2nd External contact Platform Meeting

22nd October 2018

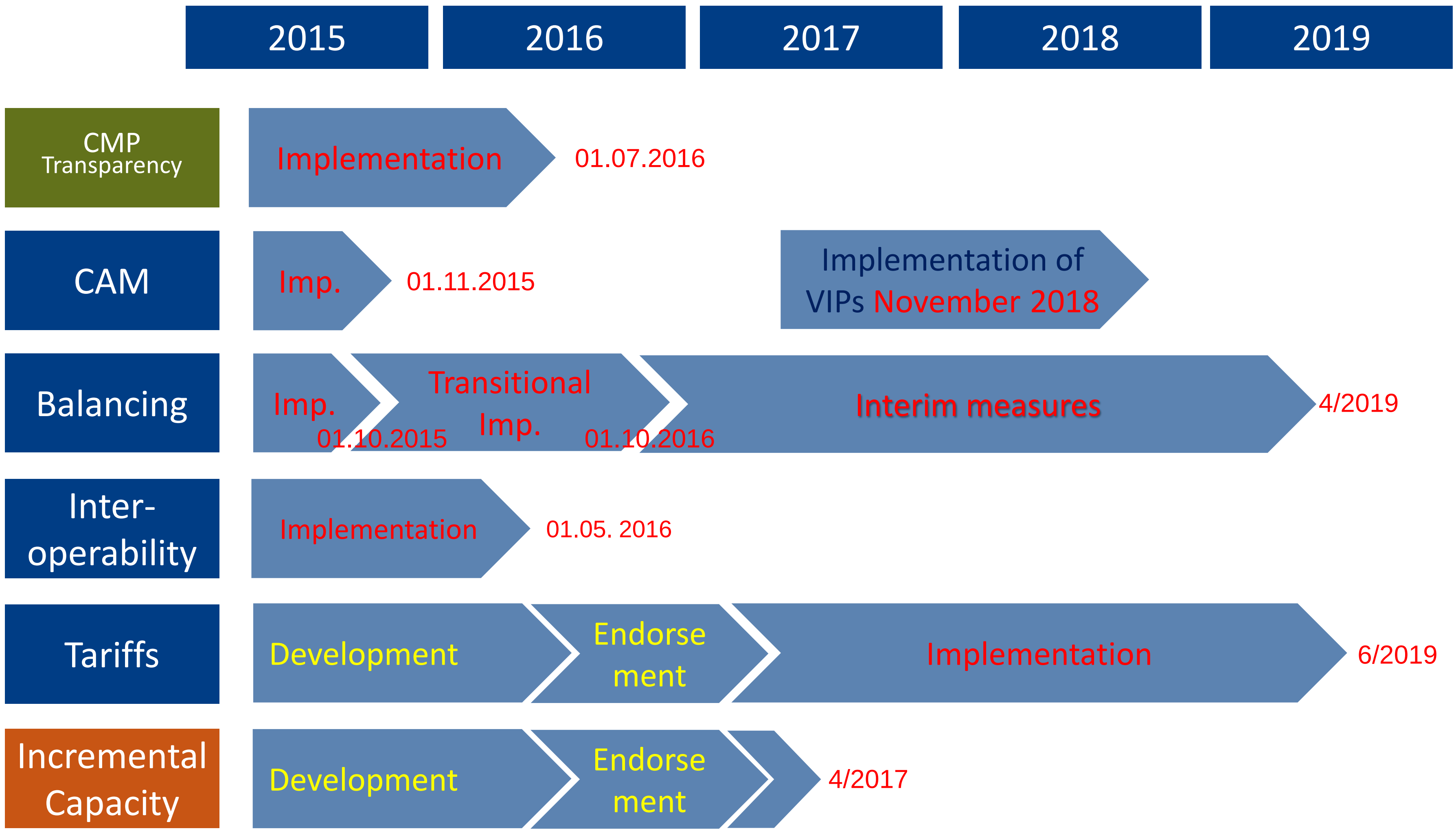
2nd External Contact platform Meeting

Network Codes in EU & FUNC Process

Malcolm Arthur

Overview

Network Codes



CAM NC

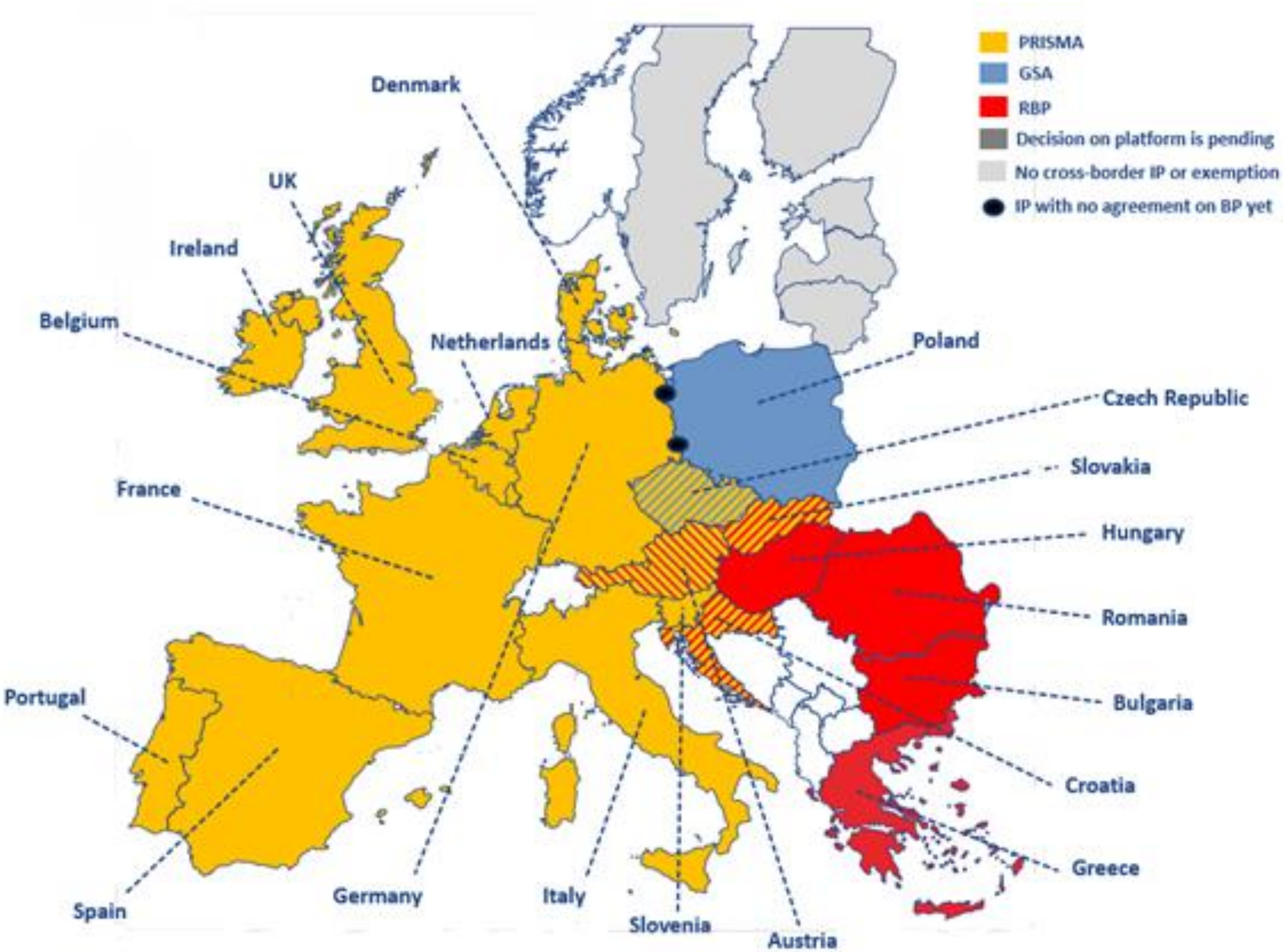
CAM: Monitoring results 2017

43 TSOs monitored

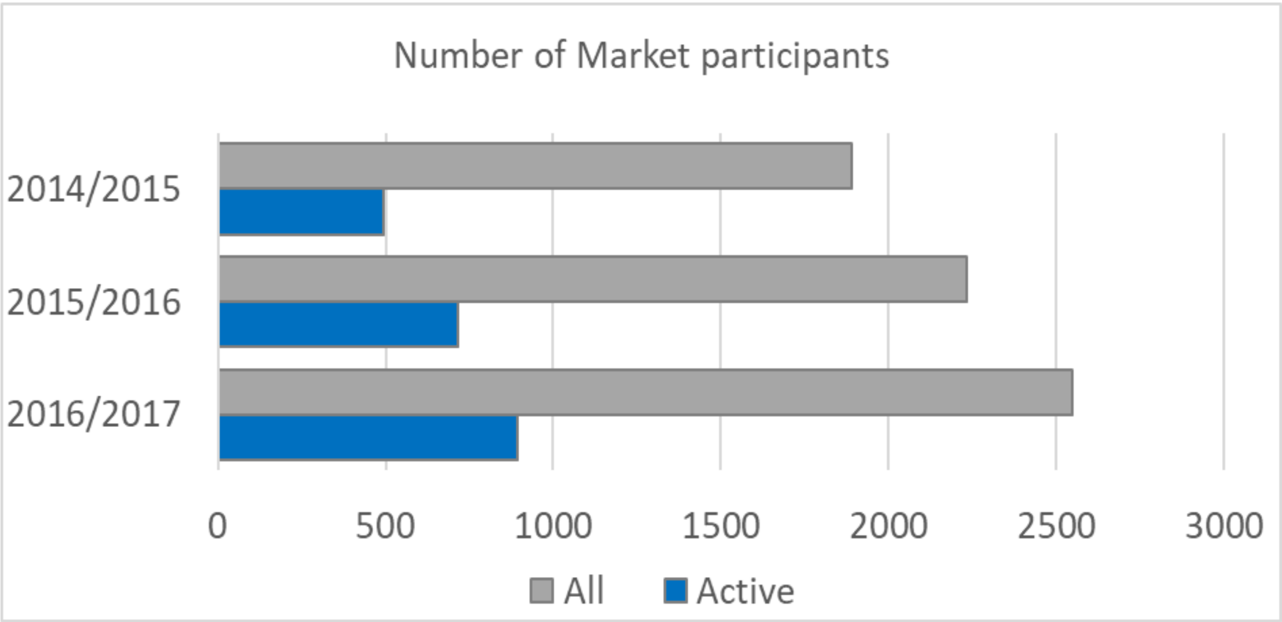
- 37 implemented all mandatory provisions of CAM NC
- 6 (previous year 9) partially implemented the CAM NC
    - some TSOs granted derogation under article 49 of Gas Directive
    - some TSOs applied interim measures from the Commission Regulation (EU) No 312/2014

The clear majority of TSOs have implemented all the mandatory requirements from the CAM NC

Booking platforms in EU



Effect monitoring – Market participants



CAM.3	Number of market participants		
Gas year	2014/2015	2015/2016	2016/2017
Active	494	714	894
All	1,892	2,233	2,546

Since 2014 the number of both active and all market participants has gradually increased

CMP

CMP: Monitoring results 2017

No. of TSOs	Oversubscription and Buy-Back scheme (OS+BB) or Firm Day-Ahead UIOLI mechanism (FDA UIOLI)*	Surrender of Contracted Capacity	Long-Term UIOLI (LT UIOLI)
38			
1			
1			
9			

Fully implemented

OS&BB: The NRA has not approved the proposed scheme yet (Hungary)

Implementation in 2018 (Romania)

No IPs/Derogation

CMP Effect Monitoring Report 2017

Results of Effect Monitoring Exercise

CMP.1: Additional capacity volumes made available through each CMP on congested IPs

MWh/h/y	OS&BB	FDA UIOLI	Surrender	LT UIOLI
Offered	-	999.687,98	-	-
Allocated	-	94.565,44	-	-
Ratio	-	**9,46%**	-	-

CMP.2: Part of the capacity reallocated through CMP among total capacity reallocated on congested IPs

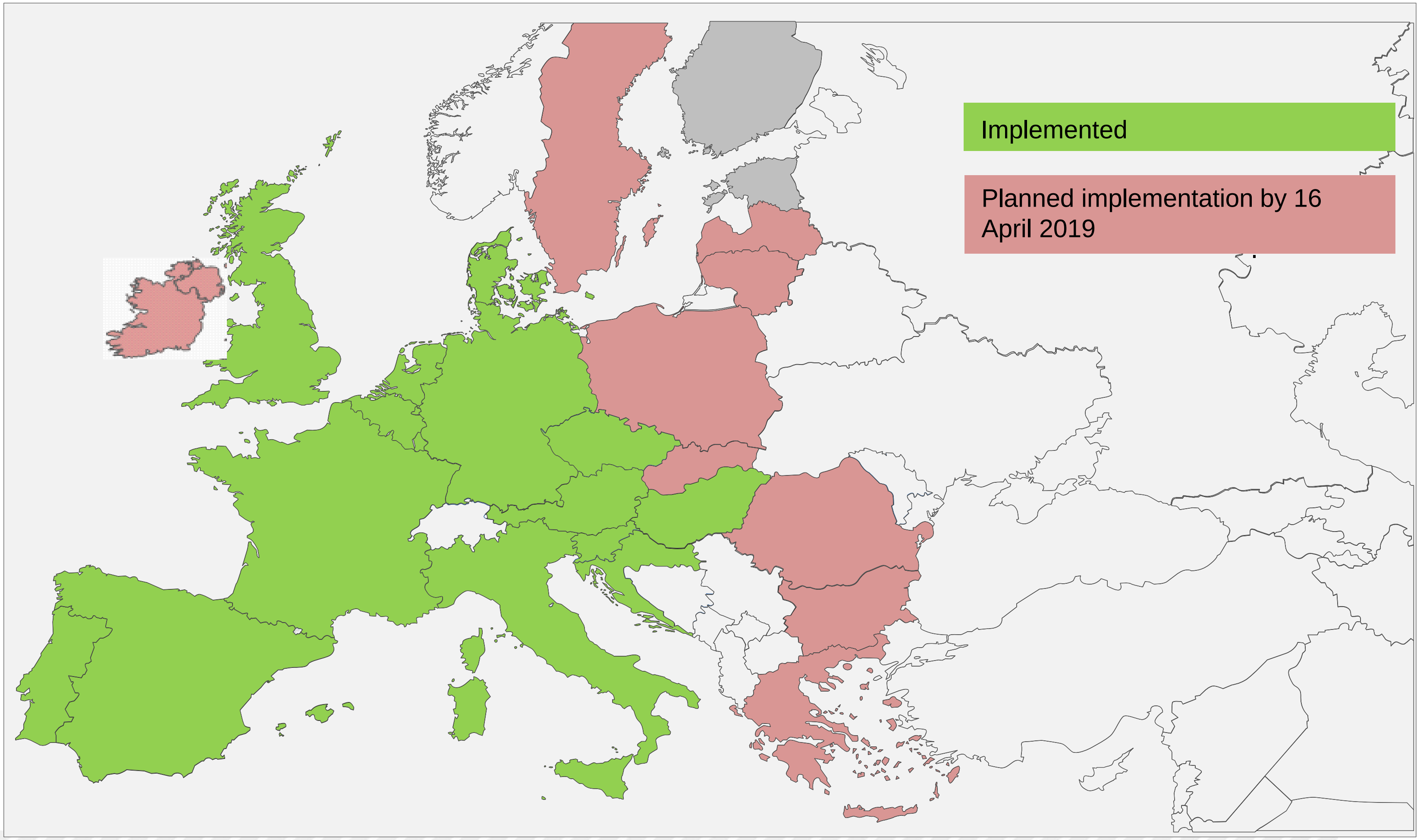
MWh/h/y	CMP Mechanism	Secondary Market
Offered	999.687,98	1031.048,42
Allocated	94.565,44	876.409,30
Ratio	**9,46%**	**99,86%**

Except of IPs where FDA UIOLI has been implemented, there was no offer of additional capacity at congested IPs based on Oversubscription, Capacity surrender and LT UIOLI

BAL NC

BAL: Monitoring results 2017

Implemented in 15 Member States covering over 85% of the EU gas demand

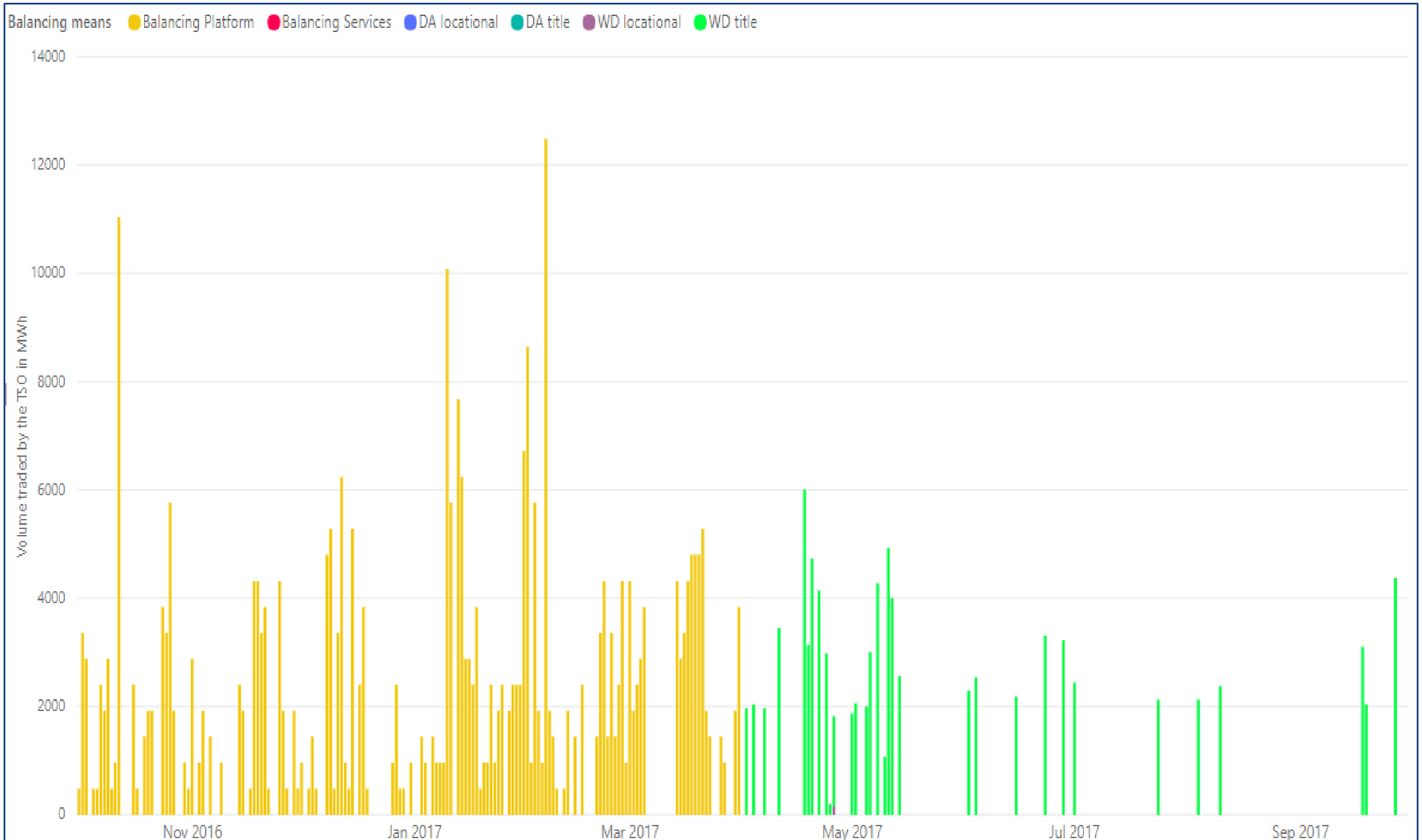


Effect monitoring – Balancing Actions

Cluster	Balancing zone	WD title	DA title	WD locational	DA locational	WD temporal	WD temporal locational	Balancing Platform	Balancing Services
2015	AT	100.0							
	BELUX-H	100.0							
	BELUX-L	100.0							
	DE-GASPOOL	59.9	36.8	0.8	0.3			0.0	2.2
	DE-NCG	51.0	19.5	0.0	0.0	0.0	29.2	0.2	0.2
	DK	100.0							
	FR-PEG Nord	98.1		1.9					
	FR-TRS	98.7		1.3					
	HU	99.8		0.1					
	NL	45.3				54.7			
	SI	26.8	72.4						0.8
	UK-GB	100.0							
2016	CZ	78.4	21.6						0.0
	ES	59.8	40.2						
	HR	21.3	0.0	0.0	0.0			78.6	0.0
	IT	99.4	0.6	0.0	0.0				
	PT								100.0
Interim measures	BG-N								100.0
	BG-T								100.0
	EL								100.0
	IE								100.0
	LT	10.3							89.7
	LV								100.0
	PL-H	99.9							0.1
	RO								100.0
	SE								100.0
	SK							100.0	
	UK-NI								100.0
Derogation	EE								100.0

Balancing platform and balancing services could be in place without being much used (e.g. DE, SI, CZ and PL-H). They are kept as back-up.

Example: Daily TSO's balancing volume in Croatia



Croatia has moved on 1st April from Balancing Services (yellow) to Within-Day title gas (green) as a result of full implementation of the Balancing Code.

Effect monitoring – TSO actions

YEARLY VOLUME TRADE PER TSO, MARKET ENTRY VOLUME AND PERCENTAGE OF TSO GAS TRADED COMPARED TO THE MARKET VOLUME					
Cluster	Balancing Zone	Yearly TSO balancing volume (in MWh)	Yearly entry market volume (in MWh)	GY 2016/2017 Bal.2 Indicator (in %)	Variation compared to GY2015/2016
Cluster 2015	AT	158,512	373,014,839	0.04	–
	NL	2,550,089	1,029,483,441	0.25	104 %
	UK-GB	3,143,770	979,465,472	0.32	4 %
	HU	726,845	210,780,949	0.34	–64 %
	BELUX-L	422,272	111,705,948	0.38	1 %
	BELUX-H	1,412,219	356,520,731	0.40	45 %
	DK	344,182	56,927,043	0.60	–22 %
	PEG Nord	3,656,770	577,783,874	0.63	10 %
	TRS	2,125,910	240,284,794	0.88	–24 %
	GASPOOL	10,030,974	991,620,921	1.01	–4 %
	SI	262,404	25,482,798	1.03	–59 %
	NCG	45,910,016	1,007,979,642	4.55	–13 %

Conclusion and next steps

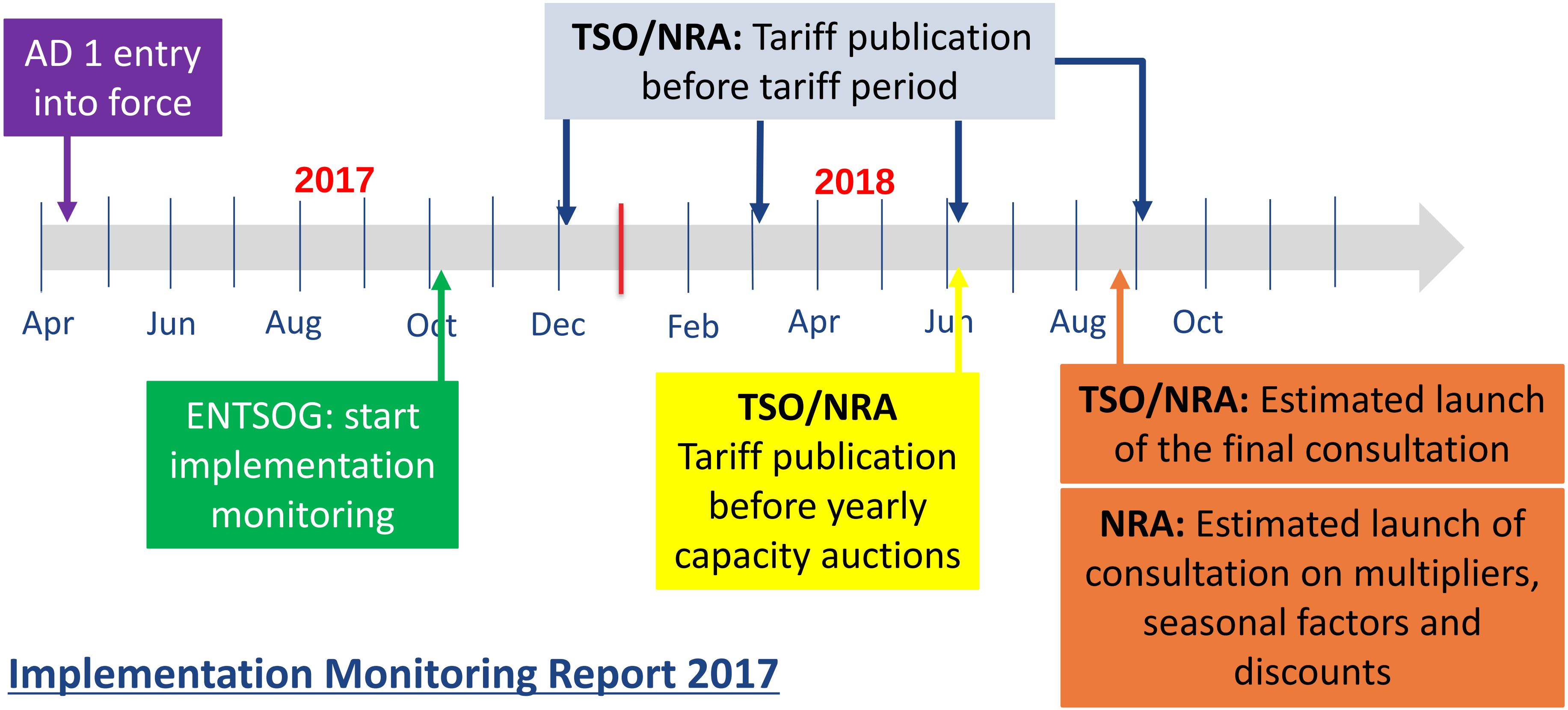
- Implementation is progressing leading to visible effects.

- The main remaining challenge will be the removal of the interim measures in place by the 16th of April 2019.

- Markets' merger could be a way to increase liquidity in small markets. For instance :
  - Denmark and Sweden plan to merge the Swedish balancing zone with the Danish balancing zone by April 2019.
  - It is planned to merge the gas markets of Lithuania, Latvia, and Estonia into a single Entry-Exit system. The aim is to have the merge of the Baltic States complete by April 2019.

TAR NC

TAR NC Implementation Monitoring

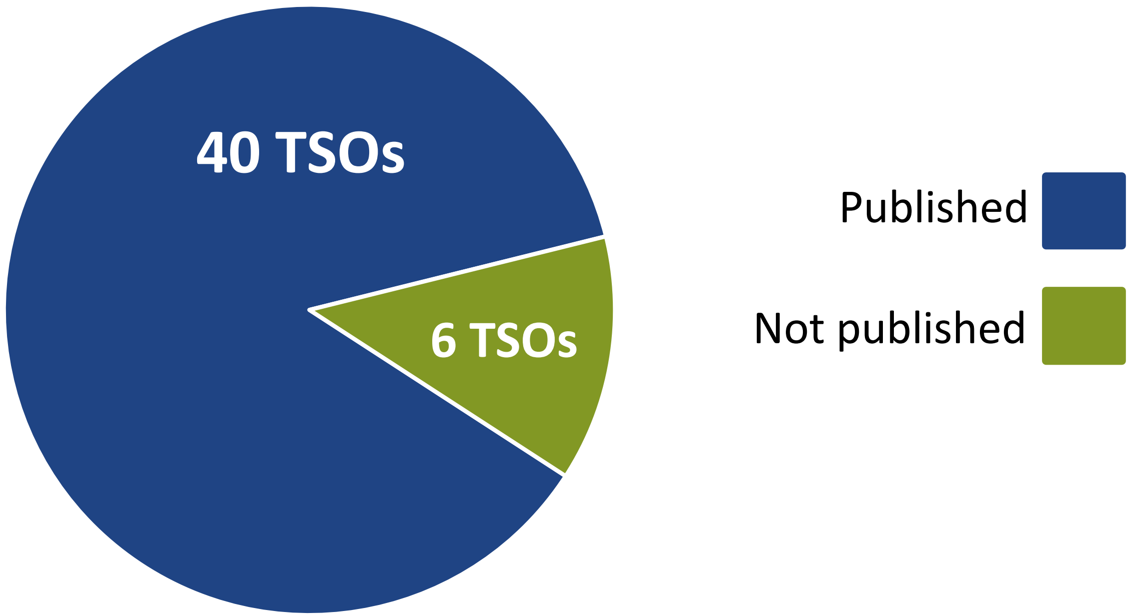


Implementation Monitoring Report 2017

- **Implementation status:** as of 31 Dec 2017
- **Data collected:** 46 European TSOs
- **Scope**: TAR NC application dates 1 and 2

TAR NC Implementation Monitoring

Main findings for publication requirements



- Reasons for non-publication: NRA responsibility, derogation applications, pending decision on responsibility
- For improvement: user-friendliness, publication in English

INT NC

INT NC Monitoring report

Main findings

- Interconnection agreements
  - Already in place at 70 out of 73 IPs (except LI-LV, RO-BG, AT-SK*)
  - OBA (99%) and lesser rule (97%) are widespread rules
- Common set of units in place in 80% of TSOs
- Gas Quality:
  - Potential restrictions reported on 2 instances (DE-DK and HU)
  - Wide compliance on GCV and WI publication (95%) and information provision to sensitive users (83%) requirements
- Data exchange:
  - 84% of TSOs comply with system security and availability requirements
  - 69% of TSOs have already implemented the common solutions
  - Other solutions than the ones listed in the INT NC in place for 31 TSOs

Information based on position at 31st December 2017

*This IP is not in operation

FUNC PROCESS

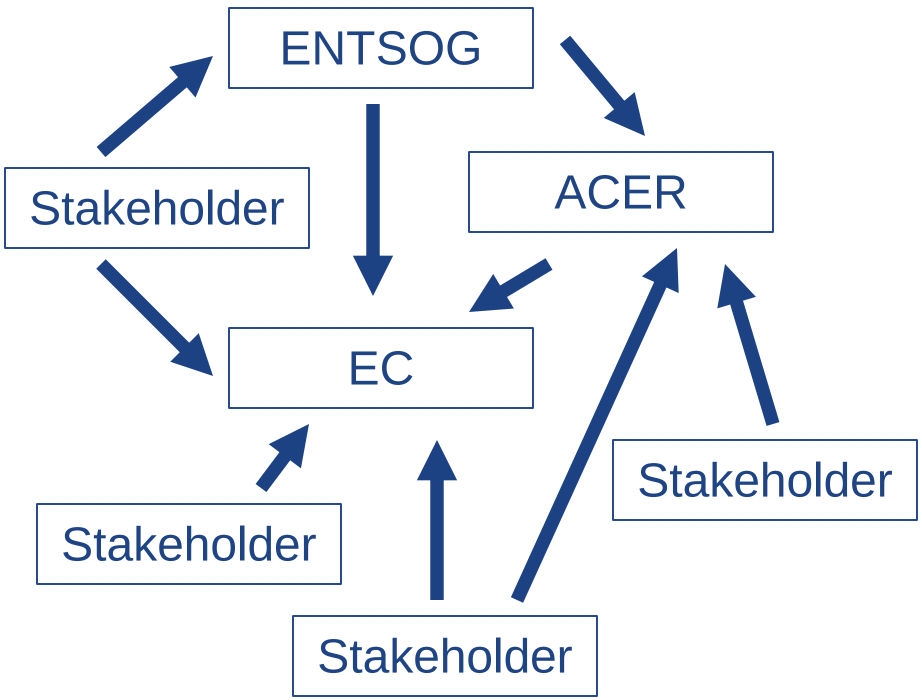
Process goals

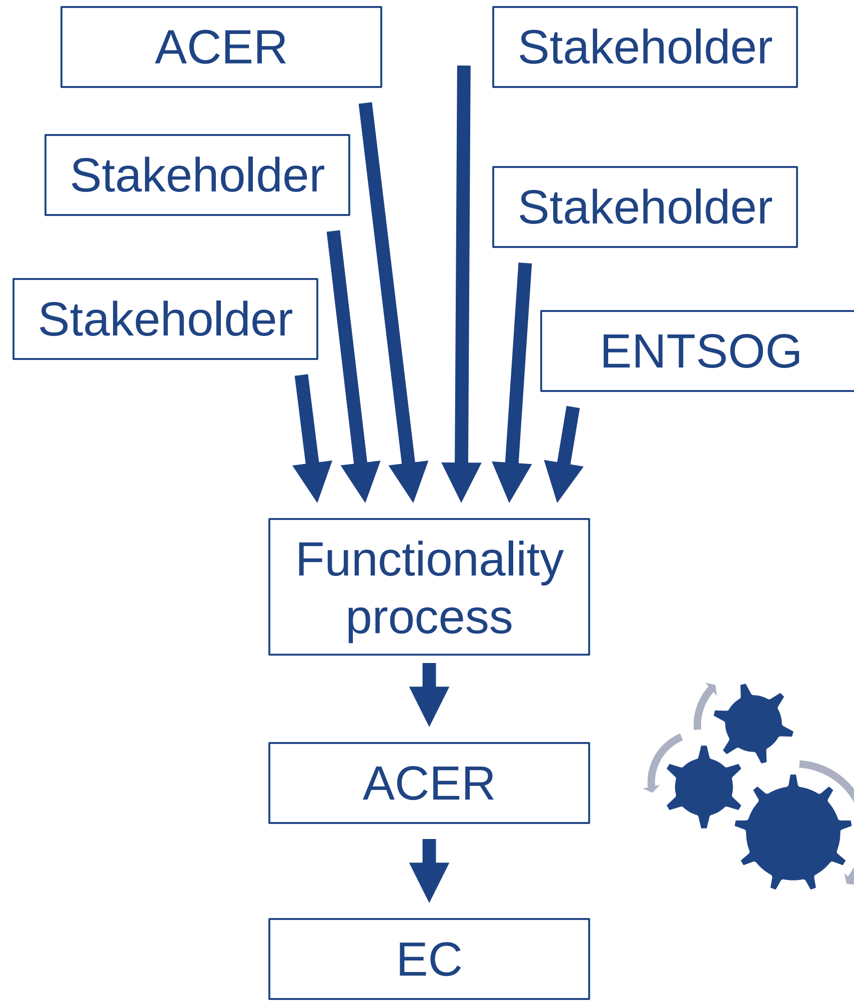
The purpose of the Functionality process

- Option for stakeholders to provide input on their concerns with the existing gas-related legislation*
- Any issues associated with the NCs and GLs can be raised
- Ensure ENTSOG and ACER are working side by side with equal mandate in such discussions about gas-related legislation
- Issue solution(s)
- Run ***jointly by ACER and ENTSOG***, supported by EC

**The application of Reg. 713/2009 and Reg. 715/2009 is not affected.*
This process is without prejudice to the existing obligations and powers of TSOs and NRAs.

Robust Transparent Conceptual Process





FUNC Issues Overview

No	Posting party	Description	Next steps	Step date
1	Equinor + 3 others	Communication protocol encryption	Publication of the solution	Early 2019
2	Easee-Gas	Gas Role model	Discuss with Easee-Gas	October
3	*ERU*	*Tariff methodology*	*Issue withdrawn by user*	*N/A*
4	*GTS*	*CAM NC text ambiguity in VIPs creation*	*Issue closed post resolution*	*22 August*
5	*EFET*	*Ex-post interruptible cap. discounts*	*Issue closed post resolution*	*5 July*
6	GMT	Fallback solution for failed DA auctions	Publication of the solution	End December
7	*GMT*	*Data reliability*	*Publication of the solution*	*September*
8	EnC / UTG	INT NC on IPs 3rd	Finalise proposal	End December
9	Easee-Gas	One invoicing format in DE	Develop response	Ongoing
10	EFET	Inconsistencies in publication of reserve price information	Develop response	Ongoing

Thank You for Your Attention

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