



ENTSOG Response to DG ENER's Public Consultation on the Preliminary Consultant Report on Cost-benefit assessment of Gas Quality Harmonisation in the EU

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expert workshop gas quality– 05/12/2011

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ENTSOG

- European Network for Transmission System Operators for Gas
- Founded by European Gas Transmission System Operators (TSOs) Dec 1, 2009
 - ➔ Two years ahead of formal implementation under the Third European Legislative Energy Package
- 38 Members 1 Associated Partner
- 23/27 Countries represented
- 1 more Member 2 Observers asked for application

39 Transmission System Operators
23 countries
1 more application

ENTSOE's Mission & Vision

... by fulfilling its tasks under the 3rd package and offering a platform for a truly European TSO cooperation, ENTSOG shall:

- enable easy grid access

- facilitate cross-border gas flows

- promote the integration of the European energy market

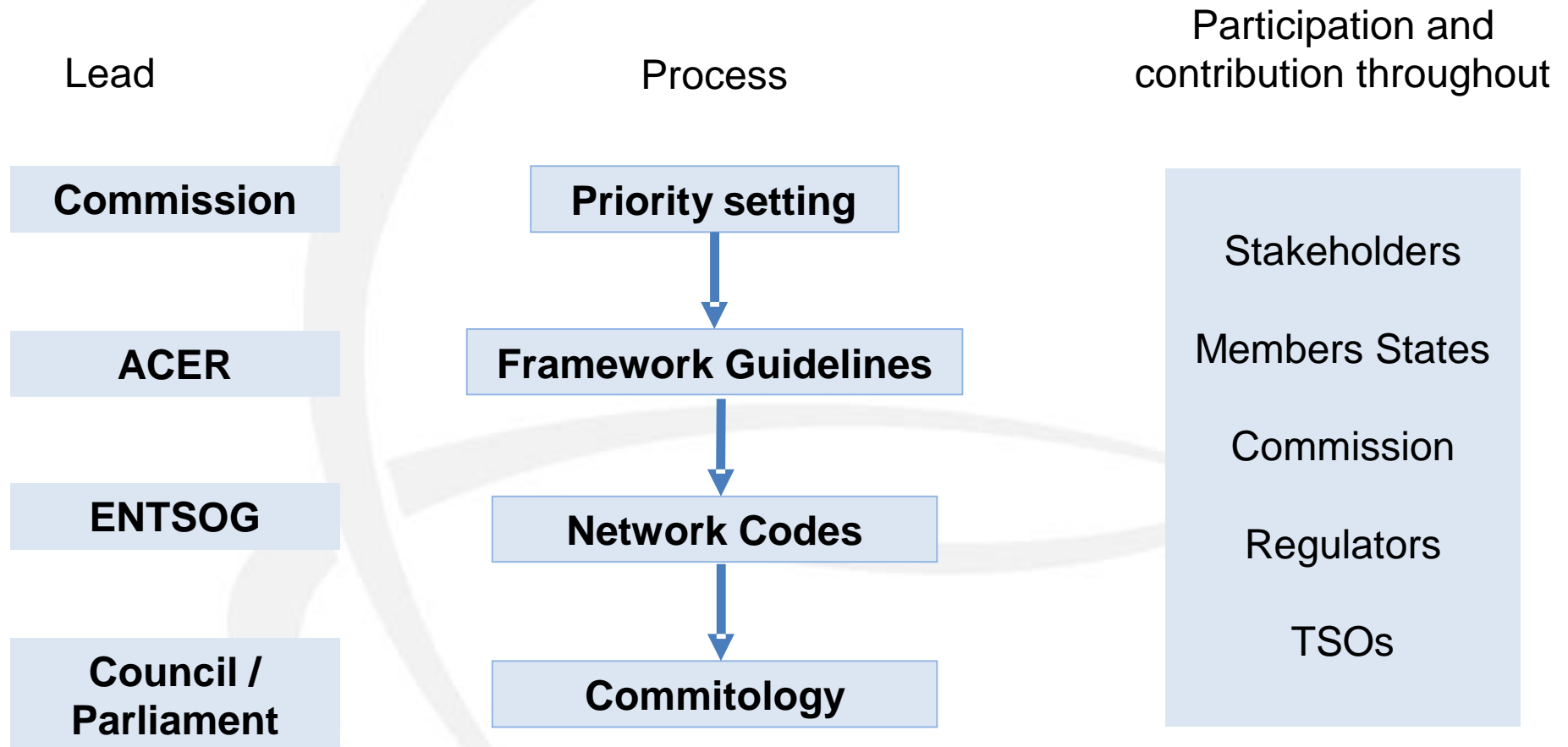
- be a fair partner to all stakeholders

ENTSOG

- Articles of Association, Rules completed Oct 2009
 - Reviewed on December 2010 and February 2011
 - Formally dispatched to Commission and ACER on 28 February 2011
 - First opinion from ACER on May 2011
 - Preparation of the new Articles/Rules by December 2011
- Co-operation with EC and ACER
 - Organization of the next three years work (Commission's Three Year Plan)
 - Support to EC in the preparation of documents
- Network Code Development
CAM/Balancing/Tariff/Interoperability
- Transparency
- TYNDP, Summer and Winter Supply Outlook



Roles and Participation



ENTSOG's views (1)

- Importance of a cost-benefit analysis
 - Analysis welcomed
 - Gas Quality is a key interoperability issue
 - Cost-benefit analysis is an important input to any decision of harmonizing Gas Quality

ENTSOG's views (2)

- Outcome of the Preliminary report and cooperation with ENTSOG
 - Report based on numerous assumptions and relatively poor quality of data
 - Natural replacement cycles for equipment not considered (a long-enough transition period would create less cost)
 - Conclusion too general and not supported by findings in study, which only addresses a specific case under a specific scenario
 - Benefits presented on a per-annum basis (0.61 bln per annum) whereas costs presented as one-off (10.6 bln)
 - a 17-y payback or if estimates are 50% off (which is entirely plausible) this could be less than 6 y

ENTSOG's views (3)

- Outcome of the Preliminary report and cooperation with ENTSOG
 - Environmental aspects (contribution to emission and energy efficiency goals) not address
 - Tailor made study focused on regional issues (most critical parameters), different timelines for implementation, considering a broader range of issues would be appropriate
 - Further analysis proposed to determine which specifications could be acceptable to the largest number of countries, with a regional approach
 - ENTSOG is open to cooperate and exchange information on relevant gas quality data

ENTSOG's views (4)

- Cost allocation and recovery
 - Harmonisation of GQ may induce additional investment and operational costs
 - Gas processing facilities should be considered as additional service by TSOs
 - If obliged, TSOs should recover additional investment and operational costs from users, independently of the use of facilities
- Safety aspects
 - Changes to gas quality specifications may lead to unintended consequences with impact on safety standards
- Responsibilities
 - Processing responsibilities to be defined
 - Correspond to places where measures can be taken most efficiently along entire value chain (i.e. EU border points)

Interoperability Rules FG /NC

- CEN standards on NG and biomethane expected 2Q2014
 - Natural Gas standardisation
 - Biomethane standardisation
- Draft NC ready by end 2012
 - Need to make reference to non-existing standards
- NC is to focus on operational rules (e.g. off-spec gas, ...)
- Decisions on level of GQ harmonisation shall affect:
 - cost of gas delivered
 - market integration process
 - Security of Supply (reverse flow options), but
 - not gas transmission as such (as far as safety is guaranteed)
- Gas delivering within specs is always the owner's responsibility

Thank you



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