



19 May 2008
Ref: 08GTE+169

GTE+'s First Consultation Document

Towards the European single gas market

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Gas Infrastructure Europe (GIE) represents the interest of the infrastructure industry in the natural gas business such as Transmission System Operators, Storage System Operators and LNG Terminal Operators. GTE+ is a working group within GTE set up to indicate the first step towards creating the ENTSG envisaged by the Third Package.

Executive Summary

The Third Package envisages a new framework to better enable progress towards liberalised and open European markets for gas and electricity.

This document focuses on European gas market liberalisation.

Whilst the detail of the framework that will apply post-Third Package implementation is not currently determined at this point GTE has already started the process of working towards the creation of the envisaged European Network of Transmission System Operators for Gas (ENTSOG).

ENTSOG will have a primary role to further co-operation between Transmission System Operators (TSOs) and to facilitate progress towards the single European gas market. ENTSOG's responsibilities will include the delivery of:

- an annual work programme
- network codes potentially in any or all of the 11 areas outlined in the Commission's proposals
- a ten year network development statement every two years
- annual winter supply outlooks
- an annual report.

The ENTSOG will be created after the Third Package has been implemented. GTE however decided to take the first steps towards this new organisation before the Third Package is implemented. Therefore GTE has created a new workgroup, denoted GTE+, with some dedicated staff who will work closely with the Transmission System Operator (TSO) representatives in GTE.

The delivery of the single European gas market will depend upon progress in GTE's four main priority areas; transparency, investment, capacity and interoperability. GTE has therefore recommends a work programme covering important aspects of all four areas plus a commitment to work towards establishing the new formal TSO body envisaged in the Third Package.

Therefore GTE+ has established a draft work programme, covering the rest of the year 2008 and the year 2009, including project plans on the following areas for GTE+ work:

- Organisational development
- Transparency
 - Transparency Platform
 - Winter Outlook Report
- Investment
 - Ten Year Network Development Statement
- Capacity
 - Capacity Co-ordination
- Interoperability
 - Procedure on Harmonization of Maintenance Publication
 - IT & Communications Roadmap

The GTE objective is to make the best use of GTE+ and TSOs' resources to take the next steps towards the internal gas market. Therefore, this consultation document provides

explanations on the content of the draft programme and timetable to enable feedback from actors involved in the development of the European gas market. GTE is committed to listen and respond to stakeholder feedback.

Feedback from this consultation will enable GTE to develop the most appropriate work programme, taking account of available resources, the preferences of stakeholders and what might reasonably be considered achievable in the period prior to ENTSOG's establishment.

GTE would like to know whether:

- the programme identifies the correct priorities for GTE+ focus during the 2008/2009 period
- there might be alternative areas that market players feel should displace some of these activities
- the objectives and deliverables associated with each project plan are realistic, credible, and achievable
- the programme, if delivered in a timely and responsive manner, would constitute a significant step towards the development of the internal market
- market players have any additional comment or remarks on this programme.

GTE will host a workshop on 24th June in Brussels to discuss the content of this document, to answer more detailed questions about the individual Project Plans and to hear stakeholders' initial reaction to this document.

This workshop will be an important element of the process and GTE will publish a record of the workshop discussions to inform further responses on the work programme,

Responses to this consultation should be sent to gie@gie.eu.com by no later than 31 July 2008. A template for responses is attached with this document. It is not essential to respond using this template but this would assist with the processing of responses and in the publication of the analysis of stakeholder feedback.

Background

The Third Package

The Third Package¹ envisages a new framework to better enable progress towards liberalised and open European markets for gas and electricity.

Two new entities are envisaged: the Agency and the European Networks of Transmission System Operators (ENTSOs). ENTSOs for each of the gas and electricity sector will be created: the ENTSG for gas and the ENTSOE for electricity. The Agency has a primary role to further co-operation between the National Regulatory Authorities (the NRAs); each of the ENTSOs have a comparable role in respect of the relevant Transmission System Operators (TSOs).

The Third Package is still proceeding through its development in the Parliament and the Council. The precise split of responsibilities between the Commission, Agency and ENTSG, is still to be decided. However it is clear that ENTSG's role and responsibilities will include the delivery of:

- an annual work programme
- network codes potentially in any or all of the 11 areas outlined in the Commission's proposals
- a ten year network development statement every two years
- annual winter supply outlooks
- an annual report

The detail of the Third Package is still under discussion. It is not expected that implementation could take place before the latter part of 2009. However, in the meantime, it is appropriate to take actions that might prepare for the implementation of the Third Package.

This consultation document focuses on the gas sector and is therefore primarily focussed on the efforts of within Gas Transmission Europe (GTE) to lay the foundations for the ENTSG.

The role of consultation and interaction with ACER

The Third Package correctly recognises the essential requirement for open, robust and responsive consultation and development processes. This will be critical for the development of the work programme as well as the network codes. Market confidence will depend upon wide and effective stakeholder involvement and particularly upon a collaborative approach between ENTSG and ACER.

A high degree of collaboration between regulators and TSOs, and their respective European organisations, will ensure efficiency and confidence in the development and consultation processes. This will ensure comprehensive stakeholder involvement. It is essential that these processes deliver assurances to all stakeholders that their views and proposals will be given proper consideration in the context of the framework that the ENTSG will use to assess proposals and deliver proposals.

GTE has already given some consideration to the consultation and development processes that might be appropriate for ENTSG. Initial thoughts are that:

¹ **[The EU Electricity & Gas markets:third legislative package September 2007**
http://ec.europa.eu/energy/gas/package_2007/index_en.htm

Firstly, there will be consultation processes to derive the annual work programme. These will define Terms of Reference for each initiative having enabled input from all interested parties, including market players, regulators and the Commission.

Secondly, the detailed network code development process should feature widespread stakeholder participation to ensure sound understanding of issues, proposals and the implications of reforms. Thus GTE envisages substantial and wide stakeholder involvement in iterative and responsive processes throughout the process of formulating proposals, refining proposals and making final recommendations. Specifically GTE would anticipate that all stakeholder views are properly considered and the ENTSOG rationale for either acceptance or rejection can be seen within the development and consultation process record.

The precise details of these processes will need to be developed, and will depend upon the final form of the Third Package, but GTE has already started the process of discussing how the consultation and development processes might be structured with some stakeholders. These discussions represent some of the first steps of the Organisational Development Project Plan that appears later in this document.

Establishing ENTSOG

GTE has developed a programme of work to establish the ENTSOG.

A critical element of the Statutes and Rules of Procedure will be the consultation and development processes. GTE would expect to consult stakeholders about the processes that will be established to enable it to fulfil its functions as ENTSOG.

Prior to this consultation GTE will talk to a range of stakeholders to further understand their views about how the ENTSOG consultation and development processes should be defined. These discussions should enable an initial draft proposal that will then be the subject of rigorous consultation. The proposal should be expected to evolve in the light of stakeholder feedback. The quality of this consultation, and the responsiveness of GTE within this process, will provide a benchmark for future ENTSOG activities. The outcome of that consultation and development process would then inform finalisation of the ENTSOG Statutes and Rules of Procedures. These are critical; from an external perspective these processes will essentially define ENTSOG.

If you would like to meet with GTE members to discuss the consultation and development processes please indicate this in any response to this consultation document or contact GTE direct and we will ensure that you are contacted so that a meeting can be arranged.

The scope of ENTSOG activity

The potential scope of the ENTSOG activities envisaged in the Commission's Third Package Proposals, particular in respect of the 11 areas associated with technical and market codes, could be very extensive.

GTE appreciates that this has raised concerns that may not be warranted. The TSOs, as owners and operators of the network, are in a unique position to enable a framework for system access and balancing that could enable a market to flourish. TSOs can provide the necessary conditions, however the endeavours of TSOs alone may not be sufficient.

The TSOs provide the backbone of the system and provide transportation as well as information services to the market. Furthermore, they have experience of working with NRAs to deliver network code arrangements in all member states.

However ENTSG will not dictate to the market; but rather listen and respond: consultation will be the cornerstone of development. The objective (wherever practical and possible) is to deliver the framework to support the market.

The rules developed via the ENTSG processes should not extend to all market rules. That would be beyond the competencies of the TSOs. ENTSG processes should only determine codes and rules related to the technical and operational provision of network code access services and system balancing.

ENTSG codes should therefore only relate to those rules that are to be implemented by, or in conjunction with, TSOs.

The other market players should address the rest. Trading platforms, for example are for the market to design.

Initialisation of GTE+

In October 2007, GTE agreed that it wanted to start work towards creating the envisaged ENTSG.

GTE recognises that the ENTSG cannot come into existence until after the Third Package is implemented. However GTE agreed that it wanted to make a start on the transition task by creating a new working group, GTE+, that would be the first step along the journey towards ENTSG.

Therefore GTE approved that recruitment should take place to establish three people working in Brussels who would work within GTE to start the process of developing the ENTSG organisation and to progress some critical areas during the transitional period until the Third Package. These recruits will work closely with the GTE members who will also contribute actively to the initiatives defined within this document.

Questions for stakeholders

This document has been developed to:

- describe GTE's initial thinking about the proposed ENTSG organisation including its role and scope of activities post implementation of the Third Package
- indicate anticipated GTE+ activities for the rest of 2008 and provide a preliminary view of anticipated 2009 activities
- enable stakeholder feedback on the deliverables and priorities in the plan and whether alternative deliverables or priorities should be the focus of the work programme.

This document therefore seeks feedback on the proposed 2008/9 GTE+ work programme in the context of the GTE desire to make the best use of GTE+ and TSO resources in areas that stakeholders regard as the most appropriate next steps towards the internal gas market.

Specifically GTE would value feedback from stakeholders about each project plan (content, planning, deliverables) included in the work programme developed by GTE+, specifically whether:

- the programme identifies the correct priorities for GTE+ focus during 2008/2009 period
- there might be alternative areas that market players feel should displace some of these activities
- the objectives and deliverables associated with each project plan are realistic
- the programme, if delivered in a timely and responsive manner, would constitute a significant step towards the development of the internal market
- market players have any additional comment or remark on this programme.

Timetable for consultation process

Event or process	Date
Consultation opens	19 th May
Stakeholder workshop	24 th June
Consultation closes	31 st July
Conclusions and 2008/2009 plan confirmed via GTE Plenary	30 th September

Initial proposals for 2008/2009 Work Programme prioritisation

The primary intention of this document is to indicate to stakeholders, regulators and the Commission the GTE+ Work Programme envisaged for the rest of 2008 and 2009 and to enable feedback and refinement of this Work Programme.

Whilst the precise role and responsibility for ENTSG will not be apparent until later in the Third Package development process, GTE is already committing resources (both in Brussels via the appointment of a GTE+ team of three Senior Advisers) and by direct TSO involvement in GTE+ activities. It is therefore important to assess whether this is an appropriate deployment of resources and to establish whether GTE+ will be able to secure active stakeholder involvement in the GTE+ work to ensure that benefits are realised.

Despite the fact that the Third Package will not be implemented until close to the end of the period under discussion in this document GTE felt it was important to take early steps towards enabling the ENTSG and to prove the concept. Therefore a number of key areas have been identified for initial work within the GTE+ activity; these include

- organisational development
- transparency platform
- winter outlook report
- ten year network development statement
- capacity co-ordination
- procedure on Harmonization of Maintenance Publication
- IT and Communications Roadmap.

The above plan reflects the widely accepted priorities area that need to be progressed to deliver the single European gas market namely; transparency, investment, capacity and interoperability.



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The first, organisational development, is focussed on the steps necessary to define the new organisation.

The next three reflect the widely accepted priority areas of transparency, investment and capacity.

The final three represent areas in which GTE believes it can make progress within the period of the plan, or in the case of IT and Communications Roadmap provide a foundation on which later developments might be more successful.

The rest of this document comprises an initial GTE+ project plan for each of the above areas and an Appendix that respondents might use to provide feedback on this consultation document.

GTE+ Project Plan

Organisational Development

Objective

To establish an organisation structure (including statutes and rules) agreed by TSOs, populate the interim structure that can deliver the GTE+ work programme out to the end of 2009 thereby taking some of the necessary steps towards the full ENTSG role. Secure the Agency and Commission's endorsement of the ENTSG statutes, rules and intended membership list before establishing ENTSG.

Deliverables

Derive the first annual work programmes for GTE+ via stakeholder consultation.
Develop the proposed Statutes and Rules of Procedure for ENTSG.
Deliver the first annual work-programme for ENTSG activities via stakeholder consultation.
Establish the ENTSG organisation.

Background

The Third Package envisages the establishment of ENTSG and GTE has indicated that it expects to evolve to fulfil the role envisaged for ENTSG.

TSOs within GTE have committed to seek to establish ENTSG. To confirm that commitment and to take the first steps towards establishing the ENTSG, three people have been recruited on 12 month contracts to form what is referred to as GTE+; GTE+ is expected to evolve into ENTSG when the Third Package has been implemented.

The GTE+ activities are designed to establish the new organisation (this Project Plan) as well as to deliver, or support, other activities included in the other Project Plans described in this document.

Assumptions

The Third Package implementation features an ENTSG with broadly similar role and obligations as those included in the Commission's proposals of January 2008.

The Third Package is implemented so that the processes of Agency and Commission endorsement of the ENTSG can take place early in Q4 2009.

Plan

The following diagram shows the expected timeline for this project:

ENTSOG Organisational Development	2008												2009											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
GTE+ Initial Recruitment																								
GTE+ Annual Work Programme Consultation Process																								
Prepare and publish consultation document																								
Stakeholder Workshop																								
Finalisation of Programme to end 2009																								
Development ENTSOG Statutes and Rules of Procedure																								
Consultation on enduring consultation principles and processes																								
Publication of GTE recommendation about Consultation/Development processes																								
Publication of ENTSOG draft Statutes for Agency review																								
ENTSOG First Annual Work Programme Consultation Process																								
Prepare and publish consultation document																								
Stakeholder workshop - GTE+ progress to date plus 2009/2010/2011 plan debate																								
Preliminary indication of 2010/2011 ENTSOG Plan																								
ENTSOG creation																								
Finalisation of 2010/2011 ENTSOG plan post ENTSOG establishment																								

(Yellow cells on the charts denote activity periods with red cells denoting key deliverables visible to external stakeholders.)

The project plan features three main elements:

- the derivation of the late 2008/2009 first GTE+ annual work programme
- the development of ENTSOG Statutes and Rules of Procedure
- the process to develop the first ENTSOG annual work programme

Each of these elements is expected to involve external interaction with a wide range of stakeholders.

GTE+ Annual Work Programme Consultation Process

This document forms a part of this process. A GTE+ Workshop will be held in June. This will enable a public exposition of GTE+ envisaged 2008/2009 work programme to enable public debate and to better inform potential responses to this consultation. It is then envisaged that GTE's current internal governance processes would be used to develop the final late 2008/2009 work programme in the light of feedback by September 2008.

Development ENTSOG Statutes and Rules of Procedure

The Third Package proposals envisage that the TSOs will need to develop draft Statutes and Rules of Procedure for ENTSOG. It is envisaged these will be submitted to the Agency and Commission.

The consultation and development processes that will be used by the ENTSOG will be critical, forming one of the key elements of the Statutes and Rules of Procedure, and will require the active participation of a wide range of stakeholders. Therefore prior to defining the Statutes it is expected that GTE will engage with stakeholders about the principles that should define the consultation and development processes.

It is envisaged that, after some preliminary discussions with interested stakeholders, GTE+ will produce draft consultation and development principles that will be subject to consultation during late 2008. The consultation should be open for at least 4 weeks and GTE+ should publish its view as to what it will recommend in the context of consultation and development processes in the proposed ENTSOG statutes by the spring of 2009.

GTE will then proceed to develop the draft ENTSOG statutes for submission to the Agency and Commission by the assumed time of October 2009 contained within the above plan.

The aspiration would be that the ENTSOG could then be initiated during the fourth quarter of 2009.

ENTSOG First Annual Work Programme Consultation Process

The GTE aspiration would be to publish the first ENTSOG annual work programme in December 2009. This work programme would cover anticipated detailed work activities for 2010 and a sketch of 2011 activities.

To complete the plan, so that it is available for adoption by ENTSOG as one of its first actions, would require the development to start much earlier in 2009 and on the basis of a series of assumptions about Third Package outcomes, particularly implementation dates.

Transparency

Transparency Platform

Objective

To develop an IT tool allowing market participants to find relevant information regarding transport of gas across Europe on a single site.

Through the GTE Transparency Platform the information will be harmonised and shown in an organised and structured way, simplifying and facilitating gas transmission at European level.

Deliverables

The project is currently divided into two phases. In the first phase, users will be able to access information on available firm and interruptible capacity, respective tariffs and type of contracts with regards to Interconnection Points between transmission systems in the EU. Users will also have the possibility to search for all capacity routes between any of the identified start and end points.

In addition, users will be able to find key information on the participating Transmission System Operators (TSOs) and, via hyperlinks, access their portals, particularly the sections covering the tariff calculation and tariffs in general, access conditions and relevant contractual documents.

The second phase will make additional data available, in particular information on aggregated nominations and renominations (to be understood as final nominations valid for the gas day), flows and interruptions.

Type of information	Information	Phase
TSO-related information	TSOs' contact information	1
	TSOs' capacity booking model	1
	Link to TSOs' portal	1
	Link to TSOs' tariff information	1
	Link to TSOs' calculator	1
	Link to TSOs' access conditions	1

	Link to TSOs' contractual documents	1
	Link to TSOs' on-line booking system, if available	1
Relevant point-related information	General information (Name, ID, relevant TSOs/ relevant countries, flow direction)	1
	Firm capacity - technical, contracted, available	1
	Interruptible capacity - contracted, available	1
	Contracts available	1
	Applicable tariffs	1
	Conversion factors where used	1
	Past interruptions	2
	Aggregated daily nominations (ex-ante)	2
	Aggregated daily renominations (ex-post)	2
	Actual flows (ex-post) -- provisional until validated	2

	Functionalities	Phase
	Route searching & display of routes	1
	Structured information on all displayed routes	1
	Selection of points via the Interactive Map	1

Background

The liberalization process aimed at the creation of an internal gas market has significantly changed the gas transmission business and increased the need for transparency. In this respect specific obligations for TSOs have been introduced through the European as well as national legislation.

Even though various information is made available by individual TSOs, users may still face difficulties when wanting to transport gas across Europe due to differences in market models applied across the European network. The Transparency Platform has been therefore designed to facilitate access to transmission networks by, among other things, making the various information available in an organised and structured way on a single website.

The first step in this direction was the development of the GTE Interactive Map that provides information on operational procedures applicable at Interconnection Points between different transmission systems in the EU. A real breakthrough in this direction is however the development of the Transparency Platform that should provide information related to capacity offered by TSOs.

GTE announced its intention to develop the Transparency Platform at the Madrid Forum XII in February 2007. As a follow-up, GTE organised consultation process, including a workshop with stakeholders in May 2007, on the basis of which GTE fine-tuned the contents of the Transparency Platform in terms of information to be displayed and functionalities to be available. The contents as finalised were presented at the Madrid Forum XIII in October 2007.

Due to the complexity of the project with regards to the technical solution, GTE decided to contract an IT provider on the basis of a tender procedure. The IT provider, ECG Erdgas Consult, was selected on 30 April 2008 and is about to start developing the Transparency Platform.

Assumptions

The project is mostly based on information that is already published by individual TSOs on their websites.

Provision of information that may currently not be subject to obligatory publishing² (aggregated nominations, renominations) will be made available by TSOs on voluntary basis as their contribution to the creation of a single European gas market.

TSOs will apply the confidentiality rules they are subject to under their national legislation.

Units used by individual TSOs will be converted to one common unit using conversion factors supplied by the TSOs³. Those conversion factors will be available for users to consult.

The Transparency Platform will serve as information platform only.

Plan

The following diagram shows the expected timeline of the project development:

Transparency Platform	2008												2009											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
1st phase																								
2nd phase																								
Functionality check; possible adjustments in relation to information provided																								
Inclusion of additional TSOs, if needed																								

1st phase

The 1st phase covers the development of the Functional specifications by GTE as well as the tender process and the core technical development of the Transparency Platform by the selected IT provider, in particular the programming of the algorithm for the route searching and, also, the establishment of the interfaces with the individual TSOs.

2nd phase

2nd phase will focus on the extension of the data set to be made available at the Transparency Platform. It will nevertheless cover 'fine-tuning' of the platform and interfaces with the TSOs as well.

European Winter Outlooks 2008/2009 and 2009/2010

Objective

To develop European Winter Outlooks for the winters 2008/2009 and 2009/2010 showing on the European level transportation capacities and consumption forecasts in peak conditions and identifying possible EU internal bottlenecks to fulfill demand under these conditions.

Deliverables

The European Winter Outlooks 2008/2009 and 2009/2010 are to provide European stakeholders and market participants with information on:

² Publishing of some information may not be obligatory at the European level but may be so at the national level.

³ As an exception to the rule, units used for capacity products prices will not be converted and will be shown as published by the TSO (regulator).

- daily consumption forecast in peak winter conditions for the next winter under normal and exceptionally cold conditions;
- transmission capacities of infrastructures at main European import points, LNG terminals and aggregated entries from national production;
- aggregated entry capacities from storages.

Background

GTE has long since recognised the need for the development of winter outlooks on the European level to support the development of the EU Internal Gas Market and to complement national winter outlooks being published in several EU Member States. After discussing this idea on Madrid XI, it was agreed that GTE would develop the first European Winter Outlook for the winter 2008/2009.

GTE collected the relevant data from its members in 2007 and presented the results for the winter 2007/2008 in the meeting of the Gas Coordination Group on 25 October 2007. In this meeting, the Winter Outlook 2007/2008 compiled by GTE was highly welcomed by European stakeholders. After discussion of the results it was agreed that GTE would conduct additional analyses of the data. The results of these analyses were presented by GTE on the meeting of the Gas Coordination Group on 8 January 2008.

Recognising the usefulness of this work for the European Gas Market and considering that the Draft Third Energy Package of the Commission foresees the development of annual Winter Outlooks by ENTSOG, GTE+ plans to develop Winter Outlooks for the winters 2008/2009 and 2009/2010.

Assumptions

The GTE+ Winter Outlooks 2008/2009 and 2009/2010 will be based on the respective national information provided by GTE+ members (daily consumption forecast in peak winter conditions for the next winter under normal and exceptionally cold conditions; transmission capacities of infrastructures at main European import points, LNG terminals and aggregated entries from national production; aggregated entry capacities from storages).

It is expected that a fair representation of the European situation can be developed although it must be taken into account that the data collected this way can not necessarily be seen as complete.

It is foreseen to develop and apply specific assumptions to take into account the depletion of production fields and the decrease of the withdrawal performance of gas storages during the winter.

Plan

The experience gained and the information received from European stakeholders during and after the development of the Winter Outlook 2007/2008 will be used to produce the Winter Outlook 2008/2009. It is expected that also that process will help improving process and content of the subsequent Winter Outlook 2008/2010. For both Winter Outlooks, three phases are foreseen. The planned timing is shown in the following diagram accompanied by an outline of the activities foreseen in these phases:

Winter Outlook	2008												2009											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Winter Outlook 2008/2009																								
Data Collection and Analysis																								
Presentation and Discussion																								
Final Version																								
Winter Outlook 2009/2010																								
Data Collection and Analysis																								
Presentation and Discussion																								
Final Version																								

Phase 1: Data Collection and Analysis

The development of each Winter Outlook starts with the collection of the data defined above via the GTE+ Members. Data templates will be defined and distributed. The answers will be collected and evaluated. A draft Winter Outlook will be produced. This phase is expected to start in July 2008 and 2009 respectively and to finalize in August of the same year.

Phase 2: Presentation and Discussion

The draft Winter Outlook will be presented to European Stakeholders. This possibly may be done on a Madrid Forum, a meeting of the Gas Coordination Group or another appropriate event involving a large number of European stakeholders. The feedback received through these events will be used to refine the work. This phase is expected to be conducted in September and early October 2008 and 2009 respectively.

Phase 3: Final Version

The final Winter Outlook giving on the European level an overview of transportation capacities and consumption forecasts in peak conditions and identifying possible EU internal bottlenecks to fulfill demand under these conditions is foreseen to be produced during October 2008 and 2009 respectively.

Investment

European Ten Year Network Development Statement 2009

Objective

Development of a European Ten Year Network Development Statement by the end of 2009 describing the foreseen developments of the European gas transmission capacities and analysing the ability of the European gas transmission network to meet the requirements of the European Gas Market.

Deliverables

Three project phases are foreseen to structure the development of the report and the interaction with stakeholders:

- A Capacity Development Report until November 2008
- A Demand Scenarios vs Capacity Report until July 2009
- A European Ten Year Network Development Statement until December 2009

From December 2008 to March 2009 an external Stakeholder Survey will be conducted to seek input from market participants to the development of the required scenarios on gas supply and gas demand.

Background

The European TSOs have long since recognised the importance of developing a long term network development statement, and have in fact already been working on the background to the development of such a report within GTE. GTE+ acknowledges that this priority has been further emphasised through the inclusion of provisions for such a report in the European Commission's 3rd legislative package proposals. Prior to the formal adoption of new legislation GTE+ has committed to working on the development of this statement.

The intention of the statement is to allow the development of a European picture, and identify where additional capacity might better facilitate the development of the European Gas Market. The overall objective is to support the development of the European Gas Market.

The GTE+ Ten Year Network Development Statement will describe the foreseen developments of the European gas transmission capacities and analyse the ability of the European gas transmission network to meet the requirements of the European Gas Market.

It is not intended that the report will form the basis of an investment plan for TSOs, but it may inform the debate on where new transportation capacity may be required to prevent bottlenecks in order that the necessary market planning mechanisms can follow. It is likely that the report will have the potential to be used as a means to allow potential required developments to be signalled to all parties at an early stage, and through this allow parties to have the ability to understand, identify and evaluate opportunities.

Individual investment decisions are a matter for the respective TSOs. TSOs will continue to base their investment decisions according to their decision-making processes.

It is important to highlight that the development of the European long term network development statement is a significant challenge and will require progress through a number of stages of development in order to work towards the elements included in the Commission's proposals. With this in mind GTE+ has developed a plan for the development of this work over the coming years, highlighting the various stages and deliverables to progress this work. It should be stressed that TSOs cannot deliver on this alone, and input from other market participants will be required throughout the process.

The GTE+ Ten Year Network Development Statement 2009 will identify the ability of the system to meet Supply/Demand Scenarios developed in co-operation with stakeholders through reporting on capacity evolution and potential mismatches/bottlenecks based on the Supply/Demand Scenario. However, we envisage that in subsequent reports, and especially those that will be developed once the formal basis will have been provided via the European Third Energy Package, more detailed work will be possible and developed by ENTSOG.

Assumptions

The GTE+ Ten Year Network Development Statement will build on national development statements and on the Guidelines for Trans-European Energy Networks (TEN-E) in accordance with Decision No 1364/2006/EC of the European Parliament and of the Council.

Based on Supply/Demand Scenarios and capacity evolutions at all interconnection points the European Ten Year Network Development Statement will identify capacity gaps/mismatches not only for cross-border capacity, but also for European relevant within-country interconnection points between TSOs.

The European Ten Year Network Development Statement will include the development of Supply/Demand Scenarios. A Stakeholder Survey will be conducted to receive stakeholder input to these demand/supply scenarios. The scenarios will be used to build a picture of the relationship between the Scenarios of Supply/Demand and capacity evolutions across Europe.

Stakeholder workshops will be conducted at every major step to receive stakeholder views and to take them into account in the reports and the following processes.

In particular GTE envisages significant dialogue with stakeholders to feed into development of the detailed content of the Ten Year Network Development Statement. This will likely, in part, be facilitated through workshops to engage with stakeholders and identify requirements to ensure stakeholder needs are fully reflected.

Plan

Given the challenges associated with producing a European Ten Year Network Development Statement, three project phases are foreseen to structure the development of the statement and the interaction with stakeholders. The first phase, currently underway, will result in the publication of a Capacity Development Report, the second in a report on Demand Scenarios vs Capacity and the final European Ten Year Network Development Statement in a comparison of Supply/Demand Scenarios vs capacity. An overview of the planned process is given in the following flowchart:

European Ten Year Network Development Statement 2009	2008												2009											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Capacity Development Report																								
Demand Scenarios vs Capacity Report																								
Stakeholder Survey																								
European Ten Year Network Development Statement																								

Phase 1, Jan 2008 – Nov 2008: “Capacity Development Report”

In Phase 1, the capacity development at the interconnection points of the European gas transmission systems is to be analysed and published in a Capacity Development Report. European TSOs will be the providers for information for this report. This report will show the capacity development at all relevant European interconnection points for the ten year period from 2008 to 2017. Main target of the report is to identify potential capacity gaps with respect to interconnection point capacities. This phase will be complemented by a survey of European TSOs to develop an understanding of what current information on long-term capacity

evolution, supply and demand scenarios is already available. The report is to be published in November 2008.

Phase 2, Sep 2008 – Jul 2009: “Demand Scenarios vs Capacity Report”

In Phase 2, Demand Scenarios will be developed, based on input received from European TSOs and/or other available sources, and the ability of networks to meet the requirements will be assessed. Engagement with stakeholders will be undertaken at an early stage to shape the report. A Stakeholder Survey will be conducted on the European level to receive stakeholder input to these Demand Scenarios and also to the Supply Scenarios in Phase 3. The Demand Scenarios vs Capacity Report is due for publication in July 2009.

Phase 3, Feb 2009 – Dec 2009: “European Ten Year Network Development Statement”

In Phase 3, Supply Scenarios will be developed together with stakeholders and will be used to conduct an analysis of Supply and Demand Scenarios against capacity evolution. This analysis will allow the development of a picture of the ability of the European networks to meet the demanded requirements. Engagement with stakeholders will be undertaken at an early stage to shape the report. The Stakeholder Survey conducted in Phase 2 will also include a request for input on the development of gas Supply Scenarios to Europe. The information received in this Stakeholder Survey will be used in the final European Ten Year Network Development Statement that is foreseen to be published in December 2009.

The document will include an overview of current and foreseen processes (e.g. open seasons) to have a view of the capacity needs and the related capacity forecast.

Capacity

GTE+ Capacity Product Coordination

Approach

Following a request at Madrid Forum XII GTE was glad to launch in 2007 a project dealing with “Capacity Product Coordination”. Such coordination is to be understood as the compatibility of cross-boarder shipping services as well as its related characteristics and procedures. Comprehensive information was obtained during the last months which is used as a basis for analysis and evaluation of which common service features should be offered by European TSOs as a further step towards a Single European gas market.

The intension for this coordination will emerge and be illustrated in Analysis and Recommendation Reports which could serve as a compendium of recommendations of which cross-border shipping services should be offered and applied by European TSOs. For identifying potential for coordination an overview on cross-border firm and interruptible services such as contract durations, lead times, reaction times, capacity product allocation methodologies and nomination management will be provided in these reports.

The main purpose of the overall project is therefore to enhance customer friendliness by simplifying the network access to the EU Grid. This purpose shall be supported by the publication of the Analysis and Recommendation Reports and by an Impact Assessment Report. For all deliveries an extensive investigation in several directions is being conducted. The proposals in these reports shall provide a common understanding on relevant services,

their related characteristics and procedures as those recommendations in the compendium can be used by all European TSOs for offering and rendering their cross-border services.

Not only the continuous and repeating involvement of the market parties but also the detailed analysis procedures will assure that the impact assessment of the recommendations will provide a solid basis for an added value to the energy market through a contribution of a stepwise enhancement of the service quality offered to shippers throughout the EU. A practicable example would be that TSOs offer services (beside what they already apply) that are compatible over adjacent networks.

Objective

The main objectives are envisaged to be as follows:

- Creation of an overview concerning the services and the related characteristics as well as processes which are currently offered throughout the EU
- Identification of potential for coordination of the offered services, i. e. quick wins as well as measures which require a certain implementation period
- Identification of legal and regulatory barriers which have to be removed if further coordination is required to achieve high value services for the market
- Publication of an Analysis and Recommendations Report for cross-border service coordination including recommendations for quick wins as well as measures which require a certain implementation period based on the data collected as well as on the additional input gained from stakeholder feedback

Depending on the feedback received from the stakeholder workshop the following further objectives for a possible phase 2 and 3 of said project are planned:

- Creation of an **extended** overview concerning products and the related characteristics as well as processes which are currently offered throughout the EU
- Identification of **extended** potential for coordination of the offered services
- Identification of legal and regulatory barriers which have to be removed if further **extended** coordination is required to achieve high value services for the market
- Publication of the **Extended** Analysis and Recommendation Report for cross-border service coordination including recommendations for implementation based on the data collected as well as on the additional input gained from stakeholder feedback
- Publication of an Impact Assessment Report, identifying the impact of the proposed recommendations and assessing possible future measures

Deliverables

The main deliverables of the project are the following:

- I. Analysis and Recommendations Report for cross-border service coordination
- II. Extended Analysis and Recommendations Report for cross-border service coordination
- III. Impact Assessment Report

Each deliverable will be produced during a separate phase of the project. Detailed contents of the phases are described below. Points II. and III. are planned as the following further deliverables of a possible phase 2 and 3 which however significantly depend on the feedback received from the stakeholder workshop.

Plan

In order to get an overarching overview of the services, their related characteristics and procedures currently offered and applied by the European System Operators, a questionnaire has been created.

This questionnaire is structured in 3 main chapters:

"What you sell?"

The main purpose of this chapter is to analyse "what" services are currently offered by the European TSOs. This is carried out in particular by asking for concerned services (e.g. daily, monthly, yearly etc) and their related quality with regards to firm as well as interruptible products.

"How you sell?"

The main purpose of this chapter is to analyse "how" the offered services are marketed. This is carried out in particular by asking for concerned booking procedures (e.g. "first come first served, open subscription window, auction etc) and concerned related "lead and reaction times" currently applied to market the services.

"How you deliver?"

This chapter is analysing "how" the offered services are rendered. This is carried out by asking for concerned the operational procedures (e.g. nomination and re-nomination deadlines, means of communication etc) and concerned related information (e.g. nomination units) necessary to carry out these services.

According to the envisaged deliverables the project is divided into three phases. To ensure the maximum possible degree of quality fundamental analysis, consultations, evaluations and extensive endeavours are a prerequisite. The further progress will be most reliant on the feedback received from the market and its stakeholders. All necessary efforts and the scope to already pre-define a detailed plan until the end of 2009 cannot be assessed before having evaluated the reaction of the market parties and after having reviewed the progress and the results of the first phase of the project. GTE will therefore identify and publish the continuative schedule for this work at the latest with the next annual work programme.

The following table provides an overview for 2008:

	2008											
	J	F	M	A	M	J	J	A	S	O	N	D
Capacity Product Coordination												
Phase 1												
Collate data and analysis												
Development of consultation document												
Stakeholder Consultation												
Stakeholder Workshop												
Analysis and Recommendation Report												

Phase 1, March 2007 – Dec 2008: “Analysis and Recommendation Report”

At the beginning of this project a questionnaire was developed that covered a broad range of capacity services and related characteristics (see description above).

In the following step a data base has been established covering all the collected information to enable a proper evaluation. With that basis the task force started an analysis, ending in June 2008, evolving into the identification of potential for coordination that will be put into a consultation document. The consultation paper will describe in detail which kind of coordination measure could be proposed for gaining quick wins as well as measures which require a certain implementation period under the current framework. Furthermore, legal and regulatory barriers, hindering the envisaged coordination, will be identified and pointed out. In October 2008 a stakeholder work shop will be held in order to get valuable feedback at an early stage from the market on the pre-findings of the evaluation. The discussion results will form a further source basis for recommendations. All findings will result in an Analysis and Recommendation Report for cross-border service coordination which will be produced and finally published in December 2008.

As explained above a more precise time table for the following two steps will be defined according to the feedback received from the market and after sufficient experience with phase one was made.

Phase 2: “Extended Analysis and Recommendation Report”

Building upon the first implementation recommendations and other relevant identifications (e. g. legal barriers) the second phase will broaden the subject of the report’s (shipping) service analysis. For this purpose the task force will establish a continuative questionnaire consisting of new and “follow-up” questions derived out of experiences gained during the first evaluation phase. To assure an extensive analysis a database will be developed prior to the initial analysis and identification process of further coordination recommendations. Additional potentials for coordination and barriers that need to be removed will be identified. In a second workshop and stakeholder consultation further relevant information will be collected and discussed with the market. The end of this phase will be marked by the finalisation of the Extended Analysis and Recommendation Reports with implementation proposals for cross-border service coordination, melting the findings from the analysis and the workshop.

Phase 3: “Impact Assessment Report”

In the third phase of the project the “market value” of the recommendations will be assessed and necessary further measures will be identified taking into account all lessons learned of

the conducted process and the stakeholder involvement. The development of a Survey on impact assessment will be the starting point of this third phase. Collected information will be subject for a comprehensive analysis. The results and findings of phase three will be published in a Report on Impact Assessment.

Interoperability

Procedure on Harmonisation of Maintenance Publication

Objective

To streamline the communication about planned maintenance amongst TSOs and between TSOs and market participants.

Thanks to this code, the publication of information regarding the planned maintenance will be harmonised, simplifying and facilitating gas transmission at European level.

Deliverables

Market participants will be provided with a standardized planning of works and interventions that might have an impact on the physical flows at Interconnection Points or between Interconnection Points in the various transmission systems in the EU (Installation or IP concerned, description, timing, impact, file format).

Background

Even though information is already made available by individual TSOs on their website, market participants may still face difficulties when wanting to transport gas across Europe due to differences in maintenance publication (e.g. timing) applied across the European network. TSOs, in their role of market facilitators, would therefore like to facilitate the communication around maintenance to their networks by, among other things, making the various information available in an organised and structured way.

Assumptions

The project is mostly based on information that is already published by individual TSOs on their websites.

For most TSOs, maintenance is a matter that is covered within their respective network codes; GTE+ assumes that NRAs will endorse the resulting procedure and require its implementation on a national level in order to avoid disparities in the different transmission systems across Europe.

Plan

The following diagram shows the expected timeline of the project development:

Procedure on harmonisation of maintenance publication	2008												2009											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Current practices (questionnaire)																								
Workshop/Consultation Process with stakeholders																								
Development of the final draft version of the procedure																								

1st phase

The 1st phase covers the drafting of a document stating the current practices with regards to maintenance publication by GTE Business Rules sub-Working Group. To do this, a questionnaire will be drawn up and sent to the GTE members.

2nd phase

2nd phase will focus on the feed-back from market participants, which will be collected either through a workshop or via a consultation process.

3rd phase

The 3rd phase will consist in developing and validating a final version of the procedure on harmonisation of the maintenance publication.

IT and Communications Roadmap

Objective

To develop an IT and Communications roadmap providing an EU wide IT development and guidance plan on IT communication standards, protocols and adoption principles in cooperation with other European stakeholders.

Deliverables

The key deliverable is the production of an IT and Communications Roadmap as outlined in the objective and further outlined in this document.

The work programme to develop the Roadmap shall be undertaken in a number of phases. There is first a need to get an overview of what solutions are currently adopted by TSOs and other market players and to identify differences and commonalities. There is also a need to identify initiatives being planned by other bodies and to liaise with these groups. Agreement then has to be reached as to how best to coordinate activities and who should lead what area. Only after these areas have been addressed can this strategy document concerning future IT development and implementation strategy of agreed standards and protocols be developed.

Background

It has been recognised for some time that there is a lack of coordination both amongst operators and network users with respect to IT related matters. This was the key driver for GTE establishing a group in 2007 to address this issue, the GTE ITC-sub Working Group.

This group has a remit to support IT and communication initiatives at the European level and to lend support to other European Associations where appropriate. From the outset a key aim was to develop a strategy document (an ITC Roadmap). As a preliminary step it has produced a questionnaire designed to capture the IT solutions used by different TSOs with the intention to identify differences and commonalities.

There is a growing need for coordination and harmonization at the European level in IT and communication matters and GTE+ is fully committed to addressing this issue, especially in the light of initiatives (work programmes) being planned by other bodies, such as EASEE-gas, and also because the cost burden of any IT initiatives lies mainly with TSOs. There is also a general lack of guidance on adoption principles and implementation processes on existing standards and protocols. The aim of the Roadmap would be to address these issues and to facilitate the development of new communication standards and protocols and the adoption of existing ones where appropriate.

It is important that any ITC Roadmap is seen to coordinate with initiatives undertaken by other bodies in the wider stakeholder community. It is recognised that communication standards and protocols should be developed jointly by all stakeholders but GTE+ could have a key role in the development of adoption principles and guidelines. The Roadmap will also need to recognise that following agreement at the EU level there may be separate national processes required for adoption by operators and market users.

Assumptions

The Roadmap shall focus on issues surrounding the interfaces between systems, including interfaces between operators and those between an operator and its users. It will not be concerned with the internal IT practices and systems of stakeholders.

Adoption principles and implementation processes described in the Roadmap shall apply to communication standards and protocols that have been developed jointly by all stakeholders.

Plan

The following table shows the timeline for developing the roadmap.
(Please note that completion of this project is not expected until 2010).

Roadmap for ITC Development	2008												2009											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Analysis of current IT solutions																								
Identify initiatives taken by other stakeholders																								
Develop coordinated approach with other bodies																								
Identification of current issues with ITC-systems																								
Start developing EU ITC Development & Guidance plan																								

1st phase

This initial phase is focussed on information gathering, analysis and coordination. It involves surveying the current solutions used by operators and users to ascertain commonalities and differences. Other relevant European initiatives shall be identified and a coordinated approach agreed with the relevant groups and associations.

2nd phase

The key issues can then be identified that the Roadmap shall address. This shall be a product of both the analysis performed in phase 1 and through consultation with stakeholder organisations.

3rd phase

The final phase shall be the development of the IT and Communications roadmap providing an EU wide IT development and guidance plan on IT communication standards, protocols and adoption principles in cooperation with other European stakeholders. This is planned to be delivered during 2010.

APPENDIX

First GTE+ Consultation Document Stakeholder Feedback Proforma

Please use the attached template for Stakeholder feedback to the first GTE+ Consultation Document. Please send completed template, and/or any other feedback to gte@gie.eu.com by 31st July

Organisation:	
Name:	

Q1: Does the programme identify the correct priorities for GTE+ focus during 2008/2009?

Answer	Further comments
Yes / no	

Q2: Are there any other priorities that should displace the priorities identified?

Answer
Yes / no

If yes;

What other priorities should be addressed?	
Which elements of the plan should be displaced?	

Q3: Are the objectives and deliverables associated with each plan realistic?

Organisational Development	
Transparency Platform	

Winter Outlook	
Ten Year Network Development Statement	
Capacity Co-ordination	
Code on Harmonization of Maintenance Publications	
IT and Communications Roadmap	

Q4: If delivered in a timely and responsive manner would the programme defined in this document constitute a significant step towards the development of the internal market?

Answer

Yes / No

Q5: Do respondents have any additional comments or remarks to make about:

The proposals to establish ENTSOG	
The Work Programme envisaged in this document	
Anything else?	

Q6: Is there any advise/feedback you would like to offer GTE about how it can best facilitate the transition between today and implementation of the Third Package?

Q7: Would you like to meet with GTE members to discuss the development of ENTSOG consultation and development processes?

Answer

Yes / No

Please do not feel constrained by the sizes of the boxes above. GTE welcomes comprehensive feedback as critical part of establishing the GTE+ Work Programme