

North West – IG meeting

15 September 2011

EK offices, The Hague

DRAFT MINUTES

Participants			
Menno	van Liere	NMa/EK (Chair)	
Gijsbert	Lybaart	NMa/EK	
Marie-Claire	Aoun	CRE	
Anna-Sophie	Fub	BnetzA	
Christian	Wolf	BnetzA	
Nicola	Meheran	Ofgem	
Neta	Meidav	Ofgem	
Bjorn	ter Bruggen	EI	
Geert	van Hauwermeiren	CREG	
Bas	Barten	GTS	
Christophe	Poillon	GRTgaz	
Thomas	Huerre	GRTgaz	
Thierry	Deschuyteneer	Fluxys	
Julius	Lehmbock	OGE	

1. Welcome and approval of the agenda

On behalf of NMa, Menno van Liere welcomed all participants and explained that Robert Spencer unfortunately could not attend the meeting due to unforeseen circumstances. Following this announcement, the agenda for the meeting was approved.

Decisions agreed:

- The draft agenda for this meeting was approved.

2. Update on current projects

2.1 GRI NW Transparency project

Ofgem – as project leader – presented the achievements made within the Transparency project since the start of the project (beginning of 2011). In this matter, it was explained that the goal of the project (as agreed upon in the project plan) is to monitor compliance of TSOs against the requirements outlined under Article 18 and amended Chapter 3 of Annex 1 of Gas Regulation No 715/2009 and that the project should result in a compliance assessment report. Within the project, NRAs have sought and found a clarification of requirements where applicable on Transparency requirements and a template has been sent to all TSOs to be used to assess their compliance to these requirements. Currently, most TSOs have now responded to the questionnaire. A review of the questionnaires has shown that a number of TSOs have stated that they do not comply to certain requirement (or noted N/A), but no further explanation is given. Ofgem explained that each TSO will be given the opportunity to give a further explanation, otherwise NRAs have no other choice than to conclude that a TSO is not compliant to that specific requirement. GTS informed the IG participants that in the previous Transparency project, TSOs had the opportunity to indicate when they would be compliant with a specific requirement and asked whether this same rule will also be applicable in the current project. Ofgem indicated that this will be the case.

Ofgem explained (following a question of GTS) that NRAs themselves have found a regional interpretation and that this interpretation can be found in the questionnaire that has been sent to each TSO. Fluxys remarked that the compliance of a TSO with the Transparency requirements can change and wondered how this will be taken into account. Ofgem explained that the compliance report will state the date that the assessment has taken place.

With regard to the next steps, Ofgem informed the IG participants that NRAs will start a public consultation on the results of the questionnaires. In this process, stakeholders will have 6 weeks to give their feedback to what extent they feel TSOs are compliant. Also, this consultation should identify e.g. gaps between stakeholders expectations regarding a specific requirement and the way in which TSOs are compliant. At this point in time it is not decided yet what the next step will be once the compliance report is published. However, Ofgem indicated that it could be envisioned that the TSOs – being responsible for being compliant to the Transparency requirements– set the next step and try to find a solution for those requirements that stakeholders feel could be more enhanced.

Decisions agreed:

N/A.

2.2 GRI NW Investment project

CRE – as project leader – gave an update of the progress that has been made within the project.

With regard to the Gas Regional Investment Plan (GRIP), CRE explained that the initial aim was to help ENTSOG/regional TSOs with the regional plan work in 2011 (definition of the scope and of the value added of these regional plans compared to national and EU TYNDPs and follow up of the Investment Project 2010 – discussion paper). Although IFIEC and EFET are supportive to the project, no actual work within GRI NW has been done on the GRIP so far. Given the importance of the GRIP, Programme Office has been requested by ENTSOG to book a speaking slot at the upcoming Stakeholder Group meeting to present the GRIP of the GRI NW to stakeholders. The GRIP will be finalized the upcoming months and presented at the next SG.

Fluxys – as coordinator on the drafting process of the GRIP for the NW region – explained that a workshop (organized by ENTSOG) will take place at the end of September in which the GRIPs will be discussed. This meeting will provide an opportunity for stakeholders to provide input. Fluxys explained that 16 TSOs are providing input to the GRIP. Next to that, the GRIP will be discussed at the upcoming Stakeholder Group meeting in order to understand stakeholders' opinion. The feedback will be taken into account when drafting the GRIP for 2013. With regard to the contents of the GRIP, Fluxys explained that it will have a chapter on demand/ supply of the region, a further description of projects per country, with a distinction between FID and non FID projects as well as an update on the projects comparing to the information published in the EU TYNDP; It was mentioned that the GRIP will not contain a full analysis/modelling on demand and supply.

CRE explained that it was decided during the last RCC meeting to send a letter to ENTSOG and to the lead TSO with minimum requirements for the GRIP of the NW region. It was agreed upon to send this letter by the end of September. GRTgaz explained that – given the relative short deadline until the delivery date of the GRIP – no major changes will be incorporated in the GRIP (only wording). NMa therefore suggested that the RCC will assess the GRIP once it is published and then send the letter with ideas, suggestions how the GRIP could be improved. In this matter, the RCC strongly favours a stronger dialogue on the regional level with TSOs on this regional plan. In 2012, the evaluation and improvement of the GRIP will be one of the projects within GRI NW with the aim to evaluate the GRIP and to consult the report with the market. The possible improvements to the GRIP will be discussed in an open dialogue between the regulators and TSOs within the IG. The adopted approach will be discussed at a later stage.

GTS noticed that EFET puts an emphasizes that the GRIP should also make an indication of costs and argued that this is not a first priority (instead, first a sound investment climate and stable regulatory framework is needed, then an open season can be performed and then costs come into the picture). In this matter, GRTgaz noted that money is always a sensitive issue and that a first indication of costs can be tricky (eventual costs will always be higher) and misleading to stakeholders. In addition to GRTgaz, Fluxys noted that an indication of costs can only be given for projects with the status FID-taken. As such, the aspect of cost is not to easy to tackle.

With regard to the progress on the open season between France and Luxembourg and between France and Belgium (Dunkirk LNG terminal), GRTgaz provided an update on the progress made so far. Also, information on the market coupling project between PEG Nord and PEG Sud in France was presented.

Decisions agreed:

- In 2012 the GRIP will be one of the projects within GRI NW with the aim to evaluate the GRIP and to consult the report with the market.

3. Work Plan of GRI NW

3.1 European Energy Work Plan 2012 - 2014

Programme Office explained that the European Commission has requested each region to elaborate a European Energy Work Plan for the upcoming years that explains how each region will contribute to the achievement of the internal market in 2014. The current draft of the work plan identifies three priorities for GRI NW (implementation work, pilot projects and pre-comitology meetings) and the feedback of ENTSOG, EFET and IFIEC on this work plan are incorporated in this draft. As such, the current work plan is based on what stakeholders see as added value and willing to commit to.

NMa (as lead regulator) has recently discussed the work plan with the European Commission and their initial reaction is that GRI NW seems to follow the law: implementation of the network codes will start once it has passed comitology. The European Commission would like to see the regions speed up the process and start doing early implementation (start implementing those aspects that will be expected to be stable throughout the comitology process). Next to that, there should be focus on Infrastructure. In this matter, ACER is of the opinion that each region should discuss and promote new cross border infrastructure, focus on early implementation and work on a cross-regional booking platform for CAM.

With regard to the question whether the work plan could focus more on early implementation, GRT Gaz stated not to be in favour of doing early implementation, as the network codes could still be changed during the comitology process. There is a severe risk that TSOs would spend considerable time and money. However, they see the added value of a coordinated approach (through GRI NW) once the network codes have passed the comitology process.

GTS indicated that the network codes are ideally as detailed as possible and that GRI NW can focus on monitoring the implementation of the network codes. However, if the network codes would not have a sufficient level of detail, then a regional interpretation is useful. Early implementation can have a bottom up approach and in this matter TSOs are already doing early implementation (as several countries are implementing national law on aspects that are addressed in the network codes). Fluxys noted that it is difficult that work on national level is being done, while in the near future the network codes (overruling national law) are to be implemented. In 2012 the GRIP will be one of the projects within GRI NW with the aim to evaluate the GRIP and to consult the report with the market

Ofgem indicated that early implementation can have a learning effect and indicated that once the network codes are there, TSOs only have a few months to implement and mistakes (which can be explored in early implementation) will delay the process of timely implementation for the reasons already mentioned. Early implementation could therefore have added value.

NMa explained that – based on the feedback of the IG meeting – it will finalize the work plan and send it to the European Commission and present its content during the upcoming Madrid Forum (26 September 2011).

Decisions agreed:

- N/A

3.2 Proposal for work plan 2012

Programme Office explained that at this point in time no first draft of the 2012 work plan has been elaborated. The European Energy Work Plan in essence dictates the work of the region in the upcoming years (including 2012) and the work plan can only be made more concrete after the Stakeholder Group meeting. Based on the meeting, the GRIP will be a project in the 2012 work plan, alongside the implementation of the network code CAM.

Decisions agreed:

- N/A.

4. (Development) of the network codes

4.1 Dialogue on way forward to implement network codes on a regional level

Programme Office presented a first draft of what the role of GRI NW could be in implementing the network codes and how this process could look like. In this matter, Programme Office explained that – looking to the third package – both ENTSOG and ACER seem to be responsible for monitoring and analyzing the implementation process. As such, GRI NW would assist both organizations.

In the current draft, Programme Office envisions that a regional Task Force is created that will determine to what extent a regional interpretation should be given to the network code. This could be either because the network code has some open ends or because our region has specific issues (e.g. low calorific gas) that needs to be properly addressed. If a regional interpretation would be necessary, the Task Force would make this and (after consultation on a regional level) send it to ACER and ENTSOG. As a next step, the network codes would be implemented on a national level by TSOs and GRI NW would monitor progress, report progress made or obstacles to relevant actors. As a first reaction, the participants to the meeting see the added value and logic of the proposed projects and indicated that it could be possible to do `speedy implementation` instead of early implementation` (implementing a network code before the official deadline for implementation is reached). The proposed process will be further elaborated by Programme Office in the months leading to the coming into force of the first official network code.

Decisions agreed:

- N/A.

5. Upcoming Stakeholder Group meeting

Programme Office presented the draft agenda of the upcoming Stakeholder Group meeting in Rotterdam (24 and 25 November 2011). Currently, the agenda consists of three parts: 1) focus on role of GRI NW, 2) update on current projects and 3) role of GRI NW in capacity allocation.

With regard to part 1, both Alberto Pototschnig and Inge Bernaerts have confirmed to address stakeholders during the Stakeholder Group meeting and explain what is expected of the regional initiatives. Also, Peter Plug will address stakeholders and explain the work of GRI NW within the upcoming years. Fluxys indicated not to be aware that the responsibility for the regional initiatives was taken over by ACER and asked how ACER is managing the regional initiatives and what the cooperation of ACER is with ENTSOG (who also work on regional cooperation between TSOs). NMa explained that the ACER director has appointed a coordinator for the GRI regions who is responsible for e.g. the drafting process of the European Energy Work Plan, but that the actual work and choices on projects still takes place within the region. With regard to the cooperation between ACER and ENTSOG, NMa could not tell how the cooperation between ACER and ENTSOG is organized and suggested to ask the ACER director himself during the Stakeholder Group meeting. GTS asked whether ENTSOG will be asked to address stakeholders during the first part of the meeting. Programme Office replied that ENTSOG will be provided this opportunity.

With regard to part 2 of the agenda, Programme Office suggested that the SG should be used more as a platform to share lessons learned. This means that not only GRI NW projects should be presented, but also bilateral projects that currently take place that do not carry the GRI NW flag. The IG recognized this fact and several ideas for projects were brought to the table (including the France – Luxembourg open season). It was agreed that IG participants can contact Programme Office to inform them on others projects that would be interesting (within the next week) to be presented at the Stakeholder Group meeting.

With regard to part 3 of the agenda, Programme sought the opinion of the IG whether market coupling and regional booking platform should be addressed. The IG participants see the added value of presenting lessons learned with regard to the creation of a booking platform (what are the do's and don'ts) and several platforms were mentioned that can share their lessons learnt in designing a booking platform. GTS mentioned that at the moment the creation of (joint) booking platforms is done bottom up and discussions are ongoing.

In itself, the IG participants recognize that a good debate on market coupling for gas within the region can have added value. However, GTS indicated that the debate on market coupling has been taking place both in the Gas Target Model and no common interpretation on market coupling in gas has been found. Ofgem noted in this matter that it might be better to first have a open debate on European level to get a better picture. Next to that, looking at the time that can be spend on the topic, it seems that the issue of market coupling is too complex to quickly be discussed. Fluxys noted that market coupling is a subject that has many dimensions and that if this topic would be addressed during the Stakeholder Group meeting, the focus should be on one clear aspect.

GRTgaz indicated that they are willing to present the results of the market coupling project between PEG Nord and PEG Sud during the Stakeholder Group meeting. The IG participants recognized that this could be a good first step in the debate on market coupling.

Decisions agreed:

- IG participants will contact Programme Office (if applicable) to inform them on projects (not under the GRI NW flag) that would be interesting to be presented at the Stakeholder Group meeting.

6. Next meeting

The meeting schedule of 2012 is to be drafted by Programme Office, therefore no date for the next meeting is available.

Decisions agreed:

- N/A.