

**OPINION OF THE AGENCY FOR THE COOPERATION OF ENERGY
REGULATORS No 09/2013**

of 25 March 2013

ON GAS REGIONAL INVESTMENT PLANS 2011(12)-2020(21)

THE AGENCY FOR THE COOPERATION OF ENERGY REGULATORS,

HAVING REGARD to Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators¹ (hereinafter referred to as “the Agency”), and, in particular, Article 5 thereof;

HAVING REGARD to the favourable opinion of the Board of Regulators of 20 March 2013, delivered pursuant to Article 15(1) of Regulation (EC) No 713/2009,

WHEREAS:

- (1) Pursuant to Article 12(1) of Regulation (EC) No 715/2009 the European gas transmission system operators (hereinafter referred to as “TSOs”) shall establish regional cooperation within the ENTSO for Gas (hereinafter referred to as “ENTSOG”) to contribute to the tasks referred to in Article 8(1), (2) and (3). In particular, they shall publish a regional investment plan every two years, and may take investment decisions based on that regional investment plan.
- (2) European TSOs published from 21 November 2011 until 4 June 2012 six Gas Regional Investment Plans (hereinafter referred to as “GRIPs”) on ENTSOG’s website, two of them for the period 2011-2020 and four for the period 2012-2020.
- (3) Pursuant to Article 6(9) of Regulation (EC) No 713/2009 the Agency shall monitor the regional cooperation of transmission system operators referred to in Article 12 of Regulation (EC) No 714/2009 and Article 12 of Regulation (EC) No 715/2009, and take due account of the outcome of that cooperation when formulating its opinions, recommendations and decisions.
- (4) GRIPs shall provide deeper understanding of infrastructure issues within a specific region and also cross-regional to ensure more transparency and visibility on investment plans. As such, GRIPs are an important tool for TSOs and network users to take decisions. Pursuant to Article 5 of Regulation (EC) No 713/2009 the Agency has decided to adopt an opinion on the first set of Gas Regional Investment Plans in order to provide recommendations and guidance for future editions to fit for purpose.

¹ OJ L 211, 14.8.2009, p. 1.

This opinion is without prejudice to the approach taken by the Agency for the future assessment of Gas Regional Investment Plans.

HAS ADOPTED an Opinion on European gas transmission system operators' Gas Regional Investment Plans 2011(12) - 2020(21), with the following main findings, recommendations, comments and guidance:

1. General findings

- 1.1. The process of delivering GRIPs is an on-going one, triggered by the Third Energy Package². The Agency appreciates the learning-by-doing approach applied both for the Community-wide Ten Year Network Development Plan (TYNDP) and the GRIPs. However, improvements are possible and necessary for the upcoming GRIPs. Therefore, the following recommendations should rather be considered as guidance on how to improve the next editions of GRIPs starting in 2013 than a criticism of the existing ones.
- 1.2. According to Article 12(1) of Regulation (EC) No 715/2009, "the GRIPs shall contribute to the tasks of ENTSOG referred to in Article 8(1), (2) and (3) of Regulation (EC) No 715/2009" and "TSOs may take investment decisions based on the GRIPs". Pursuant to Article 8(10), the TYNDP shall "build on national investment plans, taking into account regional investment plans". The Agency emphasizes the need to define in the context of future GRIPs-related work the interrelationship between the TYNDP, the GRIPs and the investment decision process addressed by the provisions of Articles 8 and 12 of Regulation (EC) No 715/2009.
- 1.3. The Agency notes the existence of certain heterogeneity of the GRIPs' methodologies, publication timing, network models, market perspectives, and level of detail provided across the various Regions.

2. Recommendations, comments and guidance

2.1. General issues:

- 2.1.1. Taking into account the provision of Article 8(10) of Regulation (EC) No 715/2009, which stipulates that the Community-wide TYNDP must take into account regional investment plans, the GRIPs should provide a more detailed and focused approach towards regional network development in comparison to the TYNDP. The Agency recommends an additional and more precise assessment of infrastructure projects, their integration at a national and regional level, and interconnections with other regions, as it would be beneficial and is likely to deliver added value to stakeholders. The Agency believes that it is not sufficient to simply update project data in the GRIPs in the interim period before the publication of the next TYNDP. The Agency notes that positive experience has already been

² Third Energy Package is a legislative package for an internal gas and electricity market in the European Union. The package was proposed by the European Commission in September 2007, and adopted by the European Parliament and the European Council in July 2009. It entered into force on 3 September 2009.

gained in South and Central Eastern Europe GRIPs by applying a more detailed regional network modelling method which builds on and enhances ENTSOG's existing modelling tool, and recommends further effort towards the attainment of greater detail, precision, and cross-border relevance of the GRIPs.

2.1.2. The Agency recognizes the necessity to establish a link and to clarify the role of the GRIPs in relation to the selection process of projects of common interest of the forthcoming Regulation on guidelines for trans-European energy infrastructure³ (TEN-E Regulation) involving four Regional Groups dedicated to four regional infrastructure corridors. In particular, in order to benefit from potential synergies in the assessment of the GRIPs, the geographical scope of the individual GRIPs should be reassessed in a manner which involves stakeholders, and the area coverage of individual GRIPs should be aligned with the geographical scope of the EIP Regional Groups, applying some flexibility, where appropriate. This alignment should include adopting coherent sets of data, project evaluation methodologies, and definitions.

2.2. Structural and methodological issues:

2.2.1. The Agency recommends a harmonisation of the methodologies used to develop the GRIPs, including an appropriate common regional network modelling tool utilised in all regions. In view of the pending development of a CBA methodology under the TEN-E Regulation as applicable to PCIs, and the need to harmonize the methodologies used for the assessment of key cross-border gas infrastructure projects at regional and European level, the GRIPs should in the future consider using project assessments based on the TEN-E methodology for CBA. The Agency believes that such harmonization would facilitate assessment of GRIPs, increase cross-regional comparability and transparency of the GRIPs, and streamline their development.

2.2.2. The Agency suggests to establish working level coordination between the development of the Gas and the Electricity Regional Investment Plans. The aim of such coordination should be to improve coherence, properly reflect the interrelations and interdependencies of the gas and the electricity network development plans, and assess spill-over effects resulting from structural shifts in one of the systems that could affect the other.

2.2.3. The Agency notes that the Austrian transmission network has been split for the purpose of GRIPs, whereby the WAG pipeline is covered in the Central Eastern Europe GRIP, while TAG and GCA systems are covered in the Southern Corridor GRIP. Consequently, the Austrian market area

³ Proposal for a Regulation of the European Parliament and of the Council on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC (19.10.2011 COM/2011/0658 final)

has also been split into two zones, even though, from a market perspective, it constitutes a single market area. In addition, the interconnection point at Oberkappel is not addressed by any of the published GRIP's. The Agency recommends that, as a minimum, the effects of such an unsubstantiated division of a market for the sake of producing GRIPs should be adequately addressed or, preferably, such a division should be avoided altogether.

- 2.2.4. The Agency recommends that the GRIPs should also identify concrete bottlenecks at the regional cross-border level. To better justify the specific regional network needs and remedies to resolve bottlenecks or congestions, GRIPs should assess and highlight the specific regional market features, such as impact on prices and congestions. This should be done alongside with identifying the impact of possibly different, but competing projects addressing the congestion, and providing a general cost-benefit assessment (based on the TEN-E methodology for CBA) in support of the identified priority investment options.

2.3. Procedural issues:

- 2.3.1. The Agency recommends a more streamlined and harmonized approach to infrastructure development activities in the framework of the GRIPs, the Gas Regional Initiative, the TEN-E Regulation, the TYNDP processes, as well as greater involvement of stakeholders. Duplication of work and other inefficiencies, as well as potentially contradictory results arising from non-coherent parallel work, should be avoided.
- 2.3.2. The Agency believes that ENTSOG's further guidance and support of harmonised enhanced regional system modelling taking into account different supply and demand scenarios is essential for attaining a comparable level of quality among the GRIPs.
- 2.3.3. The Agency encourages TSOs to enable the involvement of interested stakeholders at the GRIP work design phase, as such an early involvement is essential for elaborating market-supportive GRIPs and utilising the available stakeholders' resources in the most efficient way. In particular, stakeholders could play an important role in the verification of demand and supply data and scenarios. National regulatory authorities should have the opportunity to provide comments and feedback at an equally early stage. To this end, it is essential to establish an open dialogue among the relevant TSOs and NRAs throughout the process of the GRIP development. A harmonised procedure which allows involvement of all interested stakeholders is anticipated.
- 2.3.4. The Agency believes that preparing and releasing the TYNDP and GRIPs in alternate years allows for a more frequent update of supply and demand scenarios and a more continuous progress in developing the gas infrastructure and on-going stakeholders' participation. For this reason, the Agency recommends the adoption of an alternating approach, which

is more likely to contribute to the fulfilment of the provisions of the Regulation (EC) No 715/2009 (Article 8(10) and 12(1)) concerning the GRIPs' contribution to the tasks of ENTSOG, as well as to enable ENTSOG to take the GRIPs into account when developing the TYNDP.

3. This opinion is addressed to ENTSOG within which the TSOs have established a regional cooperation to provide the GRIPs. The Agency recommends that ENTSOG adopts a more active role in the GRIPs process, especially supporting their coordination and homogeneity, in line with the findings and the recommendations provided above.

The individual assessments of the GRIPs are annexed to this opinion.

Done at Ljubljana on 25 March 2013.

For the Agency:


Alberto Pototschnig
Director