

INT NC amendment for GQ

Public workshop 28th of April

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Overall principles for discussion



- > Any revision of the parameters contained in EN 16726:2015 is out of scope
- > **Wobbe Index** discussion should be kept aside
- > Think of the standard as a tool to **remove barriers** without creating new ones
- > **ENTSOG is open** to consider any implementation option; nothing has already been decided
- > As requested by EC, the impact analysis will cover the whole gas value chain for which fact based **stakeholder input** is fundamental
- > The substantive elements are **implementation timing** and **scope of application**
- > An early proposal of policy **issues** is needed to enable a proper **impact** analysis
- > The way forward proposed by ENTSOG is open to further suggestions from stakeholders



Methodology for the impact analysis

- > ENTSOG has identified a list of **policy issues** related to the foreseen binding reference to the standard in the network code:
 - **Scope of application**
 - Implementation timing
 - Interaction with existing mechanisms in the INT NC for removal of gas quality related barriers
 - Allowance for off-spec gas
 - A-deviations (conflicts with national legislation)
 - Application of flexible limits contained in the standard (CO₂, O₂)
- > For each of the issues above different options can be considered.
- > **4 different scenarios**, based on 4 different scopes of application, will be analysed.
- > Based on the answers received, ENTSOG will present in September the scenario that appears to be the optimum one and will base the amendment draft on it.



Policy issues



1. Scope

- > Scope of application of EN16726:2015: *This European standard specifies gas quality characteristics, parameters and their limits, for gases classified as group H that are to be transmitted, injected into and from storages, distributed and utilised. This European standard does not cover gases conveyed on isolated networks*.*
- > Scope of INT NC: *This Regulation shall apply at interconnection points...* But it also applies to transmission networks (Article 18) and to entry and exit points to third countries subject to NRAs' decision.
- > Options considered:
 - **Whole chain:** same scope as EN16726. That starts at entry points.
 - **Transmission networks only.**
 - **At IPS only:** meaning connection points between two different TSOs and balancing zones.
 - **National application** on a voluntary basis.

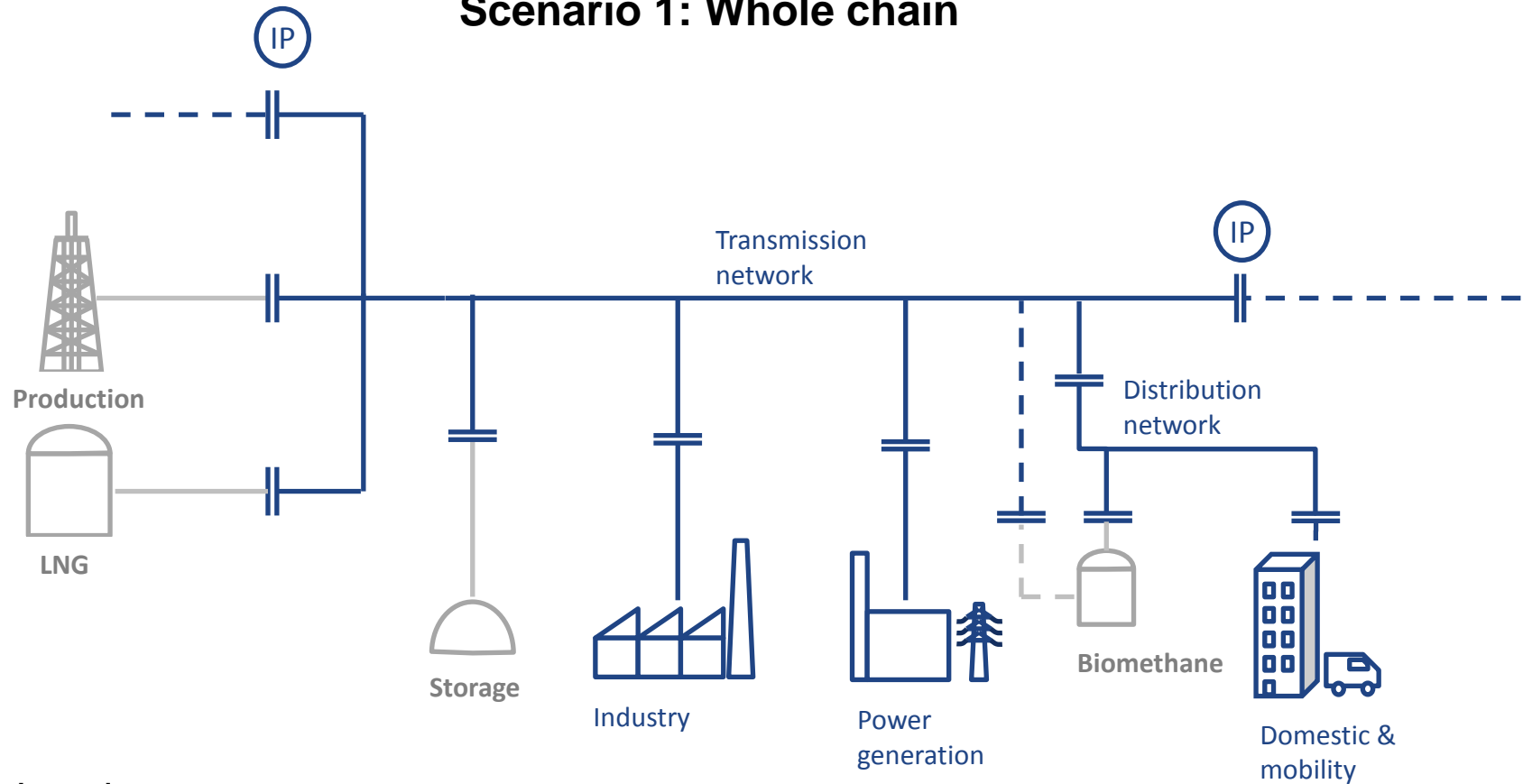
Note: all options could allow regional exceptions, see policy issue 2.

*network where transmission, distribution and utilisation of gas are combined and which is physically unconnected to other networks (EN16726)



Policy issues

Scenario 1: Whole chain

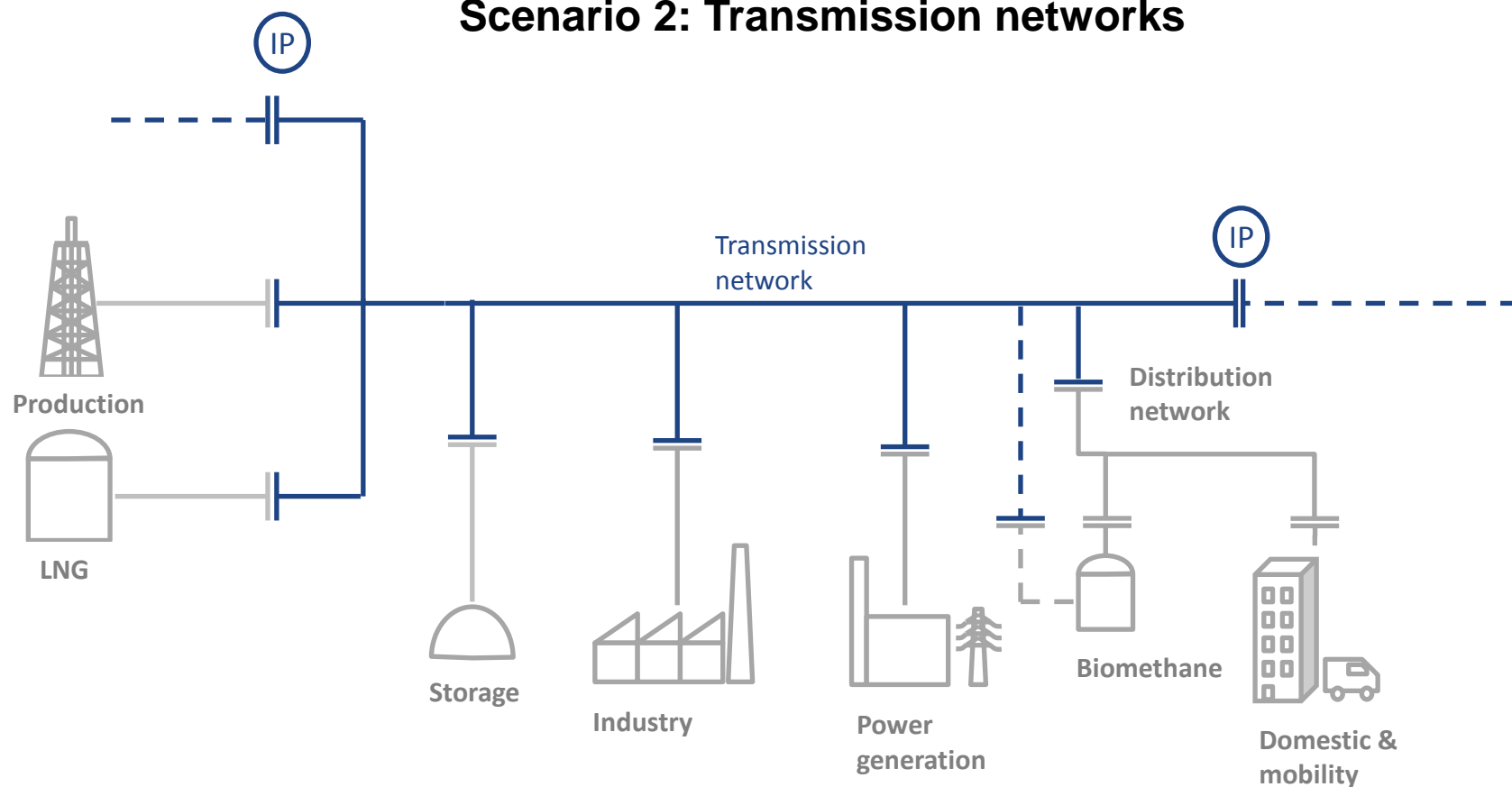


Legend:

In scope

Out of scope

Scenario 2: Transmission networks

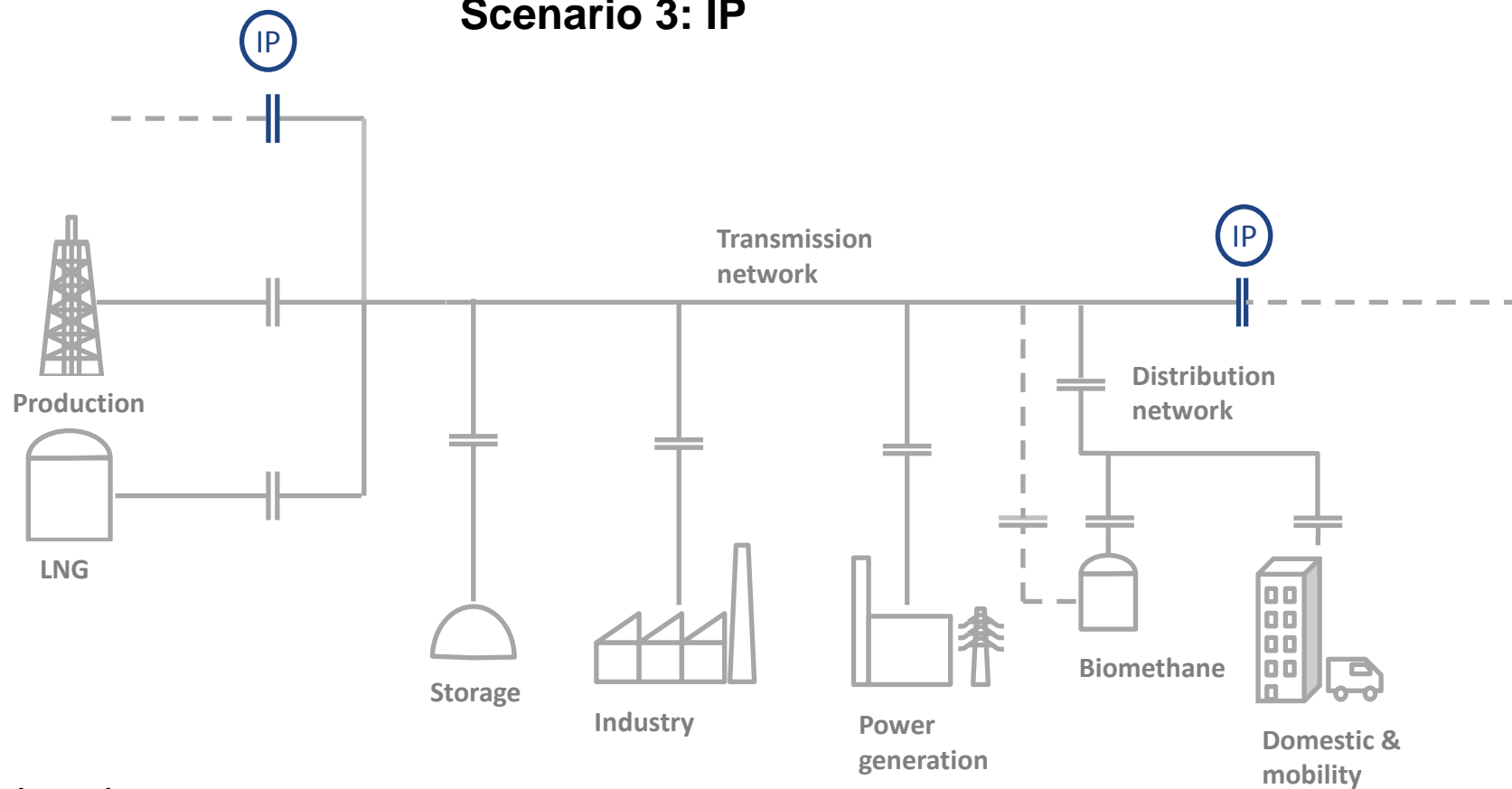


Legend:

In scope

Out of scope

Scenario 3: IP

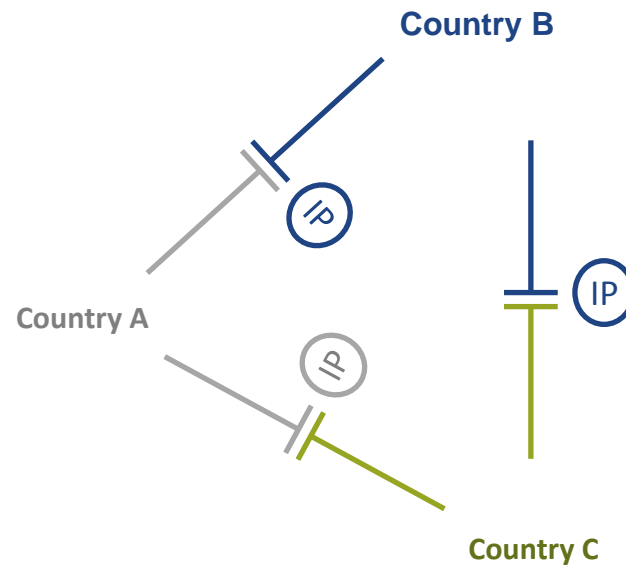


Legend:

In scope

Out of scope

Scenario 4: Voluntary adoption



Legend:

EN 16726

National spec A

National spec C



Policy issues



2. Implementation timing

- > It means the time required for the concerned parties to comply with the amendment to the Interoperability Network Code.
- > Options considered:
 - **Fixed** and equal for all countries and segments
 - **Flexible per segment¹ of the chain**
 - **Flexible per regions²**
 - **Flexible per segment and regions**
 - As decided by **national authorities**

¹Segment refers to different parts of the gas value chain: production, LNG terminals, transmission, distribution, storage, electricity generations, industrial consumption, domestic/commercial use, mobility, etc.

²A region could be any combination of European countries.



Policy issues



3. Interaction with INT NC

- > The INT NC already provides mechanisms (Article 15) for the removal of gas quality related cross-border trade barriers that have been recognised by NRAs. In brief, the INT NC requires TSOs to carry out a joint cost benefit analysis and to submit a joint proposal to NRAs.
- > How should this process interact with the application of the CEN standard?
- > Options considered:
 - INT NC mechanisms **don't apply** after transition period, except for parameters not covered in the standard.
 - INT NC mechanisms are applied as **first option** when a barrier is found. If no agreement is reached, the CEN standard will be applied.
 - INT NC mechanisms should be the **only solution** applied.



Policy issues



4. Allowance for off-spec gas

- > Mandate M/400: *The Commission hereby requests CEN to draw up standards that define the minimum range to be accepted for gas quality parameters for H-gas. [...] The goal is to define standards that are as wide as possible within reasonable costs"*
- > A first aspect of this issue is whether TSOs (or DSOs for gas injected directly to distribution networks) can refuse to accept gas that is within the limits of the standard.
- > Options considered:
 - Gas meeting the standard **shall be accepted** by infrastructure operators
 - Gas meeting the standard **may be refused** by infrastructure operators if national legislation sets stricter limits for the parameters contained in the standard
- > A second aspect is whether infrastructure operators can accept gas that is outside the standard
- > Options considered:
 - Infrastructure operators **can't accept gas outside** the standard
 - Infrastructure operators **may agree less strict limits** than those of the standard



Policy issues



5. A-deviations (conflicts with national legislation)

- > A-Deviations inform on conflicts between national legislation and European standards.
- > EN 16726 already includes A-deviations from several Member States. In addition, A-deviations can also be requested after publication.
- > Adoption of standards is voluntary. When there is an EU harmonisation legislation enforcing the standard, it is not clear whether national legislations should be amended to eliminate A-deviations.
- > Options considered:
 - A-deviations should be **withdrawn** after transition phase (implementation timing).
 - A-deviations should be **retained** unless otherwise decided by competent authority.



Policy issues

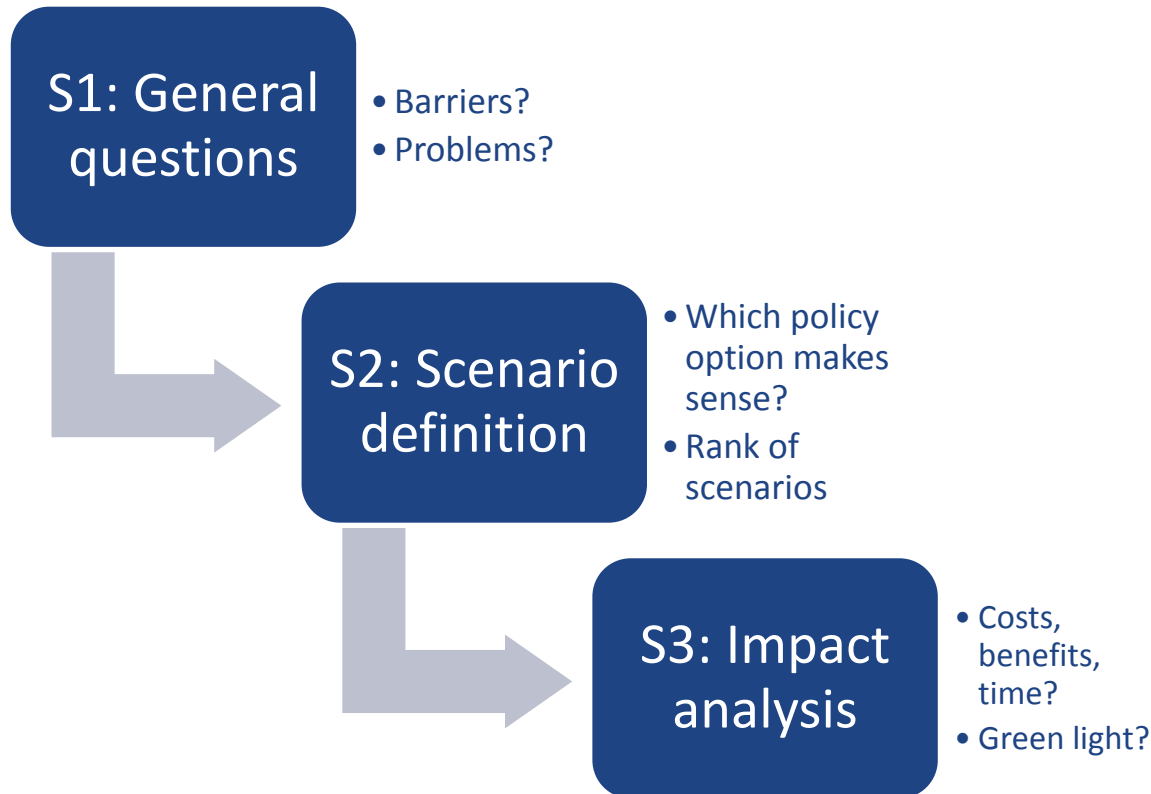


6. Flexible limits

- > For two parameters in the CEN standard (O_2 , CO_2) there is a base limit with the potential for a higher limit up to a cap.
- > Example (CO_2): *“At network entry points and interconnection points the mole fraction of carbon dioxide shall be no more than 2,5 %. However, where the gas can be demonstrated not to flow to installations sensitive to higher levels of carbon dioxide, e.g. underground storage systems, a higher limit of up to 4 % may be applied.”*
- > It is unclear who decides on flexible limits, how the decision is taken and for how long, what is the definition of a sensitive installation?
- > Options considered:
 - Network operators and concerned parties carry out an impact assessment demonstrating the limit that could be applied with involvement of the relevant national authorities.
 - Any other suggestion?



Questions for public consultation



Publication

Online survey will open on ENTSOG's site from 4 May until 15 July 2016

All registered participants will be notified by e-mail

Answers can be kept confidential on request



Questions for public consultation



Section 1: General questions

- > Are you aware of any cross-border trade barrier related to gas quality?
- > Is there any sector, region or circumstance whose specific conditions don't allow the application of the standard?
- > Is there any other policy issue you think it should be considered in addition to the ones already identified?



Questions for public consultation

Section 2: Scenario definitions

> What would be the most coherent choice? Rank of scenarios?

Policy issue	Scenario 1: Whole chain implementation	Scenario 2: Transmission networks only	Scenario 3: Ips only	Scenario 4: Voluntary adoption
<i>Scope</i>	Whole chain	Transmission networks only	Ips only	Voluntary adoption
<i>Implementation timing</i>				
<i>Interaction with INT NC</i>				
<i>Allowance for off-spec gas</i>				
<i>National specifications (A-deviations)</i>				
<i>Flexible limits (O₂, CO₂, etc.)</i>				
....				



Questions for public consultation

Section 2: Scenario definitions

Policy issue 3

Interaction with INT NC

- The INT NC already provides mechanisms (Article 15) for the removal of gas quality related cross-border trade barriers that have been recognised by NRAs. Basically, the INT NC requires TSOs to carry out a joint cost benefit analysis and to submit a joint proposal to NRAs.
- How should this process interact with the application of the CEN standard?
- Options considered:
 - INT NC mechanisms **don't apply** after transition period, except for parameters not covered in the standard.
 - INT NC mechanisms are applied as **first option** when a barrier is found. If no agreement is reached, the CEN standard will be applied.
 - INT NC mechanisms should be the **only solution** applied.

7. Implementation Scenarios : Regardless of your preference for a given scenario, what would be the most coherent choice in each case for policy issue 3? Why? (only one choice per row)

don't apply

first option

only solution

Whole chain

☐☐☐

Please specify your reasons for the selected option:

Transmission networks

☐☐☐

Please specify your reasons for the selected option:

Interconnection points

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Questions for public consultation

Section 3: impact analysis per scenario

Scenario 1: Whole chain implementation	Scenario 2: Transmission networks only	Scenario 3: Ips only	Scenario 4: Voluntary adoption
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- > Is this given scenario feasible for your segment/organisation/country?
- > What benefits do you expect?
- > What negative impacts might this scenario have?
- > Are there any barriers to implement it?
- > How much would it cost to overcome them?
- > How long would it take?
- > Do you foresee any risk in terms of security of supply?
- > Do you foresee any impact in terms of price for your product(s)?
- > Could there be any unintended consequences?



Phase I, II and III of the amendment process

Phase I: Public consultation on impacts and issues

- > 28th April 2016: public workshop on the list of issues
- > 2016: Apr-Jun: public consultation on the impact of the standard
- > **2016 15 July Deadline for receiving stakeholders' analyses**

Phase II: Work on impact analysis and amendment draft

- > 2016 Jul-Dec: Prepare draft of impact analysis
- > 2016 Sep: Public workshop for presenting early findings
- > 2016 Oct-Dec: Preparation of amendment draft in line with the detailed analysis

Phase III: Public consultation on the draft and submission

- > 2017 Jan-Feb: Public consultation on impact analysis and revised amendment draft
- > 2017 Jun: Publication and submission
- > ACER and EC are involved along the process via trilateral meetings.



Thank You for Your Attention

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