


**ACER**

 Agency for the Cooperation  
of Energy Regulators

# How the Network Codes will contribute to the achievement of the EU Internal Market

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# Towards the Single Energy Market

## First Package “Harmonisation”

Dir 96/92/EC

Dir 98/30/EC

## Second Package “Harmonisation and Market Integration”

Dir 2003/54/EC

Reg 1228/2003

Dir 2005/55/EC

Reg 1775/2005

## Third Package “EU-wide Institutional & Regul. Framework”

Dir 2009/72/EC

Reg 714/2009

Dir 2009/73/EC

Reg 715/2009

**Reg 713/2009**



# The Third Energy Package at a Glance

- EU-wide Network Development Plans (non-binding)
- EU-wide binding rules: Network Codes
- Greater separation of Transmission and System Operation activities
- Stronger and more independent NRAs (with greater EU focus)
- EU-wide cooperation: ACER and ENTSOs

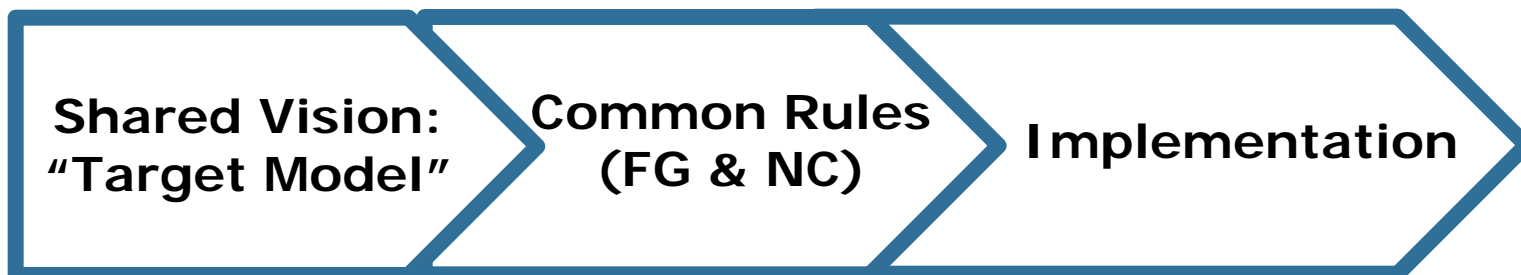
# A strong momentum...

***“The internal market should be completed by 2014 so as to allow gas and electricity to flow freely.”***

European Council - 4 February 2011 - Conclusions on Energy (paragraph 4)

## ... a clear target

- The completion of the Internal Gas Market in 2014 should deliver tangible benefits to European consumers



- Capacity Allocation and Congestion Management rules represent a crucial component of the Internal Gas Market design

# Components of the Gas Target Model

## OPTIMAL NETWORK DEVELOPMENT

... EU-wide network development planning

## EFFICIENT USE OF EXISTING CAPACITY

... as contractual congestion appears to be a major problem

## Internal Gas Market Liquid Hub Trading

## EFFECTIVE NETWORK AND MARKET ACCESS

... to promote competition and cross-border exchanges

## TRANSPARENCY AND MARKET MONITORING

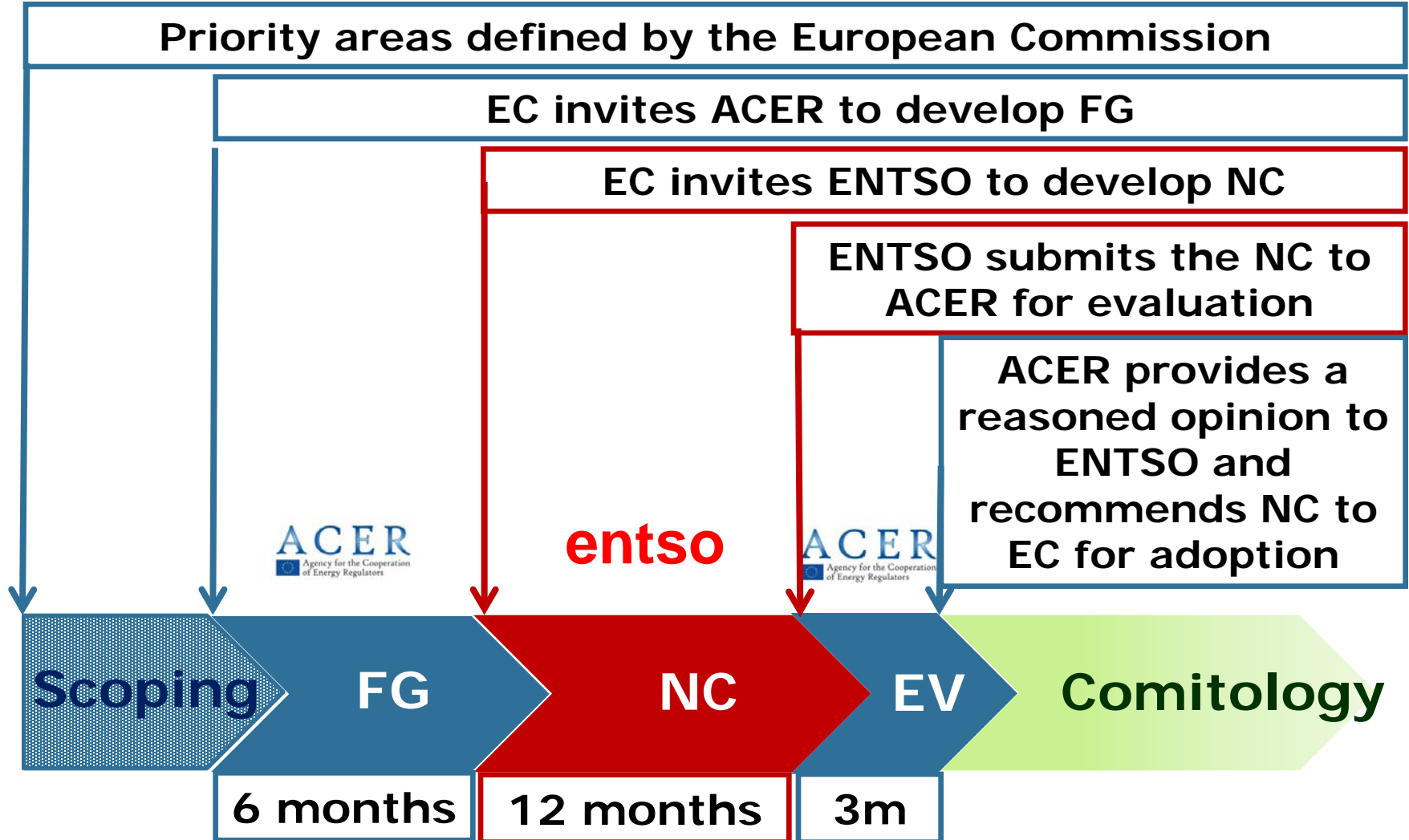
...to ensure that market is functioning efficiently and effectively

Rules governing these areas are key to delivering the Internal Gas Market

# Framework Guidelines and Network Codes

Framework Guidelines (FG)	Network Codes (NC)
Developed by ACER	Drafted by ENTSO
No clear definitions in the Third Package	
Based on the annual <b>priorities set by the Commission</b>	
Non-binding	Made <b>legally binding</b> across the EU through <b>Comitology</b>
Setting <b>clear and objective principles</b> for the network codes	Must be <b>in line with FG</b>

# FG and NC: Basic Timeline





# Areas for FG and NC

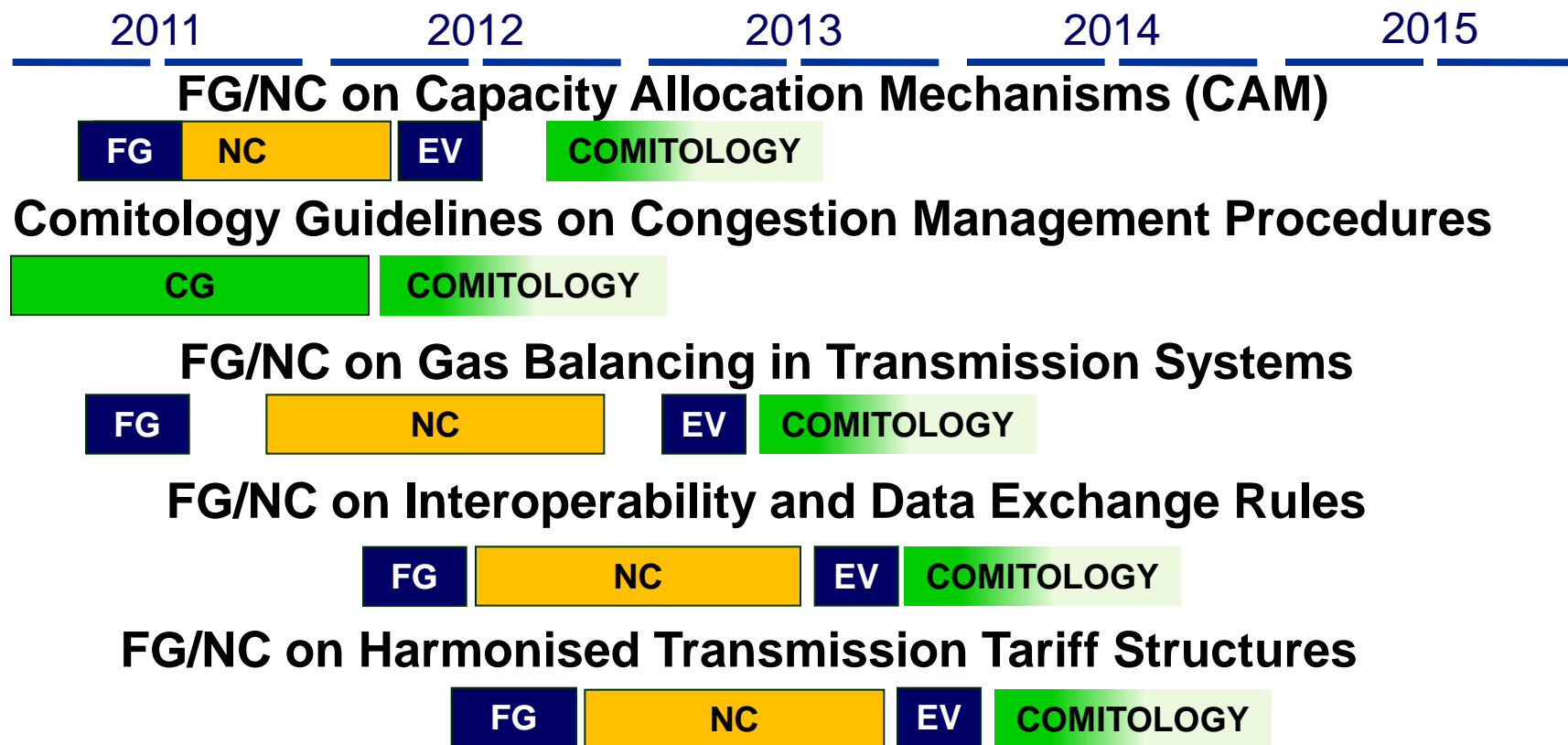
## Framework Guidelines

### Network Codes

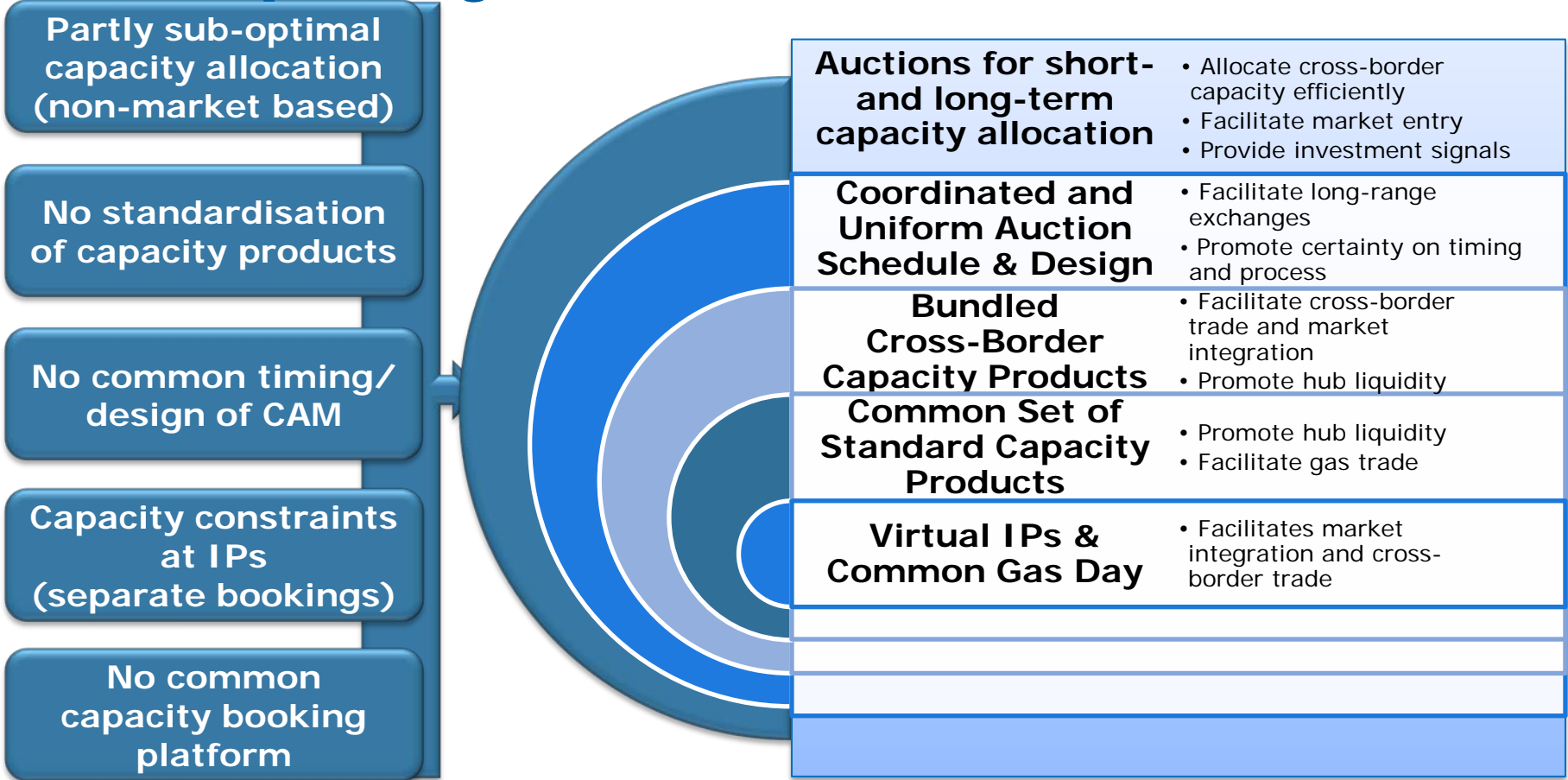
- (a) network security and reliability rules
- (b) network connection rules
- (c) third-party access rules
- (d) data exchange and settlement rules
- (e) interoperability rules
- (f) operational procedures in an emergency
- (g) capacity-allocation and congestion-management rules
- (h) rules for trading related to technical and operational provision of network access services and system balancing
- (i) transparency rules
- (j) balancing rules
- (k) rules regarding harmonised transmission tariff structures
- (l) energy efficiency regarding gas networks.

**entso**

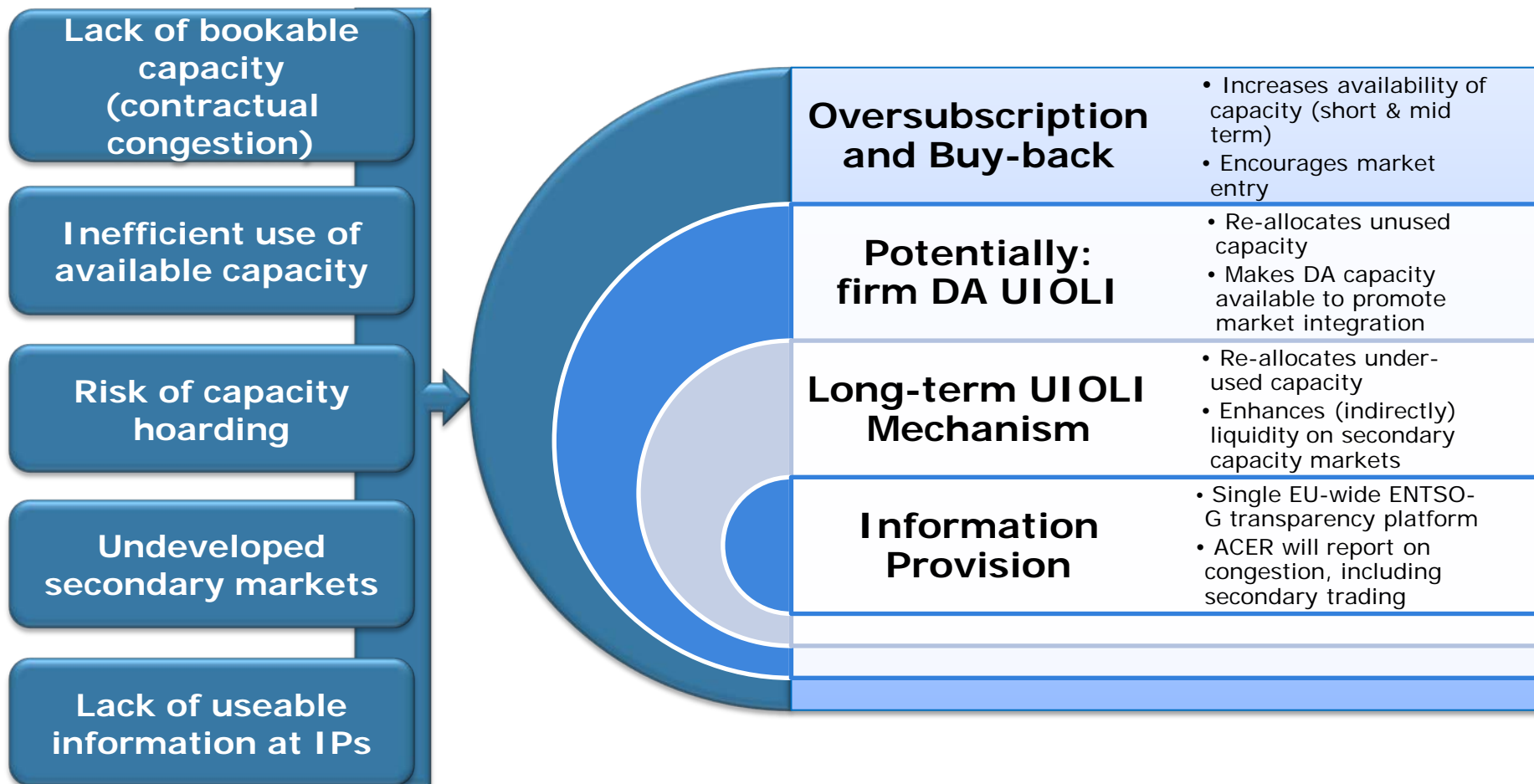
# FG and NC planning



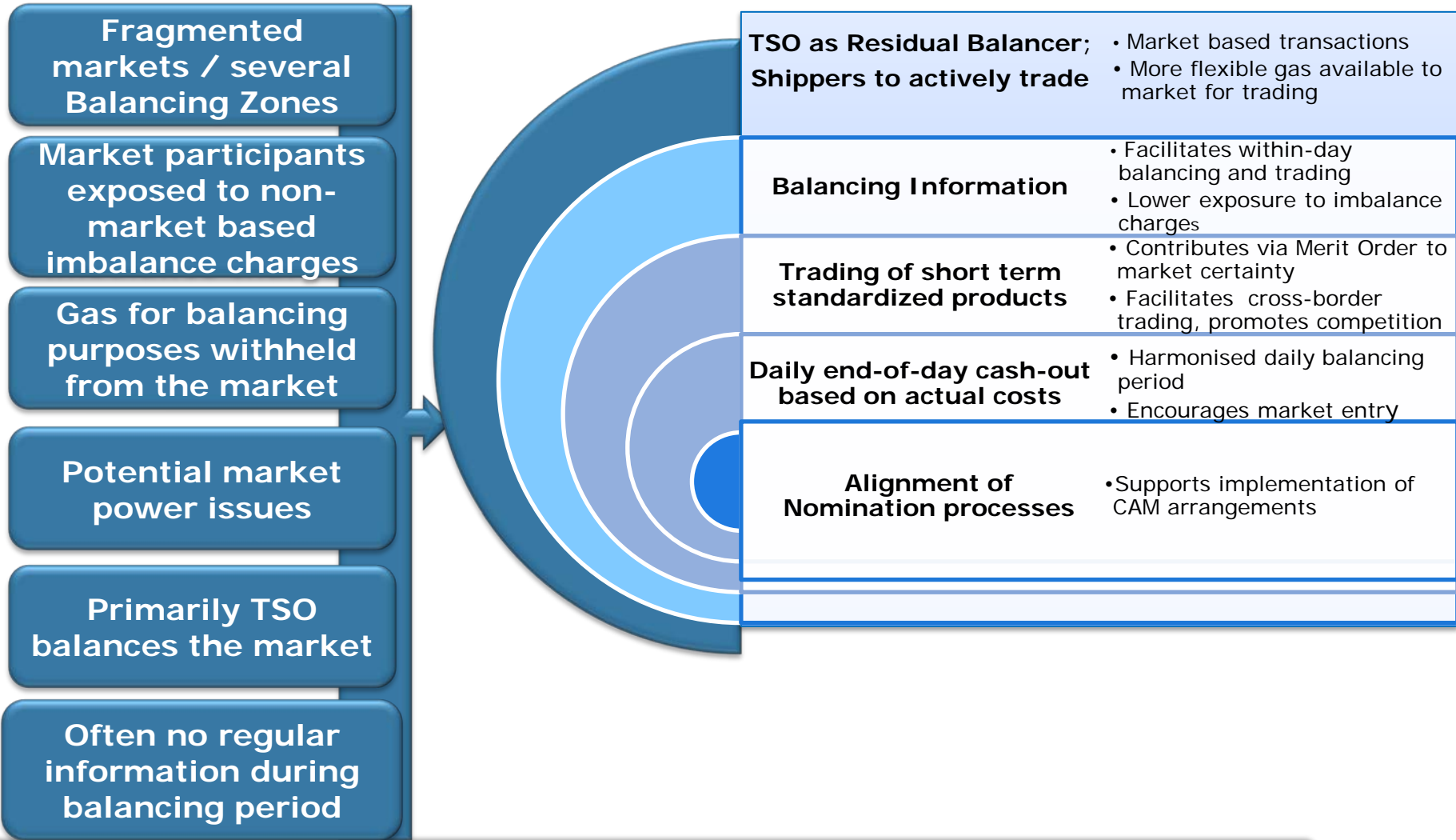
# FG/NC on Capacity Allocation Mechanisms



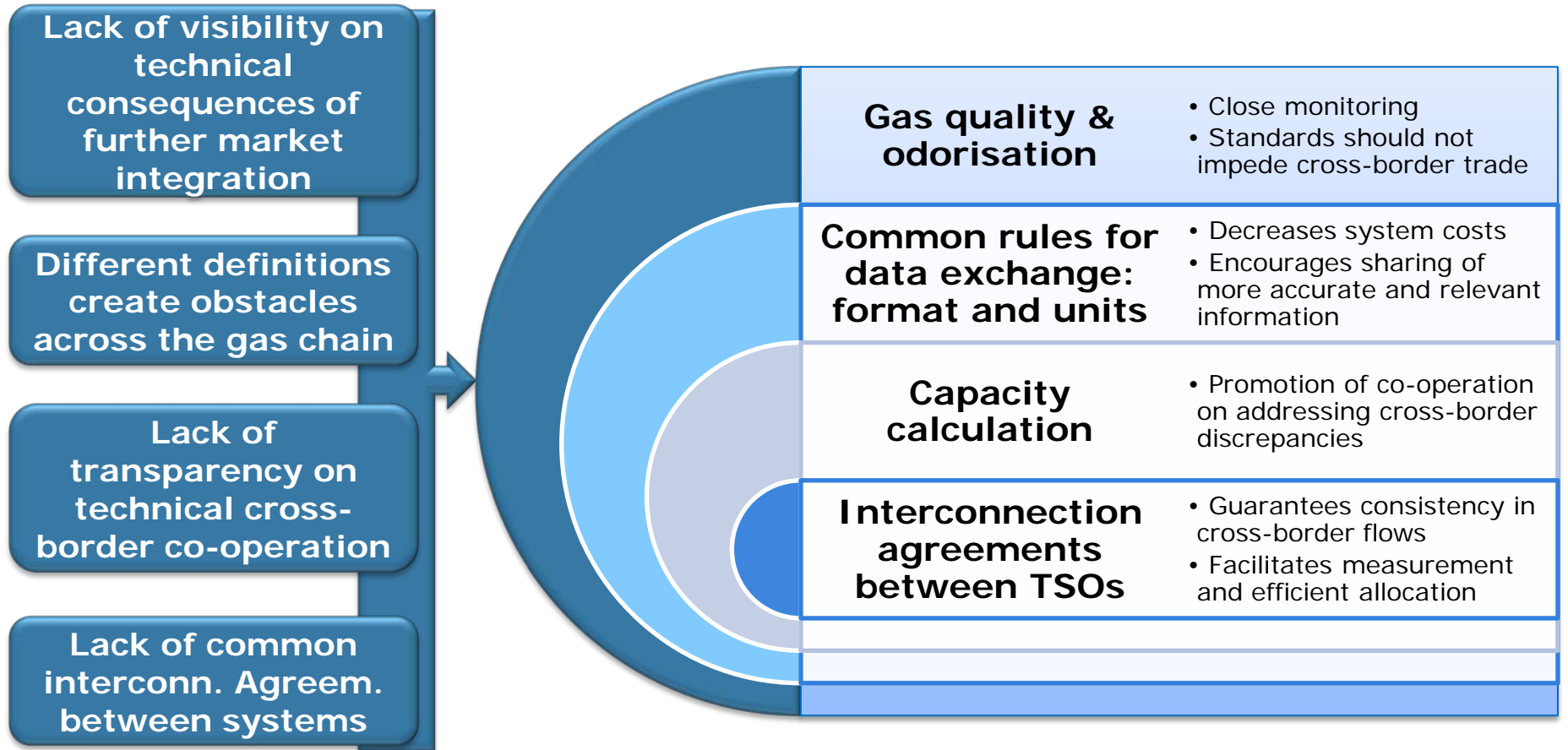
# “Comitology” Guidelines on Congestion Management Procedures\*



# FG/NC on Gas Balancing



# FG/NC on Interoperability and Data Exchange Rules



# FG/NC on Harmonised Tariff Structure

Discrimination  
between different  
users & between  
domestic/cross-  
border usage

Allowing for  
efficient investment

Cost allocation &  
under- or over-  
recovery of allowed  
revenues

**Public Consultation  
on the Draft  
Framework Guidelines  
planned for  
summer 2012**

# Role of NCs in the broader context of the energy value chain

- Important market enabling tools
- Contributing to the development of commodity and services markets
- Contributing to non-discrimination and transparency across the energy chain



# Achieving the Internal Gas Market by 2014

**Formal Framework Guidelines / Network Codes process**

**FG/NC on Capacity Allocation Mechanisms (CAM)**

**Comitology Guidelines on Congestion Management Procedures**

**FG/NC on Balancing**

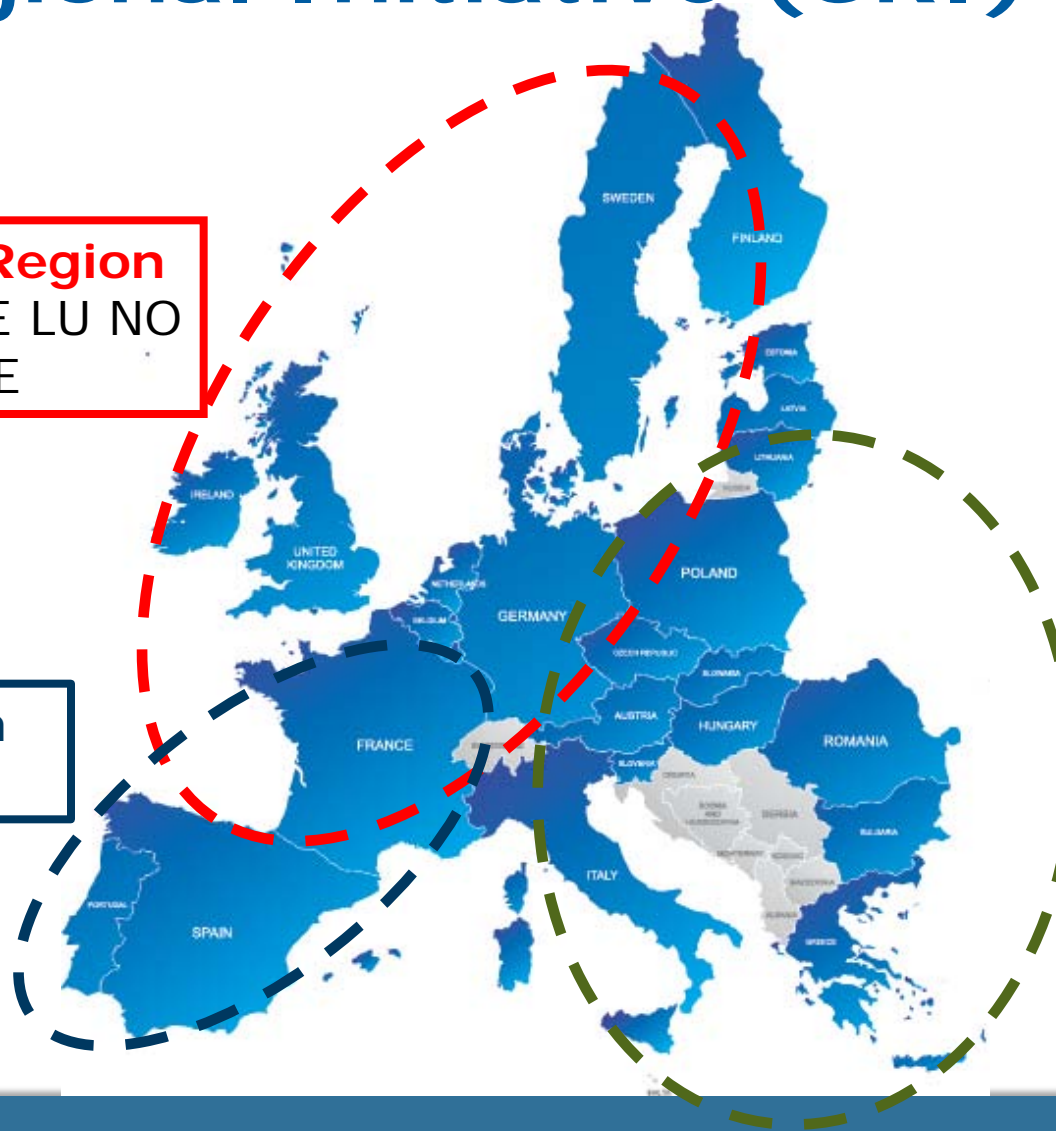
**FG/NC on Interoperability and Data Exchange Rules**

**FG/NC on Harmonised Tariff Structure**

**Voluntary Coordinated Implementation of CAM**

**Coordinated auctions of a common set of bundled capacity products**

# Gas Regional Initiative (GRI)



**North-West Region**  
BE DE DK FR IE LU NO  
NL UK SE

**South Region**  
ES FR PT

**South,  
South-East  
Region**  
AT BG CY CZ  
HU GR IT PL  
SI RO SK

# Gas: Early CAM Implementation

South Region



## South Region

- CAM harmonisation in interconnection ES-PT
- Future extension of the project to the IPs with FR
- Common TSO allocation platform in 2014

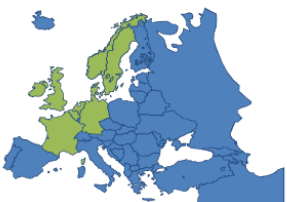
South, South-East Region



## South, South-East Region

- Coordinated short-term capacity services in AT - IT
- Extension of GATRAC project for the allocation of bundled products to IPs with SK and other countries

North-West Region



## North-West Region

- Pilot project NL-DE for early implementation of NC
- Regional TSOs' booking platform for CAM

**The creation of joint (cross-regional) CAM platforms is one of the priorities for 2012 GRI work**

# 21<sup>st</sup> Madrid Forum (MF) meeting

22-23 March 2012

- The MF welcomed the updated GRI work plans, with greater emphasis on regional projects
- The MF called on TSOs, involving NRAs:
  - to identify pilot projects and pilot platforms for the early implementation of rules on capacity allocation and balancing
  - to develop a roadmap for progress towards the 2014 IEM target
- ACER and ENTSOG to monitor progress and to report to the MF
- On 18 April 2012, 16 TSOs (BE, DE, DK, FR, NL) signed an MoU for a joint capacity platform

**Thank you for your attention!**



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