

Memo of 1st ENTSOG Workshop **on the European Ten Year Network Development Plan – 26 January 2010, Brussels**

The workshop was moderated by Siobhan Hall (Platts).

Workshop introduction and objectives

Vittorio Musazzi (ENTSOG) opened the workshop and presented ENTSOG and its main tasks as well as the objectives of the workshop.

Perspectives on European Energy Infrastructure

Catharina Sikow-Magny (DG TREN, Unit C1) presented the current European legislative developments with respect to energy infrastructure development (3rd European Energy Package, 2nd Strategic European Energy Review, European Energy Infrastructure Package), the European energy policy roadmap to 2050 and the expectations from the ENTSOG Ten Year Network Development Plan in the context of the upcoming Energy Infrastructure Package/revision of the trans-European energy network policy.

ENTSOG European Ten Year Network Development Plan (TYNDP) 2010-2019

Volker Schippers (ENTSOG) presented the ENTSOG European Ten Year Network Development Plan (TYNDP) 2010-2019 published by the end of 2009.

Discussion

Catharina Sikow-Magny welcomed the TYNDP in providing an integrated European overview of gas transmission infrastructure development.

Colin Lyle (EFET) asked whether the capacity development for the increase in electricity generation from renewable energy had been taken into account. Volker Schippers answered that first attempts had been made but that it was currently difficult to assess the impact of the European and national sustainability goals on the usage of gas as a clean fuel.

Colin Lyle asked how ENTSOG had selected projects, for example for security of supply or additional LNG import capacity. Volker Schippers answered that in this TYNDP ENTSOG had conducted a demand scenario vs. potential supply scenario analysis which had led to the identification of the presented gaps. The upcoming European Security of Supply Regulation was expected to provide further analysis criteria. He added that in general ENTSOG did not foresee to select specific projects from a number of possible projects which all would lead to the fulfilment of the applicable criteria.

Benoit Esnault (CRE) asked for the TYNDP to include an evaluation on how the capacity development supports market integration and the development of European hubs. Volker Schippers answered that the generally acknowledged method to determine long term capacity requirements would be Open Seasons and Long Term Capacity Auctions. The TYNDP would include the results of investment decisions based on finalized Open Seasons and Long Term Capacity Auctions as well as on ongoing and foreseen Open Seasons and Long Term Capacity Auctions. ENTSOG would be happy to include additional evaluations against generally accepted criteria and would welcome proposals in this context.

Benoit Esnault remarked that the core document of the TYNDP provided a black box impression with regards to EU internal capacities and proposed to include more maps showing for example project and gas flows. Volker Schippers answered that he could not accept the expression “black box” as Attachment B provided a detailed analysis of EU internal capacities including the results of every intermediate calculation step. He would not be aware of any publication on European gas transmission capacity development and modelling

that provided such level of detail. He thanked for the proposal to include more maps. ENTSOG would increase its efforts to improve graphical presentation of the results in the TYNDP which are currently provided for example on the Transparency Platform and the Winter Outlook.

Benoit Esnault asked for ENTSOG recommendations on investment projects. Volker Schippers answered that ENTSOG would be happy to conduct analyses against legally defined and commonly accepted criteria. Such analysis would have the potential to provide insights into potential capacity gaps. Nevertheless, ENTSOG would need to remain neutral in case of competing projects eliminating potential capacity gaps. The TYNDP would rather be an information tool facilitating the dialogue with stakeholders on investments than an instrument for selecting specific projects. This information would feed into the respective national and regional processes, like for example Open Seasons.

Colin Lyle supported both views and added that a liquid market would be considered as the best provider for security of supply.

Margot Loudon (Eurogas) confirmed that Eurogas would be working on updated demand scenarios to be published in the second quarter of 2010 and indicated – without prejudice to the final version – that the figures might be “less optimistic” than those of the previous publication in 2007.

Davide Rubini (Statoil) supported the views expressed by Colin Lyle and shared Benoit Esnault’s reference to the need for an evaluation on how the capacity development could support market integration and the development of European hubs and not security of supply only. He asked which definition had been applied for “Mature Projects” underlying the importance for ENTSOG to cross-check information and data provided by TSOs on new projects with info and data provided by relevant investors. He also clarified the importance for ENTSOG to refrain from any arbitrary prioritisation among existing alternative projects. Volker Schippers responded that the TSO provided their national supply scenarios. In case these supply scenarios included entry capacities from import pipelines, LNG terminals and storages beyond the respective entry capacities for which the final investment decision had been taken, the background of such additional capacities was discussed with the TSO and – if it was based on additional projects considered sufficiently mature – these capacities were included in the list included in TYNDP and the workshop presentation. This approach would be seen as a first step to foster discussion with stakeholders in order to improve the definition in the upcoming TYNDPs.

Steven Rose (RWE Supply & Trading) asked whether the capacity figures were consistent with the figures provided in the GTE+/ENTSOG Transparency Platform. Volker Schippers answered that ENTSOG would strive for as much consistency as possible. One element to achieve this would be to use the same information source for both publications. Andrea Čirlićová (ENTSOG) added that the scope of the two publications was different. While the TYNDP provides capacity information relevant for the whole year and covering the next 10 years, the Transparency Platform provides capacity information relevant for each month and covering the next 18 months. Considering this accuracy level, it is clear that there may be differences between the figures. Nevertheless, differences would be checked and consistency would be looked at carefully for future publications.

Steven Rose added that definitions applied for the investment databases of Gas Storage Europe and Gas LNG Europe could be used by ENTSOG. Volker Schippers answered that as far as he is informed GSE and GLE encounter the same issues in finding appropriate project classifications.

Agustin Alonso (CNE) asked why the TYNDP mainly concentrated on entry capacities and less on interconnection capacities between European countries, how would ENTSOG incorporate DGTREN’s security of supply criteria in the study (like N-1 analyses, minimum interconnection capacities or others) and if ENTSOG was going to suggest additional or alternative projects (to those proposed by national TSOs) according to the results of the Plan. Volker Schippers answered that the TYNDP equally provided information on exit capacities and demand and that the current discussion might mainly be focussed on pipeline import, LNG import and storage deliverability because these elements had not been included in the previous reports. Concerning the security of supply, it was foreseen to work on N-1 simulations in the next study and concerning the proposal of additional or alternative projects, ENTSOG had already identified some gaps, but the study wanted to stay neutral without supporting any one project against another.

Agustín Alonso asked DG TREN how the ENTSOG recommendations would be materialized. The European Commission considers regulated tariffs as the main source of financing also in the future but would consider

economic incentives (i.e. recovery plan) or Community based financing (i.e. EIB) where the market does not provide the relevant capacities. This might for example be the case for some investments for the purpose of security of supply. Volker Schippers added that the European discussion on Security of Supply criteria lead to fairly stable definitions during the fourth quarter of 2009 which was too late to be included in this TYNDP. ENTSOG foresees in its work programme for 2010 to work on network resilience and network modelling. The security of supply criteria would provide a valuable input into this work.

Helen Stack (Centrica) said that there seemed to be inconsistencies in the TYNDP data and the data on the TSOs' websites. Volker Schippers and Andrea Čirličová repeated that ENTSOG would strive for as much consistency as possible and that the source of information for ENTSOG would be the TSOs. ENTSOG would be happy to receive more specific descriptions of any inconsistencies to be able to follow this issue up.

Oliver Schober (TGL) presented the project which interconnects Germany, Austria and Italy. He used the situation of the connection capacities on the German side as case example for interconnection points which would encounter capacity gaps if all surrounding projects were completed/realised and no expansion measures were taken. Making such upcoming capacity gaps transparent in the TYNDP might provide for both early warning and objective prioritisation of expansion projects on a European level. Volker Schippers outlined that he cannot see the possibility to discuss specific projects in this workshop. There might be merits in discussing this issue with the German regulator and the respective German TSOs.

Erik Rakhou (EK) asked whether the ERGEG Gas Regional Initiative could be the right forum to discuss this kind of detail via regional investment plans. Volker Schippers responded that the third European legislative energy package obliges TSOs to produce regional investment plans. Although the level of detail of such plans is not defined yet, they might include such issues. He added that, considering the obligation on the European TSOs to produce regional investment plans bi-annually and the ENTSOG obligation to produce the TYNDP bi-annually, it might be a good idea to produce these plans in an interleaved way and thereby satisfy efficiently the request of a number of European stakeholders for an annual publication interval of gas transmission infrastructure investment plans.

Stakeholder dialogue on the ENTSOG TYNDP 2011-2020,

Andrea Čirličová presented the way forward and the planning of the organization of the stakeholder dialogue for the development of the ENTSOG TYNDP 2011-2020 foreseen to be published end of 2010. The stakeholder dialogue in 2010 would also include discussions on ENTSOG network modelling and network resilience assessment foreseen in the third European legislative energy package. ENTSOG proposes to include meetings with delegates of European stakeholder organizations in between the stakeholder workshops and in addition to the bilateral communication. ENTSOG expects that such meetings would produce concrete output for the TYNDP development and participating stakeholders would be expected to have a mandate to approve the way forward agreed at the meetings.

Margot Loudon suggested to cooperate in the work on supply scenarios and promised to check the Eurogas view on the proposal to conduct delegate group meetings. Other representatives confirmed that they would do the same within their organizations.

Steven Rose proposed ENTSOG to talk to consultants experienced in network modeling. There might also be merits in co-operating with IEA and the regulators. Andrea Čirličová thanked for the proposals confirming that ENTSOG would take it into account.

ENTSOG Summer Outlook 2010 and ENTSOG Winter Outlook 2010/2011

Andrea Čirličová presented objectives, processes and time plans for the first ENTSOG European Summer Outlook 2010 and the ENTSOG Winter Outlook 2010/2011. She explained that ENTSOG expected to publish their summer outlook by June 2010 and that ENTSOG would consider aligning their time plan to match the ENTSOG publication date.

Malene Nybroe (Energinet.dk) asked which information would be provided in the summer outlook. Would it for example report on the foreseen storage filling? Volker Schippers answered that the third European legislative energy package obliges ENTSOG to yearly publish a summer outlook. The ENTSOG work programme for

2010 describes a possible approach and ENTSOG would ask stakeholders for feedback to provide as much value for stakeholders as possible.

Conclusion

Vittorio Musazzi concluded the workshop stressing the vital need for a successful dialogue with stakeholders. Now that ENTSOG has been set up, we all would need to work together to run the processes for the benefit of the European gas market.