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Dear Edith

Establishment of the priority list for the development of network codes for 2012 and beyond

Thank-you for the opportunity to respond to your consultation.

We welcome the collaborative spirit in which the Planning and Co-ordination Group (lead by the Commission and comprising regulators and both ENTSOs) has worked to deliver the inputs to enable this consultation.

Our comments are consequently few but we hope these can be reflected in the finalised Priority Plan.

- **Timelines**

The timelines for the gas plan are based on the most optimistic view of timing available on 2 February. Whilst we must always strive to be ambitious it is important that the timelines are credible. The ENTSO activities come after the regulators activities and therefore it is important that stretching but achievable timelines are envisaged. This is critical so that the ENTSOs can plan their activities and be prepared to start the demanding network code development process and that all actors can marshall their resources appropriately.

We therefore propose that when the priority plan is finalised that it includes the latest, stretching but credible timeline for the ACER parts of the process and that the ENTSOs are given the full 12 months to develop network codes which we maintain is the shortest time possible to deliver a network code.

- CAM Network Code

We have started the CAM network code development activity and are currently conducting the Stakeholder Joint Working Session (SJWS) part of our process. We note that the ACER framework guideline consultation will be conducted in parallel. It is important that we are kept abreast of any changes in the framework guideline and that these are very modest if we are to achieve our code delivery in January 2012.

If there are any significant changes in the finalised framework guideline then it may be necessary to extend the timeline to deliver the network code. Based on a close collaboration with ACER we would propose to alert the Commission of any material change in the risk of delivering the CAM network code by January 2012.

- Identification of priorities

We confirm that binding rules on CAM, CMP, Balancing, Tariff structures and Interoperability are the foundation on which the single market will be built. We have also suggested that data exchange is included as a priority since it is a key enabler and increased harmonization of data exchange will facilitate easier network access and information communication.

We would prefer **not** to see other priority work introduced in 2012. Other streams of work will detract from the genuine priority areas and are unlikely to deliver material enhancement to market functioning. We must remain focussed on delivery of essential rules to enable 2014 objectives to be met.

Therefore we propose that security and reliability rules, network connection rules, operational procedures in an emergency, energy efficiency regarding gas networks should be reconsidered for inclusion in next year's consultation.

The priorities that have been identified should be completed as comprehensively as possible; we should only invoke separate activities in settlement rules, rules for trading transparency and third party access if these are not adequately addressed in the currently identified priorities. The Planning and Co-ordination Group should be convened quarterly during the rest of 2011 to establish whether such omissions need to be addressed.

We therefore conclude that focus should be maintained on the currently identified (asterisked) subjects in the 3 year work plan.

- Preferred process for delivering binding rules

We note that both the Commission guideline and framework guideline/network code processes are being used to deliver binding rules to enhance progress towards the single

European market. The guideline route appears to offer a significant timesaving however experience would suggest that the benefits are not as obvious as they appear.

The ENTSOG network code process is participative, inclusive, open and transparent and we believe this will ensure a higher acceptability of proposals and therefore a faster passage through comitology and subsequently, with regulatory support, to faster implementation than might be the case with extensive reliance on the guideline direct to comitology option..

We therefore conclude that the framework guideline/network code approach should be the process of choice unless there is a convincing case to use the alternative approach.

- Target model

We note that the Target Model is set for review in 2012. We do not believe this is appropriate. If the Target Model requires revision so soon after it has been created then it is unlikely that it is of any assistance to ensure the the interaction and interdependence of all relevant areas for network codes coherence of the codes as requested by Madrid Forum XVIII.

Furthermore we believe that the Target Model should provide a vision to guide activities towards 2014 and beyond and therefore we should anticipate that the model is defined at a level such that it should be robust to change for a period to at least 2014.

Please do not hesitate to contact us if you would like to further explore any of the above points, or any other matter related to the planning and co-ordination activity associated with ENTSOG's work and network code delivery in particular.

Yours sincerely



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