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Agency for the Cooperation
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ACER opinion on ENTSOG's 2011 Ten-Year Network Development Plan

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Introduction

- ENTSOE submitted the 2011 TYNDP to ACER on July 18
- According to Article 9(2) of Gas Regulation, ACER has to provide a duly reasoned opinion and recommendations according to specific criteria on market integration and access to interconnections
- Background of ACER analysis: ERGEG recommendations and analysis of the 2010 TYNDP
- General comments
 - » ACER welcomes ENTSOE efforts, in particular that several past recommendations were taken into account;
 - » Important step forward compared to the previous TYNDP;
 - » Some clarifications and improvements are however expected for the next version.

ACER analysis – data collection and stakeholders involvement

- **Need for a consistent and standardised data collection**
 - » ACER welcomes that the TYNDP compares different demand projections;
 - » ENTSOG annual demand projection is the highest in terms of absolute figures;
 - » But is based on TSOs' forecasts without any harmonisation of underlying assumptions;
 - » Some inconsistencies between TSO projects and third-party projects communicated by non-ENTSOG members.
- **Need for a close collaboration between all actors to produce consistent and comparable investment plans at European and regional levels in order to:**
 - » Have a sound diagnosis regarding congestions and investment needs; and
 - » ensure a consistent design for cross-border projects.

ACER analysis – Scenarios and modelling

- **Combination of “bottom-up” and “top-down” approaches**
 - » Improved inclusion of EU wide dynamics (“top-down approach”);
 - » The analysis of wide-range market integration and security of supply scenarios is welcomed;
 - » Modelling improved in terms of application, model description and presentation of the results.

- **Improvements expected**
 - » On scenarios: discussions needed on the concept of “remaining flexibility”;
 - » Modelling does not allow to clearly identify where congestions are;
 - » The “supply initialisation” approach excessively simplifies the analysis of the impact of new infrastructures on flow patterns;
 - » Assessment of market integration: need for deeper analysis of identified regional and national congestions;
 - » ENTSO-E and ENTSG investment plans should be coordinated.

ACER analysis – consistency between national, regional and EU-wide plans

- ACER acknowledges that, in many Member States, no national plan has been developed yet.
- Since regional plans are still under development, ENTSOG has to ensure that Community-wide and regional plans are consistent.
- ACER invites TSOs to use the **existing GRI structures** to present regular updates and promote dialogue with stakeholders.
- ACER expects the next TYNDP to:
 - » feature a **monitoring chapter** with a particular focus on 3-year projects;
 - » Give explanations on **divergences or inconsistencies** between national investment plans and GRIPs.

ACER's reasoned opinion on TYNDP (1/2)

- The TYNDP should provide all the information allowing to identify infrastructure needs and encourage necessary investments
 - » Need for greater **stakeholder involvement** during the elaboration of the TYNDP to ensure data is comprehensive and consistent;
 - » To help delivering **concrete proposals, a more infrastructure-based approach** should be followed.
- The modelling methodology should include
 - » an economic dimension to better address the impact of new projects on shippers arbitrages; and
 - » a physical dimension to better reflect the “real” network and gas flows.

ACER's reasoned opinion on TYNDP (2/2)

- In the current context, the TYNDP is no more a “voluntary” process
 - » **Need to reflect the EU political goals** (RES and 20-20-20 targets) and expected effects of nuclear phase outs, as in Germany, on the European gas market;
 - » Need to coordinate ENTSOG and ENTSO-E TYNDPs.
- The **Energy Infrastructure Package** will probably translate into higher expectations from the TYNDP
 - » An analysis of **competitive projects**, with costs and benefits on competition, non-discrimination, market integration and effective functioning of the internal market could have to be, ultimately, carried out by ENTSOG.

Thank you for
your attention

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