

Progress report on key projects - GRI North West

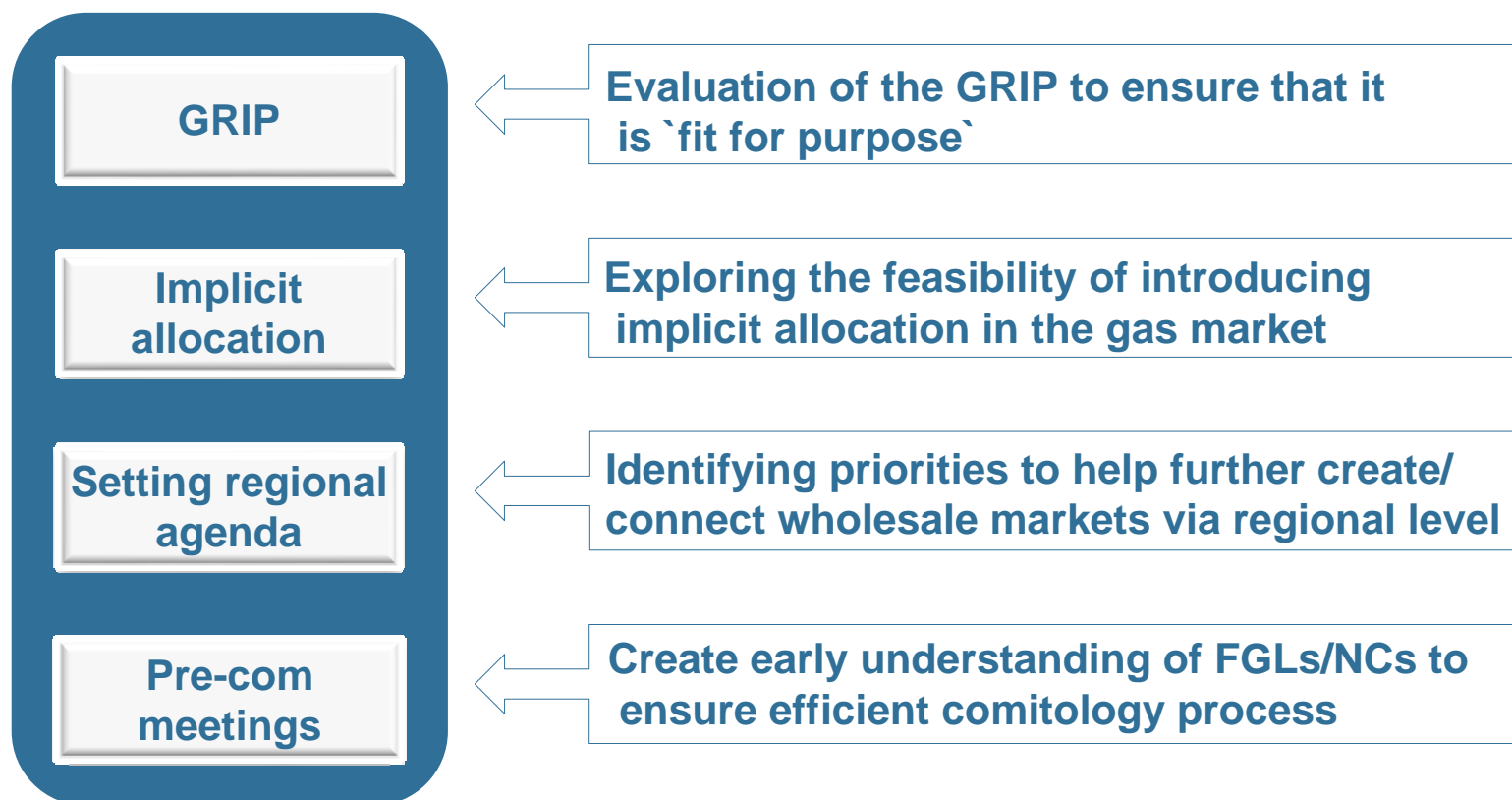
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Current work in progress within GRI NW in 2013

- Commitment has been found for the following workstream



The North West TSOs are currently drafting the 2013 GRIP and the report outline is now up for consultation until 3 May

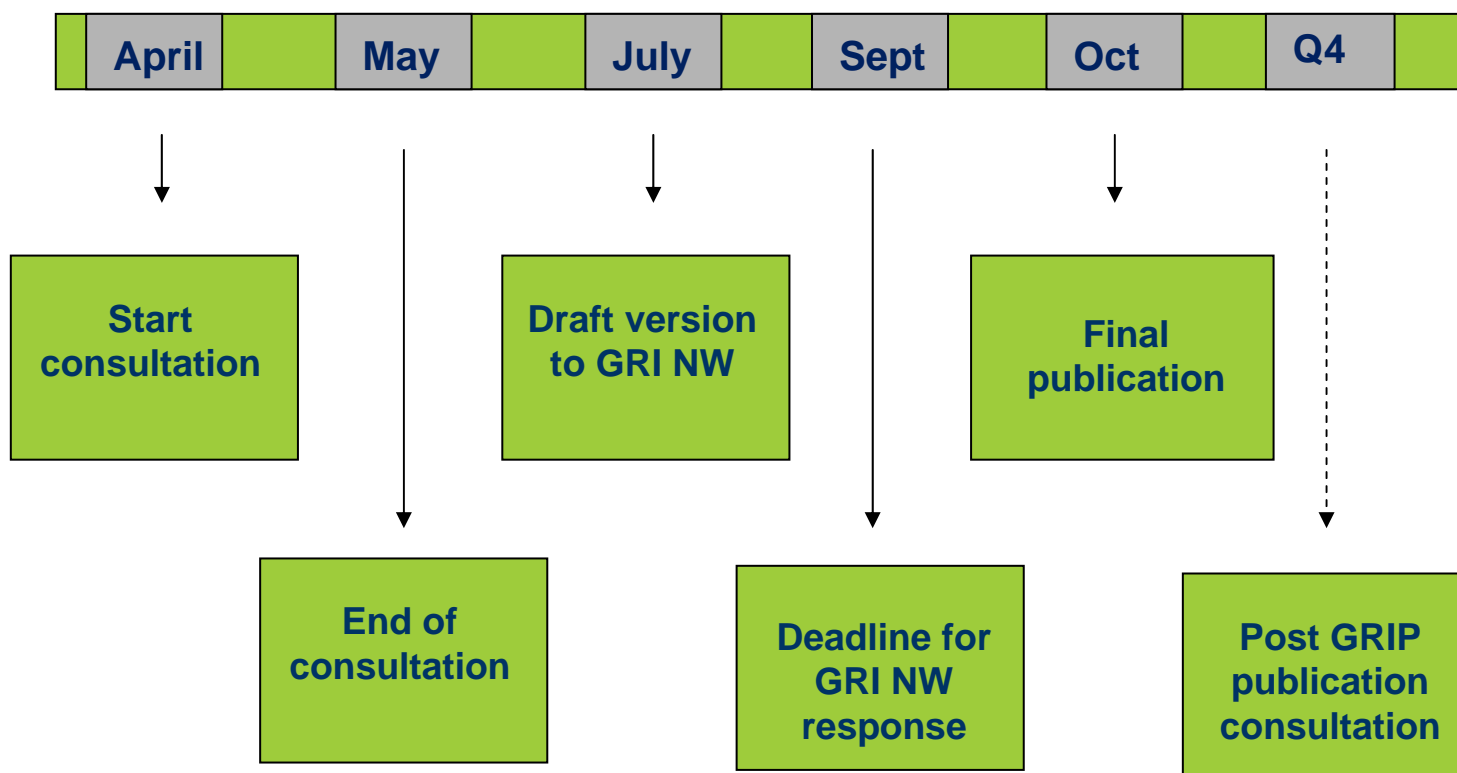
- Outline is largely based on RCC recommendations for enhancement of GRIP

**Outline and
content of
GRIP 2013**

- **Executive summary and introduction**
- **North West specifics**
 - Reasons for investment in gas infrastructure
 - What is needed to solve barriers to investment
- **Supply and demand**
 - Annual demand (by region and country)
 - Infra development LNG/supply source diversification
- **In depth review of TYNDP NW issues**
 - Resilience and supply dependency assessment
 - Supply source diversification assessment
- **Projects and conclusions**

It is expected that the North West GRIP 2013 (following a number of consultations) will be published in October

- Current consultation document is available on ENTSOG, GRI NW and TSOs websites



The Gas Target Model calls upon NRAs to consider whether implicit allocation in the gas market is feasible

- NRAs have `answered the call`

Reasons for drafting

- No `yes or no` on feasibility of implicit allocation in GTM debate
- GRI NW region is well suited to perform an implicit pilot project

Goal of the position paper

- Explore the feasibility of implicit allocation in the gas market
- Facilitate a regional and a mature dialogue with stakeholders

NRAs within GRI NW have drafted a position paper on the feasibility of introducing implicit allocation in the gas market

- Stakeholders have been offered opportunity to express their views



Focus of paper: is there added value to introduce implicit allocation given existing proposals to improve the gas market

- If added value: what should mechanism – given market characteristics – look like

Chapters in position paper

- 1** Issues associated with allocation and use of cross-border capacity
- 2** European measures to solve current allocation issues
- 3** Added value of implicit allocation
- 4** Considerations on the introduction of implicit allocation
- 5** When should implicit allocation be introduced
- 6** Design issues related to the implicit allocation mechanism

Conclusions: implicit allocation can have added value, but assess feasibility once CAM and CMP are *up and running*

- Implicit allocation is useful if price difference is sufficient, it can lower transaction costs, improve use of capacity (thus solves several identified allocation issues)
- However, CAM and CMP are likely to also solve these issues: feasibility of implicit allocation should thus be re-evaluated once CAM and CMP are up and running
- RCC considers – but stakeholders question – that a *coordination problem* will effectuate due to profiled booking: effect difficult to predict (await CAM and CMP)
- But: implicit allocation could have added value between two adjacent Member States: In case of positive cost/benefit analysis, pilot projects to be considered

The Gas Target Model calls upon NRAs to assess market liquidity and degree of market integration in close cooperation

- NRAs are discussing approach, but consider that stakeholders should be involved

Recommendation in GTM

- Assess market liquidity and degree of market integration
- If necessary, explore (regional) measures for improvement

Initial view of some stakeholders

- Focus on functioning wholesale market (liquidity is no means in itself)
- Indicators are a tool to measure, understand world behind numbers

Goal: establish regional agenda that identifies where GRI NW can contribute to further create/connect wholesale markets

- Chosen priorities should be based upon national assessment of wholesale markets

GRI NW report
on functioning
wholesale markets

Possible approach of project

- Agree on common vision how functioning wholesale market is defined (and measured)
- Monitoring (via indicators) to what extent each national wholesale market fulfills this definition
- Create snapshot that provides comprehensive view of status quo of market integration in each country
- Identify what GRI NW could to help further create/connect functioning wholesale markets

Pre-comitology meetings should create early understanding of FGLs/NCs to ensure efficient comitology process

- Future meetings will also be used to monitor implementation of network codes



- NRAs explain principles in the Framework Guidelines;
- TSOs explain design choices in the network codes
- European Commission – if applicable – explain ratio of guidelines (e.g. CMP)

An open dialogue between
MS, TSOs, NRAs, EC...



...leads to better understanding
towards positions on FGLs/
NCs...



... and should result in more
efficient comitology process

Thank you for your attention!



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