

TYNDP and CBA methodology

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From TYNDP 2013-2022 to the next edition

Since public release

Warm welcome from stakeholders

- > Dedicated workshop in Riga on 21-22 March 2013
- > Presentation to MF 23, DG ENER, Energy Community, Gas Coordination Group...
- > This has been confirmed by the public consultation (6 respondents including large shipper associations and project promoters) with the identification of 3 main directions for improvement:
 - Sustainability assessment
 - Monitoring of infrastructure project implementation
 - The link between TYNDP and CBA

Official submission of TYNDP

- > To the Agency including corrigendum and preliminary analysis of stakeholders' feedback (Agency opinion has been received on 10 September 2013)
- > To Commission under the framework of the cancelled Regulation in Investment Notification

TYNDP, a platform for capacity development

Building an European integrated vision of possible futures

- > Each market participant, representing one part of the gas chain, can bring its own knowledge
- > Scope is not limited to EU but only depend on the willingness of third countries and project promoters to participate to the process making the assessment more robust
- > Given the uncertainty of the future, TYNDP nature should remain the one of non-binding plan providing meaningful input to decision-maker (market if possible)

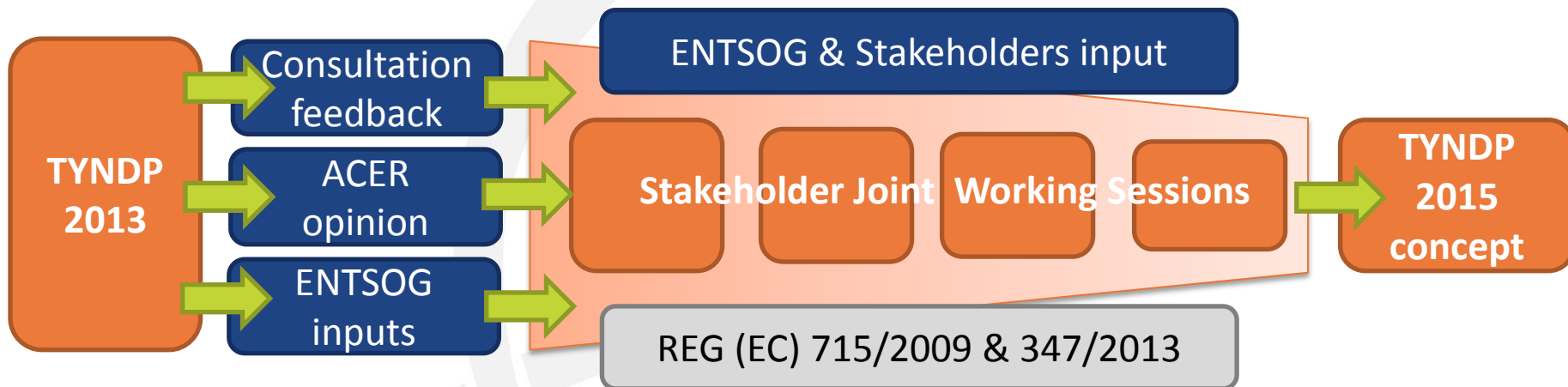
Topology will stay at the flange between market and network

- > The structure of the assessment and modelling tool based on balancing zones and virtual interconnection point is both consistent with the 3rd Energy Package and the reality of the market
- > Assuming a non-optimal functioning of the market will result in the identification of limitations not providing sound basis for projects (risk of misleading investment signals)
- > Union-wide TYNDP cannot replace national and regional plans but complement them in order to ensure an holistic vision

What to be expected from next edition

Enhancement of TYNDP concept through consultation process

- > All inputs need to be cross-analysed and challenged with stakeholders as first step



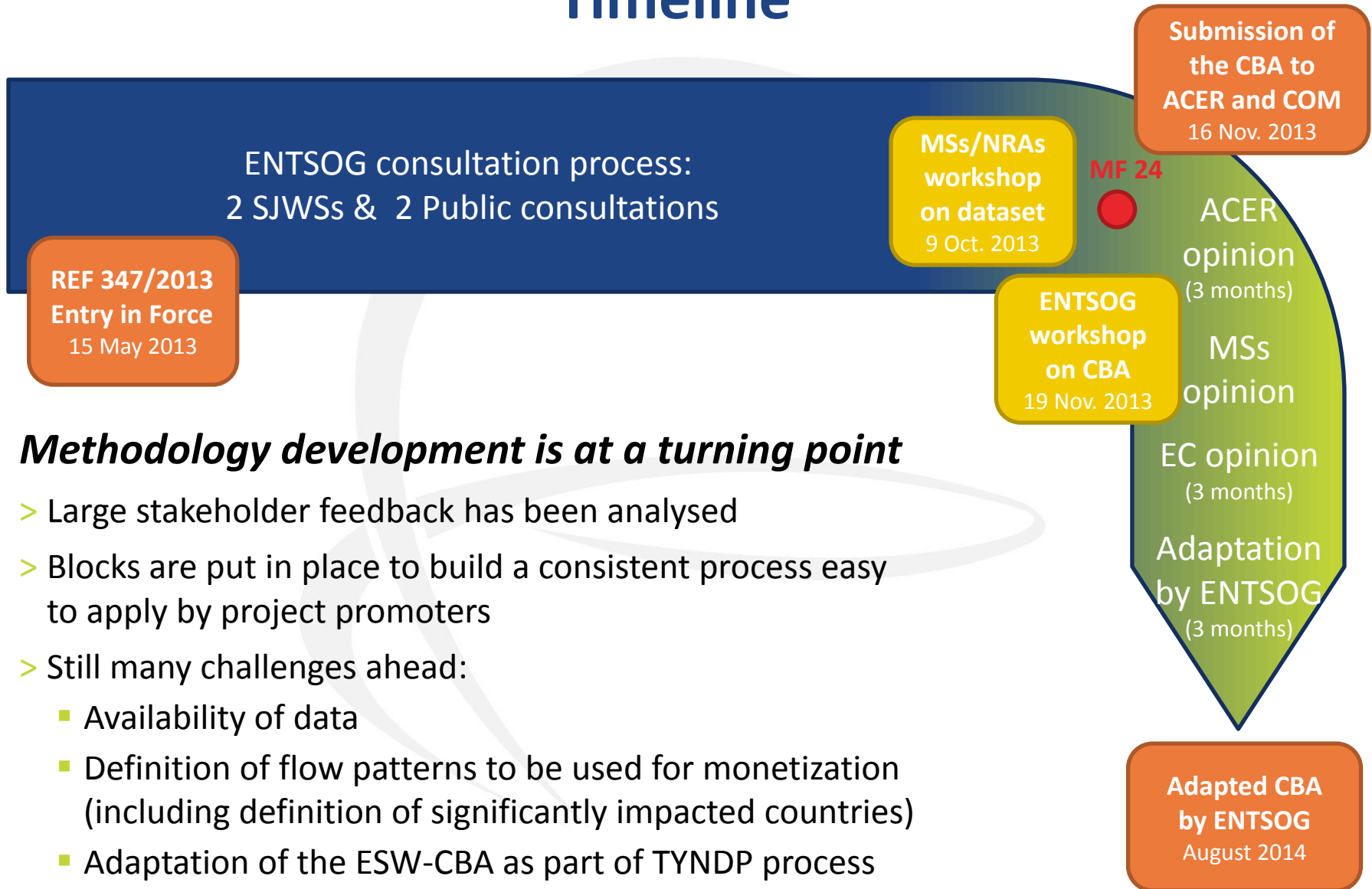
ENTSOG Annual Work Program is result-oriented

- > The ENTSOG R&D plan findings will be factored into the process in order to better capture the influence of power-generation on gas demand (volume and capacity) and the role of gas in more sustainable energy system
- > Next report will benefit from the continuous improvement of ENTSOG modelling tool
- > This findings will need to be leveraged by knowledge beyond TSO remit



CBA Methodology

Timeline



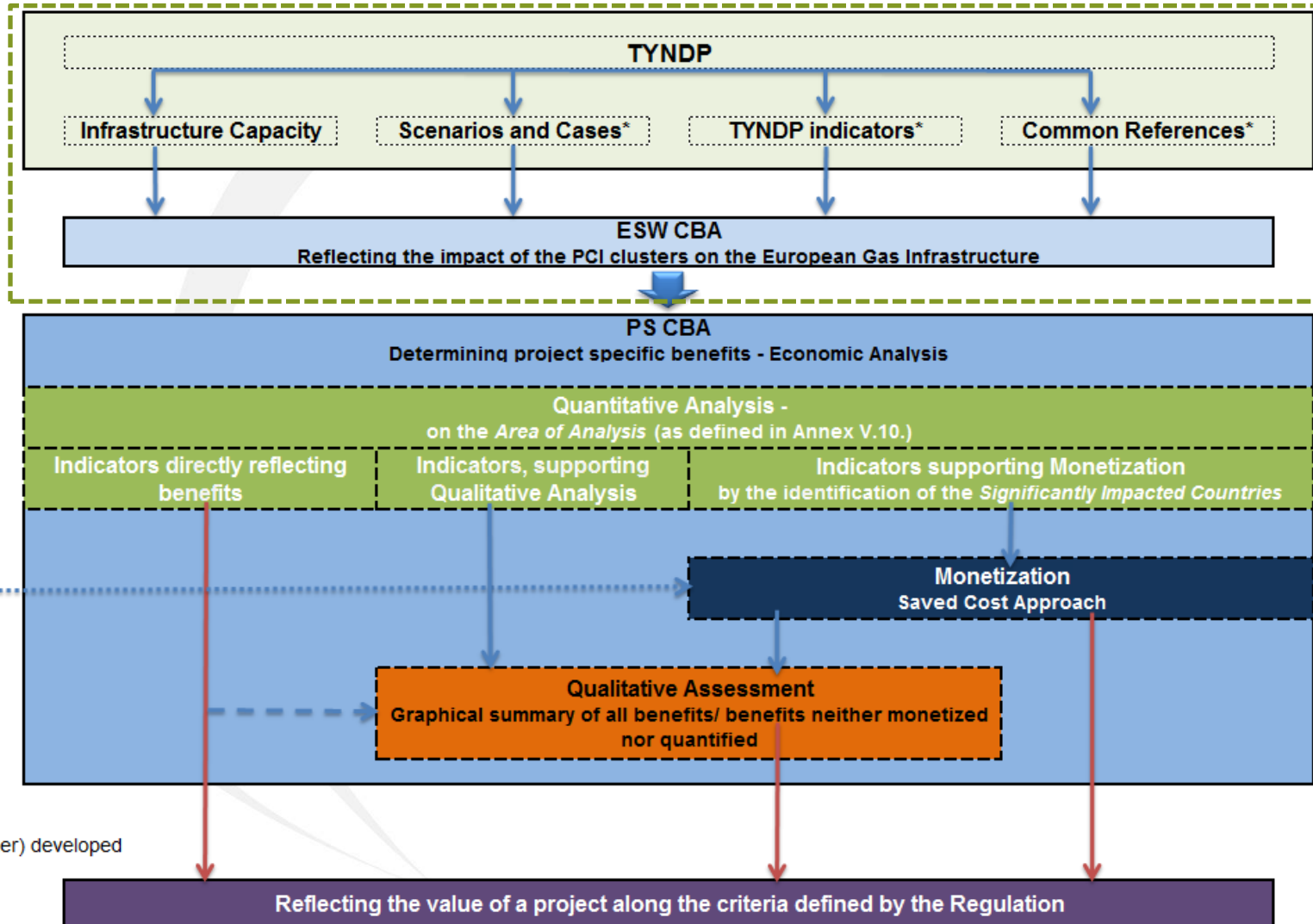
Methodology development is at a turning point

- > Large stakeholder feedback has been analysed
- > Blocks are put in place to build a consistent process easy to apply by project promoters
- > Still many challenges ahead:
 - Availability of data
 - Definition of flow patterns to be used for monetization (including definition of significantly impacted countries)
 - Adaptation of the ESW-CBA as part of TYNDP process

The overall architecture is defined

Main direction of improvements for TYNDP 2015:

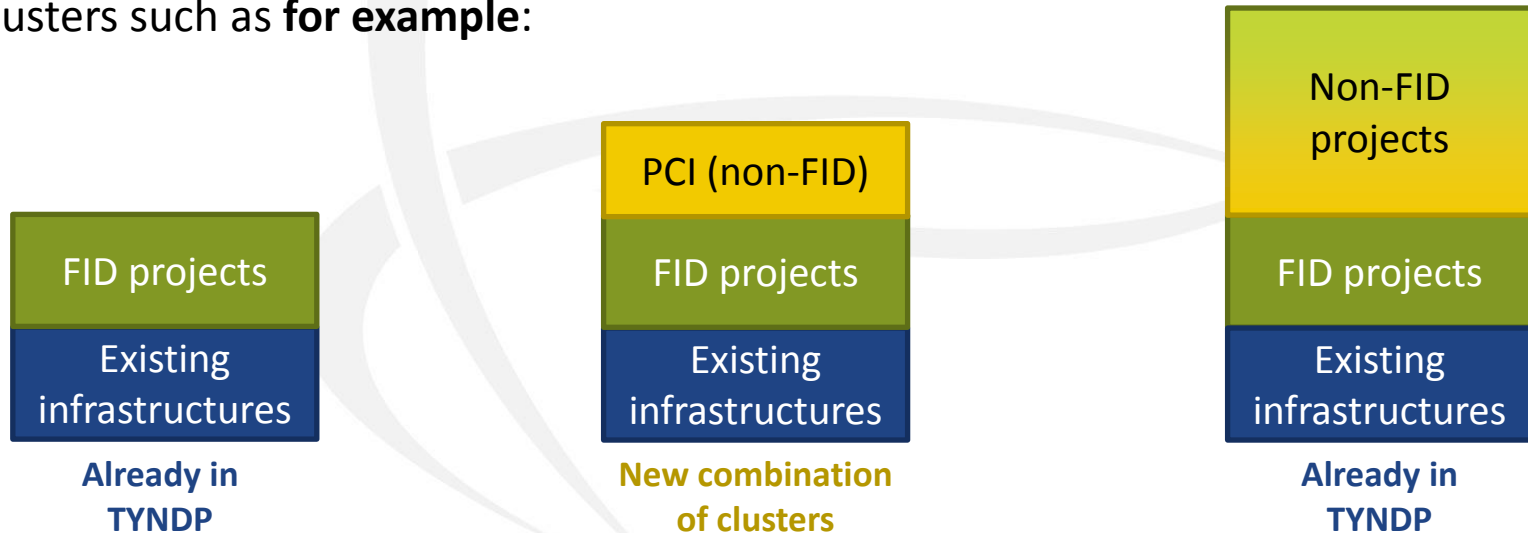
- Role of gas in sustainable future
- Project monitoring



The Energy System-Wide Cost Benefit Analysis

Integration into the TYNDP process and report

- > Definition of a common dataset of data for the PS-CBA in order to ensure consistence and comparability of the analysis of project promoters
- > **Overall** assessment of the impact of the whole PCIs list (as defined in the previous selection)
- > Assessments of the European system under different combinations of infrastructure clusters such as **for example**:



TYNDP Stakeholder Joint Working Session organized first half of 2014 will be a key element

The Project-Specific Cost Benefit Analysis

For which project and which purpose?

- > For projects mature enough during the selection phase
- > For projects requiring cross-border cost allocation and/or financial assistance
- > The PS-CBA shall be carried out by the promoters as defined by the ENTSOG methodology (including input dataset) in order to prove the benefits of their projects and ensure comparability between candidates

Main steps and principles

- > All input data will come from the ESW-CBA (except potential confidential/financial information on the project)
- > These data will be used to carry out:
 - The quantitative analysis through indicators
 - The monetization
- > The qualitative part will enable the promoter to comment above results and offer him the opportunity to capture potential benefits he considers as not sufficiently captured through the ENTSOG methodology



Thank You for Your Attention

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