

GIE response to Commission's consultation

Establishment of the annual priority lists for the development of network codes and guidelines for 2016 and beyond

About GIE

Gas Infrastructure Europe (GIE) is an association representing the sole interest of the infrastructure industry in the natural gas business such as Transmission System Operators, Storage System Operators and LNG Terminal Operators. GIE has currently 68 members in 25 European countries.

One of the objectives of GIE is to voice the views of its members vis-à-vis the European Commission, the regulators and other stakeholders. Its mission is to actively contribute to the construction of a single, sustainable and competitive gas market in Europe underpinned by a stable and predictable regulatory framework as well as by a sound investment climate.

1 Introduction

GIE welcomes the opportunity to answer to this public consultation. The priorities described in this document will be important for the achievement of an integrated, sustainable, competitive and secure European gas market.

Given the scope of GIE activities, GIE will only refer to section 1.2 "Tentative annual priority list 2016 regarding gas network rules" of the public consultation document and to section 2 "Annual priorities beyond 2016" of that document.

GIE agrees with the Commission that development and implementation of network codes and guidelines are not the only important action to be taken in order to integrate the internal energy market. GIE is ready to cooperate with the Commission on all the actions that contribute to the construction of a single, sustainable and competitive gas market in Europe.

2 Answers to consultation's document

2.1 Priorities for 2016

GIE recognises the important steps the Commission, ACER and ENTSOG and other stakeholders have made in realising the network codes on harmonised rules on congestion management procedures, capacity allocation, balancing and interoperability and data exchange.

GIE agrees with the Commission that there is currently no necessity for developing harmonised rules for gas trading related to technical and operational provisions of network access services and system balancing. Therefore GIE proposes that for 2016 the priority should remain with work on network codes that has already started before 2016.

Tariffs

In relation to the Network Code on transmission tariffs, GIE would like to stress that it will impact connection points to other infrastructure operators, such as gas storage operators, LNG terminal operators or interconnectors. As these activities are in competition with other sources of gas supply and flexibility, transmission tariffs should be cost-reflective and take into account efficient investment in the transmission network.

For transmission tariffs to gas storage connection points, the storage operators assembled in GIE would like to emphasise that gas storage users have already paid entry- and exit tariffs at import/production connection points and at export/ consumption connection points. The tariffs at gas storage connection points shall cover incremental costs of connecting gas storage to the transmission network and take into account the benefits of gas storage for the transmission network.

Whereas ENTSOG has a robust stakeholder engagement process for the development of Network Codes, the discussions concerning the Framework Guideline and Network Code on transmission tariff structures shows that a more realistic planning and early and comprehensive elaboration of potential impact of the new rules envisaged are important. This is crucial for a coherent and meaningful discussion during the NC development. Furthermore GIE would like to stress that also the final stages of the Network Code development process remain transparent and take into account input provided by stakeholders.

Incremental capacity

The regulatory treatment of incremental capacity in Network Codes has a strong interaction with the Tariffs and CAM Network Codes and therefore, it is essential to ensure that all developments are coherent, complementary and do not contain overlapping of conflicting provisions. GIE supports market based and demand driven identification of capacity and GIE is in favour of an economic test. Infrastructure operators will build new capacity if there is sufficient demand or commitment from National Regulatory Authorities, and a predictable regulation on revenues from network tariffs. Network users need clarity on future capacity and future prices. At the same time, we would like to reiterate the need for efficient infrastructure development with proper asset remuneration along its whole economical-technical life as well as the need to avoid stranded assets.

Gas quality

GIE welcomes the rules regarding forthcoming CEN standard for H-gas quality as a basis for a future amendment to the network code on interoperability and data exchange rules provided that any such amendment is supported by a robust cost benefit analysis.

The standard will be published by the end of 2015, but this version will not include the Wobbe index, which is the most important parameter from an interchangeability point of view. The European Commission has already expressed its support to the continuity of the works in order to include the Wobbe index in a future revision of the European standard. For this reason, GIE recommends waiting to amend the Network Code until there is a common understanding on the Wobbe index range at European level and a new version of the standard is published.

2.2 Priorities beyond 2016

GIE suggests that further work should concentrate on the implementation of Network Codes and on the monitoring and evaluation of the effectiveness of their measures for the internal gas market.