the aim to a) finalise the composition of the regions/GRIPs & designating the project coordinator for each GRIP and b) discuss synergies of the drafting process for the GRIPs with the EU TYNDP process. CRE also explained that work on the GRIP is to start in December 2012. TSOs within the region envision that if an investment gap is identified at a EU level, additional simulation could be made at a regional level, using the ENTSOG modeling tool. According to the Energy Infrastructure Package, an EU-wide list of Projects of Common Interest (PCIs) is to be adopted in spring 2013. TSOs envision that the next GRIP will reflect these developments. With regard to interaction with the stakeholders, CRE explained that TSOs are willing to present preliminary thoughts on the GRIP at the upcoming Stakeholder Group meeting of GRI NW (23 November 2012).

Next to that, TSOs agree with the RCC recommendation to present the draft GRIP and offer the market the opportunity to react. In this matter, it could be envisioned that during ENTSOG workshops (on the GRIP) a 1 hour session is dedicated to (at least the) GRIP for GRI NW. TSOs within the region aim to finalize the GRIP 2013 by April and focus on regional congestions and on the infrastructure projects as part of a wider “strategy” for the NW region. The actual publication of the GRIP for the region is envisioned between July and September 2013.

CRE explained that ACER – based on the third package requirement for ACER to monitor the regional cooperation between TSOs – will also draft an opinion on the GRIPs. This analysis will be an overall assessment and will focus on the description and evaluation of content of each GRIP, assess the consistency and coherence (methodology, assumptions, coherence with the TYNDP) between the GRIPs and make general recommendations. In its analysis, ACER will use the RCC recommendations of GRI NW (the only GRI S where an opinion on the GRIP was elaborated) as input. In fact, GRI NW will be presented as a good example of cooperation and dialogue between the RCC and TSOs (after the publication of the GRIP 2011-2020). The opinion will be published in December 2012.

Following a question from Ofgem, CRE explained that TSOs are not obliged to take the RCC recommendations into account. CREG indicated that ENTSOG is doing modeling and that the TSOs in the region want to built upon this modeling tool. CRE explained that the current GRIP does not make a comparison between the PCIs that are currently identified (as only a preliminary list exists), but CREG mentioned that nothing should hold TSOs back to do this, even if there will be a mismatch at first. NMa mentioned that, given the fact that the GRIP should serve stakeholders needs and should be fit for purpose, to add information in the GRIP on PCIs. Ofgem asked whether this means a delay in the publication of the project. NMa indicated that – as far is known – no formal date of publication exists. It was agreed that TSOs will be asked during the IG meeting to what extent they can/ are willing to take PCIs “on board” in the GRIP for 2013.

With regard to the work of ACER on the GRIP comparison, CREG asked the question whether the GRIPs (from a legal point of view) need to be consistent and indicated that what works for one region might not work for another. In this matter, CRE explained that the third package does not oblige that GRIPs are consistent to each other and emphasized that ACER will only present best practices and therefore lessons learned that TSOs can take into account when drafting the GRIPs for 2013. Given the timing of the ACER analysis (the report is to be presented in December 2012), TSOs can take the best practices into account.

Decisions agreed:

- TSOs will be asked during the IG meeting to what extent they can/ are willing to take PCIs “on board” in the GRIP for 2013.

2.2 Feasibility of implicit allocation in the gas market

NMa – as project leader – explained the approach of the workshop on implicit allocation that will take place the day after the RCC meeting. In this matter, NMa explained that the morning session of the workshop is meant to explore the added value of implicit allocation in the gas market. In the afternoon session the design issues related to the implicit allocation mechanism will be discussed in an open dialogue. The RCC will present several statements on the design issues and envisions to discuss these in a “lower house debate” style. Each statement is introduced via an elevator pitch and participants can – once a statement has been discussed – anonymously vote

With regard to the next steps, NMa envisions to draft minutes of the GRI NW workshop (for internal RCC use only) and an evaluation of comments and based upon input received during both the workshop and the public consultation. Based upon these document, the RCC position paper will be revised – if necessary – and finalized. The aim is to present the final RCC position paper during the Stakeholder Group meeting on 23 November in Copenhagen.

In general, NRAs fully support the fact that the feasibility of implicit allocation in the gas market is explored. At the same time, some NRAs have emphasized that implicit allocation can result in e.g. price splitting (instead of price convergence) on certain borders in Europe. In this matter, it was emphasized that – should implicit allocation have added value in the gas market – a “one size fits all” approach is not suitable. National market conditions should be taken into account and it should be explored whether the introduction of implicit allocation would have unwanted site effects.

Decisions agreed:

N/A.

3. Update on current projects

3.1 Assessment of market liquidity/ degree of market integration within GRI NW

The Gas Target Model has identified several steps how the internal gas market can be realized, including enabling functioning wholesale markets. In this matter, the Gas Target Model has recommended that NRAs should assess market liquidity and the degree of market integration in close cooperation with stakeholders within the framework of the Gas Regional Initiatives. Where necessary for creating functioning wholesale markets, NRAs shall explore measures to improve market liquidity and the degree of market integration. Next, Programme Office elaborated first thoughts how GRI NW could assess market liquidity and market integration in the region. In general, assessment of market liquidity should be done on a national level (by the national NRA and TSO(s)). To ensure that market liquidity can be assessed, a common set of indicators needs to be identified that each NRA and TSO(s) can answer (ideally by using existing information, such as national reports). Next to that, each country could identify projects that boosted liquidity on a national level, allowing the region to identify best practices how liquidity can be raised on national level. From an organisational point of view, Programme Office envisions that a Task Force will be formed (consisting of NRAs, TSOs and/ or stakeholders, e.g. traders). This Task Force will bundle all factsheets into one report.

A number of NRAs have indicated that they see an added value in monitoring market liquidity (via an inquiry), but emphasized that national considerations should be taken into account when the results of the inquiry are presented. If the indicators are presented without any explanations of the characteristics of a national market, strange conclusions could be drawn that do not reflect the national market. As an example: an HHI of 3.000 – in economic terms – means that a market is not liquid, but there could be perfectly good reasons that explain the high HHI percentage and why this percentage – given the characteristics of the gas market – is acceptable (and no further liquidity is to be expected). Some NRAs also suggested that for each country a country description is provided that explains a) how the national market has developed (what actions have been taken, for what reason and what were the subsequent results) and b) actions that are about to be taken (and with what aim). It was concluded that it should be clear from the start what will be precisely monitored: sec hub liquidity or the national gas market as a whole.

Programme Office invited all NRAs to consider what contribution they can make to the project (possibly as project leader).

Decisions agreed:

N/A.

3.2 Coordination of the (early) implementation of network codes

Programme Office has elaborated first thoughts how GRI NW could monitor the timely implementation of the network codes. In this matter, Programme Office explained that the network codes are an important step to achieve an internal market. Given the role of the network codes in achieving the internal market, timely and coordinated implementation needs to be ensured. Network codes can only have effect if the rules are implemented in the same way at both sides of an interconnection point. Certain network codes might need regional interpretation to ensure that the codes are “fit for purpose”

Also, Programme Office explained that there is a merit in identifying and sharing lessons learned from pilot projects to avoid “pitfalls” when TSOs start to actually implement the network codes. Also, drafting of a checklist per network code to identify what needs to be implemented is seen as sensible by Programme Office, as well as drafting of a progress report to identify pitfalls (and solution) and to monitor timeliness of implementation.

A small Task Force is ideally set up per network code to draft checklist and write a progress report. National NRA and TSO(s) should jointly provide input and the Task Force should bundle all checklists and send this report to ACER/ ENTSOG/ EC/ Member States.

Decisions agreed:

N/A.

4. Update on CAM roadmap/ Joint European Capacity Platform

Given the fact that the TSOs that are involved in the Joint European Capacity Platform will present the platform during the IG meeting, the RCC did not further talk about this point. However, from a transparency point of view, Programme Office explained that on 6 November a meeting will take place between the 16 TSOs that are involved in the platform and the NRAs that regulate the involved TSOs. The aim of the meeting is to identify and discuss (regulatory) bottlenecks that avoid the rapid setting up of the platform and thus should be solved in the short term. The meeting is thus not meant to determine the future governance of the platform.

Decisions agreed:

- N/A.

5. Upcoming Stakeholder Group meeting

The 10th Stakeholder Group meeting will take place on 22 and 23 November 2012 in Copenhagen. Programme Office explained briefly the agenda: Part I will focus on progress achieved (and next steps to be taken) in GRI NW projects, while part II will focus on (European) projects that are of regional interest for stakeholders within GRI NW. Finally, part III of the agenda will focus on pilot projects for CAM that take place within GRI NW region. Programme Office invited all NRAs to let NMA know if they have any ideas on additional topics for the Stakeholder Group meeting (and consider – given the current agenda – to what extent this topic could be covered).

Decisions agreed:

- N/A.

6. Next meetings

Programme Office explained that no further meetings are scheduled for 2012, next month the meeting schedule for 2013 will be drafted and send to stakeholders.