



Gas Working Group Activities

Nikola Vištica PhD, ECRB GWG Chair
Director of Gas and Oil Division, HERA

- **Report from GWG meeting on 22nd September 2016**
- **Finalization of 2016 activities:**
 - TF1- Interoperability and data exchange - **for ECRB approval**
 - TF2 - Regulatory treatment of network losses - **for ECRB approval**
- **2017 activities-current status:**
 - Preliminary meeting dates
 - Proposals for GWG Work Program 2017

- GWG meeting took place on 22nd of September 2016 in Ljubljana back to back to the 11th Gas Forum
- Activities under the GRI SSE initiative:
 - participation of NRAs in the survey on 3rd Package implementation (Pilot Project VIII of the GRI SSE)
 - implementation of Network Codes: announcement of the third meeting on 20th October in Vienna (application of Gas Network Codes on CP-MS IPs and CMP/CAM).
- ACER presented the gas wholesale market monitoring indicators as well as experience gained in the process of data collection and processing. Furthermore they presented the new 2016 edition of wholesale market monitoring.



- **TF Leader: Aleksandar Popadic, AERS**
- **Objective:** to investigate the level of compliance of the EnC CPs with the EU Regulation 703/2015 on Interoperability and Data Exchange Rules:
 - ✓ Interconnection agreements;
 - ✓ Units;
 - ✓ Gas quality;
 - ✓ Data exchange.
- **The report covers:**
 - ✓ EnC CP: Bosnia and Herzegovina, Moldova, FYR of Macedonia, Serbia and Ukraine
 - ✓ EU MS: Austria, Italy, Poland, Romania, Greece and Hungary

Albania, Kosovo and Montenegro are not included in the report due to absence of gas infrastructure in these markets

TF1 Interoperability-findings (1)



Interconnection Agreements on CP IPs

Legend: ● IA existing ● IA not existing ● IA existing but needs update

- In the majority of the analyzed countries TSOs did not invite network users to comment IA drafts before concluding or amending it.
- The ENTSOG IA template was used in a limited number of cases (e.g. for some IPs in Ukraine, Moldova, Italy, Greece, Hungary; IP Romania-Hungary).
- All IAs contain rules on flow control and these rules include designation of the TSO responsible for steering the gas flow across the IP.
- All IAs contain details on measurement standards on IPs for gas quantity and quality

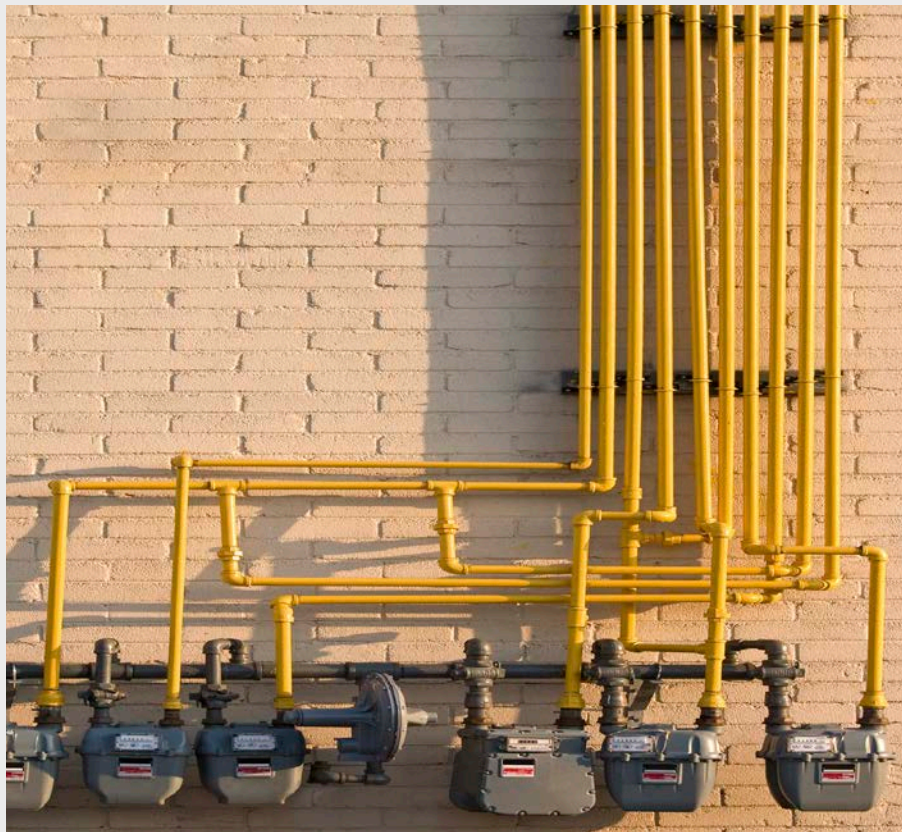
TF1 Interoperability-findings (2)



- **Matching:** Majority of analyzed markets use „lesser rule“, however minor differences exist on IPs in Greece, FYR of Macedonia, Serbia, BIH, Moldova and Ukraine on its IPs to Slovakia and Hungary. At the same time, there are difficulties with matching processes in Ukraine (flow direction from Ukraine to EU countries) due to the fact that network users do not provide the Ukrainian TSO with the required information.
- An operational balancing account (OBA) is used for the **allocation of gas quantities** in Austria, Italy, Greece, Hungary, Moldova (on IP with Romania), Poland, Romania and Ukraine. On the IP between Poland and Ukraine an OBA is used but is settled to zero at the end of each month. On one IP in Moldova allocation is based on measurement. On Serbian IPs with BIH and Hungary, the biggest network user allocation is based on measurement and for all other allocation is equal to nomination.
- Set of gas units used on all IPs on the side of the EnC CPs are not complaint with the IO NC (except referent pressure);
- Publication of Wobbe-index and gross calorific value on hourly basis is not fulfilled;
- TSOs in the EnC CPs on all IPs use the email for data information exchange instead of the solutions defined by IO NC

- The report recommends the CPs to implement the IO NC with the goal to create preconditions for efficient use of cross border capacities and attracting new shippers, increase gas flows from different gas sources and facilitate gas trade in the region for the benefit of final customers of natural gas.
- The identified non- compliances with the IO NC to a prevailing extent are of pure technical nature that can be adjusted without problems. **A realistic implementation deadline should not be less than two years after the adoption of the NC.** At the same time a framework for the implementation of the IO NC on IPs between the EnC CPs' and neighboring EU countries' TSOs has to be ensured.
- Provisions of the IO NC should be also the default rules for all new IPs in the EnC CPs.

Regulatory treatment of network losses (1)



- **TF Co- Leaders:**
Branka Tubin (AERS) and Irakli Galdava (GNERC)
- **Objective:** to investigate regulatory practice regarding treatment of distribution network losses in tariff regulation. The main highlighted issues:
 - ✓ Determination of distribution charge;
 - ✓ Calculation of technical and commercial losses;
 - ✓ Structure of losses.
- **The report covers:**
 - ✓ EnC CP: Bosnia and Herzegovina, Georgia, Moldova, FYR of Macedonia, Serbia and Ukraine
 - ✓ EU MS: Austria, Croatia and Poland

Albania, Kosovo and Montenegro are not included in the report due to absence of gas infrastructure in these markets

Some findings:

- The **reasons for losses** are common for all the countries: pipe leaks, equipment damage, measurement error and commercial losses (illegal consumption).
- The **way losses are determined differs**: (i) losses are calculated as difference between the quantities entering the system and the quantities exiting the system; (ii) losses are calculated with a formula; (i) losses are calculated as a percentage of gas in the system.
- In most of the countries just **losses up to a certain level are reimbursed via tariff**.
- **Procurement of losses is the responsibility of DSOs** in all of the countries but the practice whether they are provided at under regulated tariffs or not differs.

Some findings (continued):

- Most of the countries have not introduced **gas quality of service regulation** so there are no special concerns about the network losses (pipe leaks) within the scope of quality regulation.
- **Taxation principles for losses** differ between the countries- in some countries allowed losses are excluded from VAT, in some countries they are not.

Room for further research:

- Influence of temperature/pressure corrections in metering equipment on accuracy of losses calculation.
- Implementation of incentive regulation on losses reduction.

Preliminary meeting dates in 2017:

- 1st February;
- 7th June proposed, participants asked to move to end May;
- 19th September, back to back with Gas Forum

Proposals for GWG Work Program 2017:

- continuation of work related to network losses (study or WS)
- application of CMP (WS)
- Analysis of transmission tariff structures and application of TAR NC (internal GWG + GRI SSE work)

The background is a dark blue globe with glowing blue lines and nodes representing a network or energy grid.

*Thank you
for your attention!*

nvistica@hera.hr

www.energy-community.org