



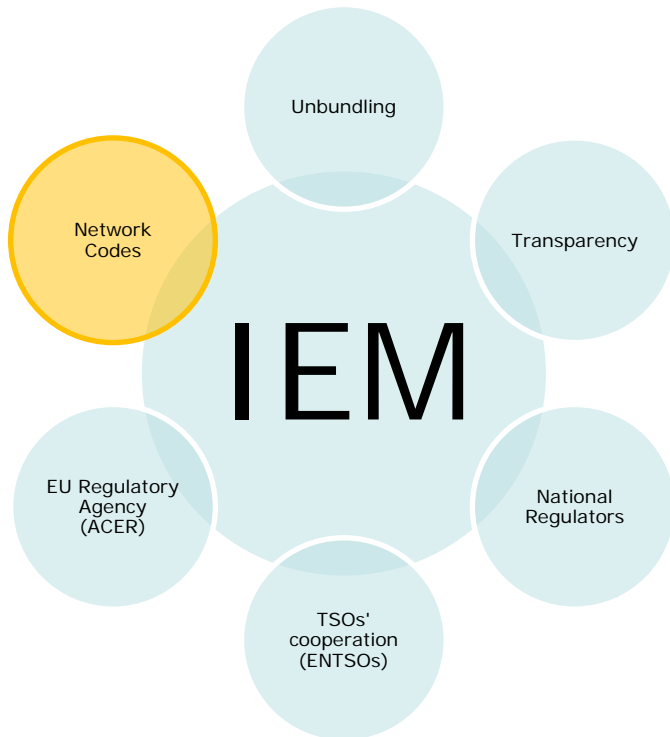
# Energy Community PHLG Meeting


Way forward on gas Network Codes in EnC

Vienna, 15 March 2016

**Directorate General for Energy**

# Network Codes: integral part of the 3rd package and necessary tool for market integration



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- EU gas network codes harmonize (aiming high) existing national rules with a view to enlarging and connecting markets for the benefit of consumers
  - They are "simply" a means to achieve functioning gas markets

# Network Codes in the EU gas sector

## What do Network codes aim to achieve?

- promote a level playing field for all market actors;
- enhance cross-border trade; and
- foster competition and market-based security of supply in the sector

## How do they achieve this?

- harmonizing market and technical procedures across the EU to operationalize key concepts of the 3rd Package (congestion management, capacity allocation, market-based balancing, etc.) to facilitate market integration
- pushing stronger cooperation between NRAs, TSOs and build on ACER and ENTSOG to facilitate implementation
- where reasonable, allowing for phased implementation and having regard to national specificities

## Gas Network Codes in EnC: start immediately with the essential...and follow up ambitiously!

- Work with **Baltic and SEE MSs** to implement harmonized rules shows **need to have regard to specificities and stages of market development**
- **Gas markets in EnC CPs** are largely **constrained** by lack of diversification, insufficient infrastructure and legacy contracts – NCs can help resolve part of the problem
- **Applying gas network codes** should therefore be in a **successive** manner, focusing first on provisions that lay the **groundwork** for a functioning market (e.g. creating bookable interconnection points), followed by rules that push to **solidify** such a market framework
- "First wave" should start immediately!

## CESEC cooperation can provide excellent framework for implementing NCs in EnC

- CESEC work (July 2015 MoU agreed by 9 MSs and 6 CPs) is exceptional opportunity to push broader regional gas market integration
- **EC is ready to work with EnC Secretariat and CPs** to design an ambitious but pragmatic **implementation schedule** both in terms of timing and content (concept should also be discussed in CESEC format)
- **EC recommends** setting up a **working group** drawing on **ACER and ENTSOG expertise** to specify provisions for first wave of implementation

## Possible elements of "first wave provisions"

- NC Interoperability and in particular interconnection agreements: need to establish bookable points!
- Congestion management rules (CMP Guidelines): need to free up contractually but not physically congested pipelines for competition
- Capacity Allocation Mechanism NC: gas day, kWh, standard products, capacity offer: need to standardize operational schedules, capacity products
- Balancing NC (incl. interim measures): need to start prudent process towards market-based regime



**Congestion management guideline** – applies as of 10/2013

**Capacity allocation network code** – applies as of 11/2015

**Balancing network code** – applies as of 10/2015

**Interoperability and data exchange network code** – will apply from May 2016

**Transmission tariff structures network code** – in preparation  
– likely adoption end 2016

**Incremental capacity – amendment of Capacity allocation network code** – in preparation, likely adoption end 2016