

Minutes of the 29th ECRB Gas Working Group Meeting

Energy Community Secretariat, Vienna
4 February 2014 – 10:00-16:00

0. Introduction

The co-chairmen welcomed the participants and in particular also Mr Van Hauwermeiren, Mr Maes, Mr La Cognata and Mr Lelovitis who kindly accepted to present case studies on interoperability and data exchange rules, entry exit and transit.

1. Agenda of the 29th ECRB GWG meeting

Related document: Draft agenda of the 29th GWG meeting

Discussion: The GWG Co-Chair, Mr. Cioffo, asked for comments on the proposed agenda.

Conclusions: The agenda has been approved without changes.

ACTION POINT: ECRB Section to upload final agenda to the GWG meetings' area on the Energy Community website.

2. Minutes of the 28th ECRB GWG meeting

Related document: Draft minutes of the 28th GWG meeting

Discussion: Mr. Cioffo invited participants to provide comments on the draft minutes of the previous GWG meeting. Mr Cioffo requested to adjust the date of the next GWG to the actual date (i.e. 4 February 2014)

Conclusions: The minutes have been approved with the requested adjustment.

ACTION POINTS: ECRB Section to upload final minutes to the Energy Community website.

3. Report from the 25th ECRB meeting

Related document: oral update

Discussion: Mrs Grall updated the participants on the results of the 26th ECRB meeting, in particular:

- The election of the new ECRB President, Mr Branislav Prelevic, Chairman of the Regulatory Authority of Montenegro;

- The approval of a status review on main criteria for allowed revenue determination for transmission, distribution and regulated supply of electricity and gas (available from the Energy Community website);
- The discussion of the ECRB GWG Work Program 2014.

Conclusions/Action points: no decision required, for information.

4. TF1 – Gas Quality and Interoperability

a. Interoperability and data exchange rules for European gas transmission networks

Related document: presentation Mr Van Hauwermeiren

Discussion: Mr Van Hauwermeiren (CREG Belgium / ACER) presented the Network Code (NC) on Interoperability and Data Exchange (details ref. presentation). Participants discussed the following topics:

- Mr Popadic asked whether the NC's rules requiring the establishment of Interconnection Agreements (IA) would also apply to existing long term contracts. Mr Van Hauwermeiren underlined that the NC only requires adjacent TSOs at one Interconnection Point (IP) to agree on a common IA covering the *elements* of the NC; the NC, however, in a first step does not pre-define binding content of these elements but leaves the content up to agreement between TSOs; only in case TSOs at one IP do not / cannot agree on an IA, the NC content related provisions will apply by default. No distinction is made between existing / new / long term / short term contracts, having in mind that the contractual arrangements on capacity bookings do not influence the TSOs' ability to jointly agree on an IA.
- Mr Popadic noted differences between the reference conditions in the NC and the reference conditions used by CEN. Mr Van Hauwermeiren explained that the NC and CEN standards have a different scope – while the NC rather focuses on the market requirements / trading / user aspects (e.g. use of kWh instead of m3), CEN follows the actual practices of the gas industry; it has to be seen whether the CEN discussions will align with the NC. Mr Van Hauwermeiren underlined that the implementation of the NC's reference conditions will be obligatory with the approval of the NC in Comitology (first meeting April 2014; 2nd meeting July 2014), the use of other reference values *in addition* will be still possible.
- Mr Van Hauwermeiren stressed that different rules on odourisation applied in Belgium, France and Germany lead to physical flow limitations and require alternative swapping solutions; similar limitations are expected for transporting gas from Italy to Germany. In this context Mr Cioffo questioned the compatibility of flow limitations stemming from odourisation with reverse flow requirements stemming from the security of supply Regulation. Mr Van Hauwermeiren supported this concern and underlined that odourisation would, technically and / or for safety reasons, not be required for transmission lines; on European level a discussion linking the issue of odourisation and the security of supply Regulation is lacking, it would be advisable introducing such connected discussion on Energy Community level, having in mind the envisaged implementation of the security of supply Regulation.

Mrs Grall invited participants to carefully consider the provisions of the NC – having in mind the expected adoption of the NC on European level still within 2014, adoption for the Energy Community should be on the agenda shortly after; in this context, input on necessary technical adjustments would be appreciated.

Conclusions/Action points: no decision required.

b. Gas quality

Related document:

Discussion: Mr Cioffo introduced the activities foreseen in the GWG WP 2014 related to gas quality and interoperability: starting from an analysis on gas quality also other interoperability aspects stemming from new gas sources (TAP, LNG, South Stream) should be discussed and assessed against the need for regulatory considerations.

Mr Vistica noted that problems related to odourisation should not be expected for the Energy Community having in mind that odourisation is historically only used on distribution level only. However, analysis shall be done related to gas quality. In this context it should be also identified who is in charge of measuring (TSO or other body) and which norms / standards (ISO or other) are behind.

TF 1 Leader, Mr Popadic suggested the following approach for the Task Force:

- Development of a questionnaire on gas quality by end of February for completion by end of March; first results to be discussed at the 2nd GWG; in this context, it has to be decided whether values used by CEN or those of the Network Code on Interoperability and Data Exchange should be used as reference;
- Development of an analysis report;
- Review of the CEN standard proposal, one published for public consultation.

Conclusions/Action points: the proposed work approach for TF 1 was agreed; TF Leader to follow up on agreed timeline / steps.

5. TF 2 – Gas Storage

Related document: Draft agenda

Discussion: TF 2 Leader, Mrs Tubin, presented a draft agenda, developed based on the related descriptions 2014 Work Program for the GWG. GWG members discussed possible case studies and identified particular interest for presentations by Austria, Croatia, Hungary, Italy and Ukraine.

Conclusions/Action points: ECRB Section to consult an updated agenda version with TF 2 Leader and finally circulate to the GWG for final approval.

6. TF 3 – Case Studies

a. Entry exit tariffs in Belgium

Related document: presentation Mr Maes (CREG Belgium / ACER)

Discussion: Mr Maes presented the entry exit tariff model applied in Belgium using a post stamp concept, making also content reference to the Framework Guidelines (FG) on transmission tariffs (details ref. presentation).

Mr Cioffo stressed the difficulties of choosing an appropriate tariff model from the options of the FG, in particular for newly developing gas systems, as the case in some Contracting Parties. In this context he underlined that there is always the option to adjust the tariff model / chose another model offered by the FG, e.g. in case of increasing transit flows.

Conclusions/Action points: no conclusions required; agenda item for information / discussion. ECRB Section to make the presentation available in the meeting section on the Energy Community website.

b. Entry exit tariffs in Italy

Related document: presentation Mr La Cognata (AEEG Italy / ACER)

Discussion: Mr La Cognata presented the entry exit tariff model applied in Italy that uses a matrix approach tariffs (details ref. presentation).

Conclusions/Action points: no conclusions required; agenda item for information / discussion. ECRB Section to make the presentation available in the meeting section on the Energy Community website.

c. Transit contracts

Related document: presentation Mr Lelovitis (ACER)

Discussion: Mr Lelovitis presented the findings of the ACER review of gas transit contracts and their compliance with the 3rd package (details ref. presentation).

Mrs Grall re-called the findings of the 2011 ECRB report identifying cases of different treatment of gas transit and national transmission for Serbia, Bosnia and Herzegovina, Moldova and Ukraine out of which the legal framework has been adjusted in the case of Serbia; shortcomings in the gas sector legislation of Bosnia and Herzegovina have been brought to the Energy Community Ministerial Council in October 2013 following an infringement case by the Secretariat. Mrs Grall further noted that existing contracts would – different from the EU – not benefit from special protection already under the 2nd package, the 3rd package even requires existing contracts to be brought in line with the 3rd package requirements.

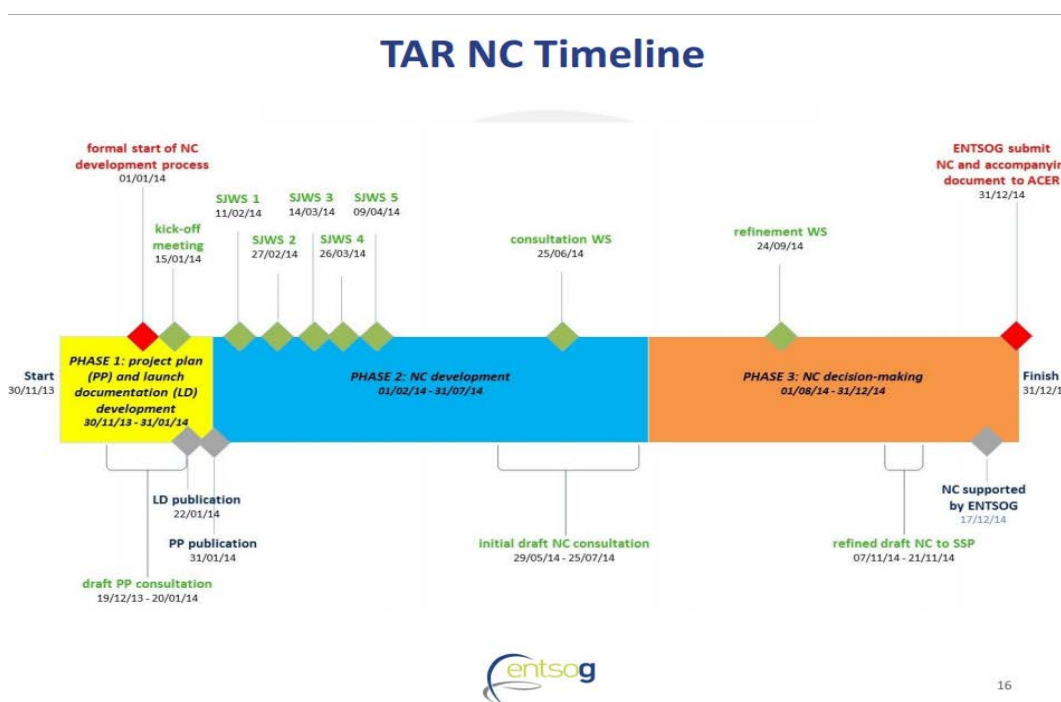
In this context participants discussed the need to develop common understanding that also flows between the EU and Energy Community are understood as transit flows and have to follow the legal requirements for such transports. Mr Popadic in particular highlighted the case of flows from Hungary to Serbia for which exit capacities are prices six times higher than for other Hungarian exit points; the case is of particular relevance since 80% of gas imports to Serbia flow from Hungary, including further transports to Bosnia and Herzegovina. The problem is however not properly considered since flows from Hungary to Serbia are not considered as gas transit and thereby assumed to be not subject to the relevant provisions of the 2nd / 3rd package. Mr Lelovitis informed about similar concerns related to gas flows to Lithuania via Kaliningrad. Participants also noted the need to clarify the legal understandings in the light of the need to avoid discrimination.

Conclusions/Action points: ECRB and ACER to consider possible coordination elements, in particular the possibility of sending a letter to the EC for clarification.

7. Input to EU Network Codes

Related document: -

Discussion: Mrs Grall informed the participants on the launch of discussions by ENTSO-G related to the (1) development of a Network Code on Harmonized Transmission Tariff Structures for Gas and (2) amendment of the CACM Network Code related to incremental capacities; deadline set by the Commission for finalization of both deliverables is end 2014, see more detailed timing schedule hereinafter. Mrs Grall urged participants to express their positions and views in the public ENTSO-G process, accessible via the ENTSO-G website (www.entsog.eu).



Conclusions/Action points: agenda item for discussion / information; no decision required

8. AOB

Related document: ECRB Work Program 2014

Discussion: Mrs Grall drew attention to two cross-sectoral activities of the ECRB Work Program 2014, namely

- *WS on Market Monitoring:* Mrs Grall re-called the scope and content wise concept foreseen in the Work Program and noted that the agenda will have to be agreed by both the GWG and EWG. She informed



that the workshop has been agreed with ACER to take place on 9 October 2014 in Ljubljana, back to back to the Energy Community Gas Forum;

- *Regulatory investment incentives*: it is, upon approval of the ECRB, envisaged to set up an ad hoc Task Force that will collect from and bridge input from the GWG and EWG.

Mrs Grall also drew attention to a joint customer related Workshop that will be jointly organised with CEER on 1 October in Brussels and informed about the availability of the 2014 Energy Community event calendar on the Energy Community website.

Conclusions/Action points: agenda item for discussion / information; no decision required

9. Next meeting

The next meeting will take place in 27 May 2014, back to back to the Workshop on underground storage that will be held on 28 May 2014 both in Vienna.

Annex- List of participants

Surname	Name	Institution
Cioffo	Vincenzo	AEEG, GWG Co-Chair
Anicic	Jelena	REGAGEN
Bundaleski	Slavko	ERC
Grall	Nina	ECS- ECRB Section
Ischia	Alessandro	E-Control
Hoxha	Bardhi	ERE
La Cognata	Marco	AEEG
Lelovitis	Dimitris	ACER
Maes	Tom	CREG
Popadic	Aleksandar	AERS
Saraqini	Astrit	ERO
Shynkarenko	Anna	NERC
Tomic	Milenko	SERC
Tubin	Branka	AERS
Van Hauwermeiren	Geert	CERG / ACER
Vistica	Nikola	HERA, GWG Co-Chair