



Gas Regional Initiative – Progress so far

Walter Boltz, Chairman ERGEG GFG

XIIth Madrid Forum, 20-21 February 2007

Structure of the talk

- Background – What do we want to achieve?
- Priorities of the regions
- Key results by region
- Going Forward: The next 6 months by region

Structure of the talk

- Background – What do we want to achieve?
- Priorities of the regions
- Key results by region
- Going Forward: The next 6 months by region

Background – What do we want to achieve?

PRACTICAL OUTPUT:

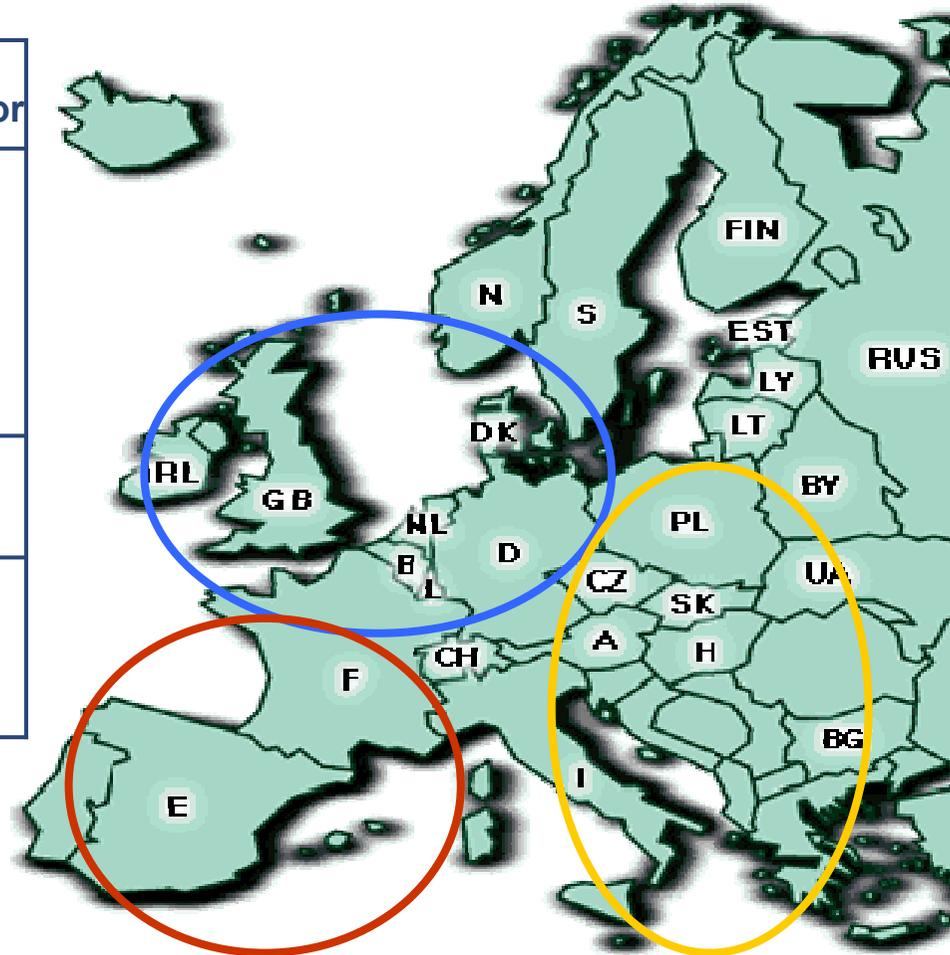
Identify existing obstacles and potential solutions, to increase:

- market liquidity
- trading activities and competition, increase number of active traders in the region
- TPA efficiency through harmonised TPA rules; market oriented and cost-based offer of transport services and flexibility tools; sufficient availability of transport capacities...
- security of supply and competition through diversification of sources and sufficient availability of transport capacities

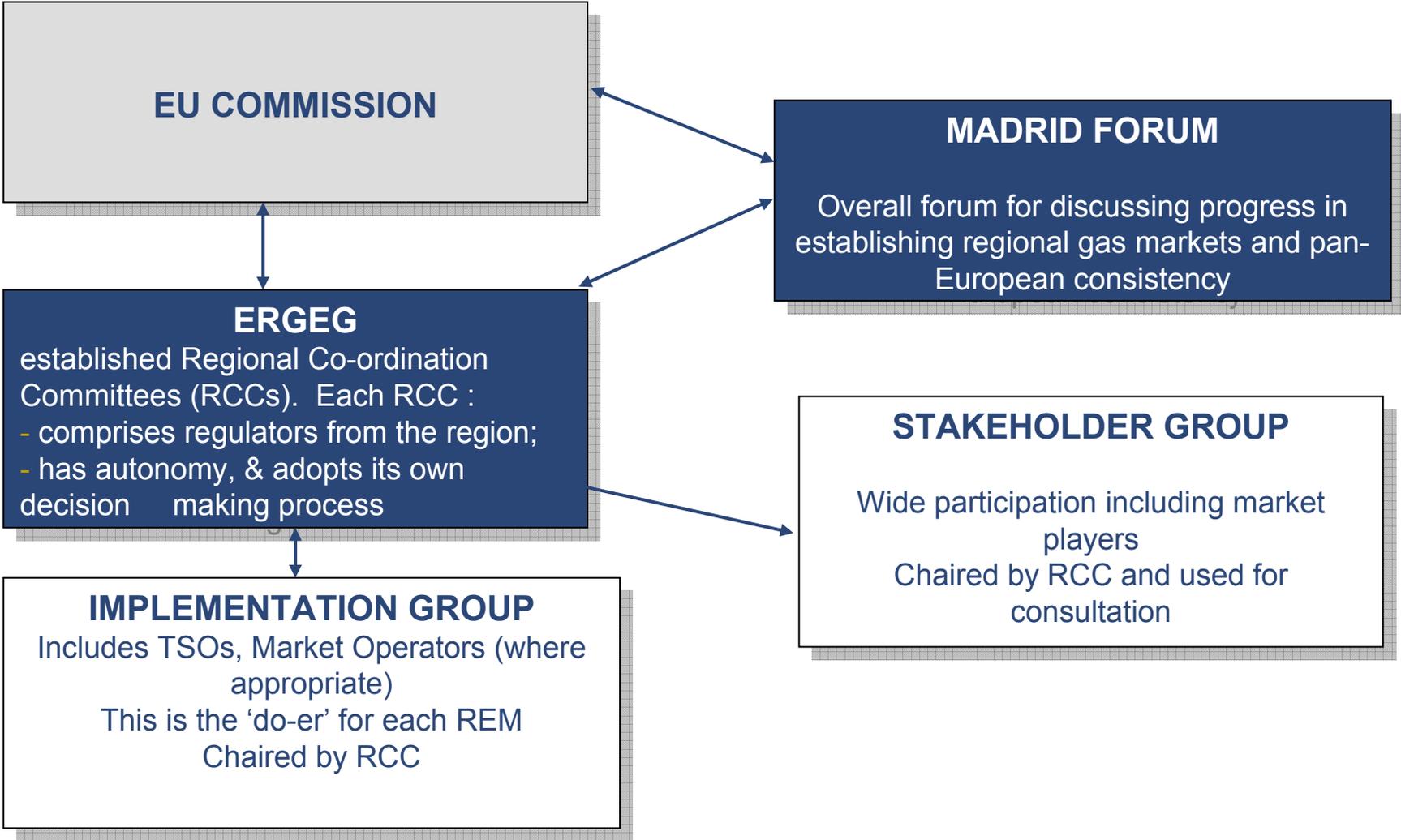
ENSURE STRONG COORDINATION WITH THE OTHER REGIONS AS A FIRST STEP TOWARDS SINGLE MARKET

Regional Gas Markets

Region	Countries	Lead Regulator
North-North West	Netherlands, Belgium, France, Great Britain, Ireland, Germany, Denmark, Poland (aspirant member at present)	NL
South	Spain, Southern France, (Portugal)	Spain
South-South East	Italy, Austria, Slovakia, Hungary, Slovenia, Greece, Poland, Czech Republic	Italy & Austria



Structure of the GRI



Ensuring coherence and convergence

ERGEG set up a Task Force (GRI) with the aim to monitor the progress in the regions

based on the monitoring exercise 3 reports will be produced

- **Quarterly internal progress report**
- **A convergence and consistency report – for publication**
- **A strategic vision/roadmap paper – for publication**

Structure of the talk

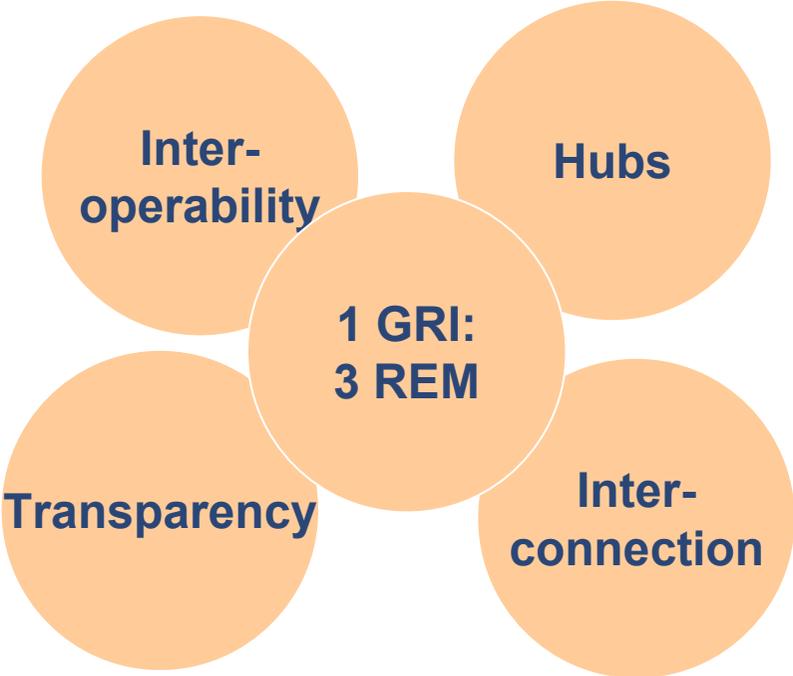
- Background – What do we want to achieve?
- **Priorities of the regions**
- Key results by region
- Going Forward: The next 6 months by region

Priorities of the regions

Region	Priorities
SSE	<p>Transparency</p> <p>Gas hub development</p> <p>Interconnection</p> <p>Practical transportation cases</p> <p>Regional eeT system</p> <p>One stop shop</p>
N/NW	<p>Transparency</p> <p>Gas hub development</p> <p>1ary and 2ndary interconnection capacity</p> <p>Gas balancing</p> <p>Gas quality</p> <p>Regulatory coordination including investment issues</p>
S	<p>Transparency</p> <p>Gas hub development</p> <p>Interconnection capacity</p> <p>Interoperability</p> <p>Implementation of Directive - market opening</p>

Common GRI Priorities

All the regions have identified
4 common priorities amongst their topics



Priorities - Transparency

Priority	achievements	actions planned
Transparency		
South South East Region	<ul style="list-style-type: none"> • Assessment of the status of implementation of Directive 2003/55/EC and Regulation 1775/2005 • Workshop on Transportation Cases 	<ul style="list-style-type: none"> ▪ Monitoring ▪ Public consultation ▪ Final Report
North West region	<ul style="list-style-type: none"> • Questionnaire send to TSO's on consistency of information • Questionnaire send to SG 	<ul style="list-style-type: none"> ▪ Workshop on transparency in Bonn
South Region	<ul style="list-style-type: none"> • A consultation on transparency has been issued to shippers once the results of the ERGEG Transparency TF were available. 	<ul style="list-style-type: none"> • Develop an action plan based on the results of the consultation to shippers.

Priorities - Interconnection

Priority	achievements	actions planned
Interconnection		
South South East Region	<ul style="list-style-type: none"> ▪OBAs to be concluded by the end of January ▪Assessment of transportation routes viability ▪Studies on regional one-stop-shop provider and entry-exit system 	<ul style="list-style-type: none"> ▪Monitoring by RCC ▪Public Consultation ▪Final Report
North West Region	<ul style="list-style-type: none"> ▪Questionnaire send to IG and shippers ▪Feasibility study of EFET proposal on daily cross border capacity auctions of unused capacity by TSO's 	<ul style="list-style-type: none"> ▪Workshop on primary interconnection, secondary markets in Bonn ▪Workshop on daily cross border capacity auctions of unused capacity in Bonn
South Region	<p>A first study on new infrastructure needs has been presented by IG members (2007-2010 period). SG is being consulted about new interconnection need.</p>	<p>The IG will extend the analysis on the future interconnection need (until 2015). SG will be consulted during this process.</p>

Priorities - Hubs

Priority	achievements	actions planned
Hubs		
South South East Region	<ul style="list-style-type: none"> ▪ Study on hubs as regional balancing points 	<ul style="list-style-type: none"> ▪ Public consultation ▪ Final report on hubs as regional balancing points
North West region	<ul style="list-style-type: none"> ▪ Questionnaire send to SG 	<ul style="list-style-type: none"> ▪ Workshop on Hubs development in Bonn
South Region	<ul style="list-style-type: none"> ▪ Outstanding 	<ul style="list-style-type: none"> ▪ Identification of possible barriers to the development of gas hubs ▪ Monitoring the development and evolution of spot gas markets ▪ Facilitate the development of gas hubs.

Priorities - Interoperability

Priority	achievements	actions planned
Interoperability		
South South East Region	Completion of operational balancing agreements is a priority. One stop shop and entry exit studies will propose further harmonisation between TSO procedures (e.g. harmonizing the gas day)	
North West Region	The matter of interoperability is being taken into account in the priorities gas balancing, gas quality and interconnections.	Implementation plans will be developed in which interoperability will be taken into account.
South Region	<ul style="list-style-type: none"> The study of a practical transit case has been launched, in order to identify possible interoperability problems. SG is leading the study 	<ul style="list-style-type: none"> IG members will develop an action plan to solve the concrete interoperability obstacles identified.

Structure of the talk

- Background – What do we want to achieve?
- Priorities of the regions
- **Key results by region**
- Going Forward: The next 6 months by region

South Region : Key results

- **Publication of report: Interconnection capacity between France and Spain**
 - **Actions towards: Improved availability of interconnector capacity**
- **Initial analysis: New infrastructure requirements by IG members (2007-210 period) (incl. shippers)**
- **Study: Practical transit cases identification of possible interoperability issues**
- **Consultation reg. transparency issued to shippers (in line with the results of the ERGEG Transparency TF work on transport, LNG and Storage)**

South South East Region : Key results

- ➔ Increased numbers of active traders in the region
- ➔ Increased transparency, (eg. via use of bulletin boards)
- ➔ Identified regulatory gaps
- ➔ Better access to information/ increased user-friendliness
 - TSO make more information available/TSOs have redesigned their web pages
- ➔ Conclusions:
 - Harmonisation of operational balancing agreements needed
 - Removal of problems and unnecessary administrative obstacles: Issues will be addressed one-by-one

North West Region: Key results

→ Issue of questionnaires to assess

- Market on transparency,
- Balancing,
- Hubs and interconnections, and
- Regulatory guidelines.
- Feasibility study: Day ahead trading (following EFET recommendations)

→ Key finding: Introduction of some form of auction for day ahead interruptible capacity could be possible initially

→ Workshop in Bonn, Germany on 8/9 February 2007

- Discussion of results of the questionnaire & ongoing work in the region
- Output: Facilitation papers with key areas of discussion & specific projects and action timetables

Structure of the talk

- Background – What do we want to achieve?
- Priorities of the regions
- Key results by region
- Going Forward: The next 6 months by region

Going Forward: The next 6 months

→ Monitoring

- Finalisation of a report on monitoring the implementation of Regulation 1775/2005
- Stakeholders will be invited to comment
- Identification and tackling of arising problems and obstacles

→ Reporting

- Implementation of work in line with the existing work plan
- Preparation of a first convergence report
- Presentation of report on convergence and coherence to MF13

Going Forward: South Region the next 6 months

→ Interconnection capacity:

- IG: Analysis of future interconnection infrastructures needs (until 2015)
- SG: Consultation on the results from this analysis

→ Interoperability

- SG: Support of the RCC & analysis of the possible interoperability problems
- IG: Development of action plan to solve concrete interoperability obstacles (identified by June 2007).

→ Transparency

- Development of an action plan based on results of consultation for the publication of information by TSOs, LNG operators and other stakeholders

Going Forward: SSE Region the next 6 months

→ Public consultation:

- Hubs as regional balancing points,
- Regional entry exit tariff system, and
- Regional one-stop-shop provider.

→ Stakeholder Group Meeting:

- Stakeholders will be invited to comment on the studies
- Stakeholder Group meeting will take place on 30 March in Milan

Going Forward: NW Region the next 6 months

- ➔ **Establishment of ‘Enabler Groups’: Development of implementation plans on key priority areas:**
 - Primary and secondary interoperability at interconnections;
 - Transparency across the gas market in the North West region
 - Operation and liquidity of gas hubs including trade between hubs
- ➔ **Implementation of the results from the TSOs feasibility study:
Aim: Introduction day ahead capacity auctions**
- ➔ **Consultation: Draft code of practice for regulators: Facilitate greater regulatory coordination**