



30 June 2008
Ref: 08GTE+205

Minutes of GTE+ Workshop on GTE+ Work programme held on 24 June 2008

Introduction and organisational development:

Jacques Laurelut, GTE President and GTE+ Transition Manager welcomed the participants and introduced the workshop. He presented the TSOs third package responsibilities foreseen in the Third Package and the on-going work in GTE to prepare for ENTSOG. He highlighted the objectives of the workshop namely to present initial proposals for the first GTE+ Annual Work programme, to solicit feedback from stakeholders, and to try to take account of stakeholder feedback by publishing a final work programme (out to the end of 2009) by the end of September..

Nigel Sisman, GTE+ Senior Adviser in charge of GTE development towards ENTSOG presented the organisational development Project Plan highlighting the initial challenge as ensuring that the first Work Programme meets stakeholder expectations.

Questions were raised by stakeholders on the envisaged consultation process and the way stakeholders will be involved in the consultation. GTE+ highlighted that this first consultation provided the first opportunity to engage and respond to stakeholders since the establishment of GTE+. This should not be viewed as the full ENTSOG development and consultation processes; GTE+ expects to "consult on the full consultation processes" later in this year. GTE+ stressed that ENTSOG scope should be limited to TSOs related activities; TSOs did not want to be expansionist and specifically development of codes should correspond to those network codes that are relevant to access and operation of the network. The work programme should be built based on an iterative process with stakeholders. The ENTSOG processes will need to take account of all stakeholder feedback. ENTSOG will have specific objectives defined by the Third Package; including duties to co-operate and to promote the market. Stakeholder views and proposals will therefore need to be assessed in the context of ENTSOG's objectives. Voting will be required within ENTSOG; this is important so that ENTSOG can indicate that TSOs as a group are committed to proposals and implementation plans. This serves to bind TSOs and so close the loop (with ACER roles in relation to securing NRA co-operation also playing a part).

Thus at this stage the view of GTE is that safeguards for stakeholders come from the process; specifically the development and consultation processes will be open, transparent and responsive, oversight from the Agency will ensure fair play and voting within ENTSOG should be limited to members in the context of their Third Package obligations. That does not mean that GTE position might not change; GTE expects to respond to feedback on these issues as part of a consultation exercise later in the year. Additionally the proposed draft Statutes and Rules of Procedure will be the subject of Agency and Commission scrutiny.

EREGG (David Haldearn) welcomed the work undertaken by GTE towards ENTSOG. He highlighted that ERGEG will launch a consultation document in Autumn addressing practical implementation of the framework proposed in the 3rd package, the consultation process and the establishment of priorities for the development of codes and guidelines and that GTE+

Rue Ducale 83
B – 1000 Brussels

Tel +32 2 209 05 00
Fax +32 2 209 05 01

gte@gie.eu.com
www.gie.eu.com

work will constitute a useful input even if the future framework is not yet known and should not be considered as already defined or shaped by the GTE+ on-going work.

He stressed that regulators could not adopt a final position until they had undertaken their own formal consultation. Nevertheless, regulators wanted to be involved in the process and that ERGEG is looking forward to the discussions between the regulators and GTE+.

Easee-Gas (Lex Huurdeman) highlighted that the priority for GTE+ should be to define the consultation process as it is stressed as a very important element in the third package proposal. He also mentioned that the recent discussion in the Council on a possible third way for unbundling of TSOs might raise concerns on the effective independence of ENTSOG members and that the preparation of the annual work program and network codes, which touches the commercial interests of a large number of market participants, and in particular the adoption of those codes should be executed by all market participants with a justifiable interest and be based on the principles of balanced decision without dominance of a single party, time-bound with escalation mechanism to the Agency.

Jacques Laurelut answered that ENTSOG will be created in the framework of the Third Package and that the Third Package will ensure TSOs are independent (either through ownership unbundling, ISO or through the "Third Way", an ITO) and this independency is indeed necessary for ENTSOG to work properly. GTE+ will consult extensively with regulators and all stakeholders, including Easee-gas so that all aspects can be carefully considered before the precise details of the consultation processes are defined. He highlighted that the consultation process is part of the work on ENTSOG Statutes and rules of procedures. This work is one of the priorities of ENTSOG and is part of the GTE+ work programme. Further consultation and dialogue with stakeholders will inform the development of the detail of the consultation process by the end of 2008. It is too early now as there is a need to understand the scope of ENTSOG before discussing the details of the consultation process.

He highlighted moreover that according to the on-going discussion in the European Parliament and the Council, the final consultation on the code development process is likely to be done by the ACER.

OGP (Bjorn Melaa) mentioned that the ENTSOG Statutes should not only be based on the GIE Statutes but that other associations' Statutes providing for "equal voice" should also be used as basis for the new statutes.

EFET (Colin Lyle) asked for a formal commitment from GTE before the end of the workshop that if stakeholders widely requested changes to the GTE+ workplan that these changes would be implemented.

Nigel Sisman highlighted that it was essential that stakeholders would be involved in the development and consultation processes. Diversity of views and proposals would be an essential element to ensure robust outcomes that fairly balance the needs of all stakeholders, Stakeholder feedback and proposals would need to be analysed and the rationale for inclusion or rejection of any proposal would need to be made in the context of Third Package objectives attributed to ENTSOG responsibility.

BG Group (Alex Barnes) asked how the regional cooperation was taken into account in the ENTSOG process. Nigel Sisman answered that TSOs are committed to work both in the Gas Regional Initiative and within GTE to consider how the regional co-ordination in ENTSOG might be delivered. How coordination between GTE and GRI will be arranged is currently being discussed and will be defined in more detail in the coming months. Jacques Laurelut highlighted that the regional approaches to deal with region specific issues might be more efficient if managed locally involving the few concerned TSOs and stakeholders than in a bigger structure. However European topics should be preferably dealt with at European level.

EREGG (David Haldearn) enquired if any thought had been given to the code modification processes, Nigel Sisman answered that the process for modifications of codes should be based on similar principles and processes used to establish the codes. Thus the modification process should be quite close to the generic process for codes developments. However the process (including timeline and decision making process) will depend on the criticality of the topic and the relevant process steps and timelines assessed on a case-by-case basis.

Later on during the workshop, discussion came back on the organisational development. EFET (Colin Lyle) referred to EASEE-gas as a possible platform for network code development and the consultation process using the voting process in place in EASEE-gas.

Jacques Laurelut reiterated that it is necessary to first develop in conjunction with stakeholders the principles of consultation process and then work on the details. He noted that GTE will be aiming at adopting a step-by-step approach in this context. Jacques indicated that different processes might apply for codes and other activities. Jacques also indicated that a decision would be necessary as to whether GTE should continue as the voice of TSOs.

Marcogaz (Dirk Debert) expressed concerns about the terms used, noting that network codes should not be understood as network standards and that these two should be treated separately. There is therefore need to work on the definitions so that terms used are understood in the same way. Marcogaz noted moreover that it is not clear what is meant by security of supply – whether it is the security or safety issue. He stressed that stakeholders should be involved in the discussion and Marcogaz is fully ready to provide substantial input in the technical area. In response, Jacques Laurelut noted that GTE is fully aware that for some issues some stakeholders should be involved more intensely.

EASEE-gas (Lex Huurdeman) stressed again EASEE-gas views, according to which it is necessary to discuss first the consultation process and only then discuss the topics to be worked on.

Transparency Platform

Andrea Cirlicova, GTE+ Senior Adviser in charge of the Transparency Platform project, presented the Transparency Platform project. The objective is to develop an IT tool allowing market participants to find relevant information regarding transport of gas across Europe on a single site. 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 re-nominations (to be understood as final nominations valid for the gas day), flows and interruptions.

Alex Barnes asked how the 3 minus rules will impact on the project. Andrea Cirlicova answered that there are still some months to go and it was too early to get a clear picture of which TSOs will have data provided to the Transparency Platform and the extent to which the TSOS might be prevented from publishing because of the three minus rule. However, the prospect is to have a reasonable number of TSOs publishing as soon as the platform is available by end October 2008.

EFET (Colin Lyle) welcomed the inclusion of the capacity and flow data in the project but expressed disappointment that the flow data was still not planned to be available until 2009.

The priority from the point of view of traders and shippers was for TSOs to make capacity and flow data available to the market now. EFET noted that this information is planned to be downloadable from the GTE+ website in a consistent form but asked which units will be used to publish the data, mentioning the Easee-gas CBPs on harmonisation of units as a possible standard to be used. Andrea Cirlicova answered that normal cubic meter will be used for capacity data and kWh will be used for nomination. Where TSOs are publishing using different units, conversion factors will be applied.

OGP (Bjorn Melaa) supported EFET comments on the units issue and highlighted stakeholders' interest to be involved in reviewing the product. Andrea Cirlicova answered that the platform is currently under development, based on specifications taking into account the stakeholders' views as expressed last year. Noting stakeholder desire to ensure timely delivery of the Transparency Platform and the fact that ECG and TSOs are actively working on the development it would be preferable not to amend the project at this stage. However it would be desirable to have stakeholder feedback early next year, possibly a workshop could be held with stakeholders to discuss the way forward next year, after the implementation of the platform.

Accurate information was cited as critical to enable efficient trading. Andrea indicated the information will be as accurate as possible.

David Haldearn asked if the service would be provided without specific costs to users. Andrea confirmed that no charges would be levied for accessing data. Moreover the data would be publicly accessible. However, further developments of the platform should be more formally funded, as the costs of the first phase is being borne by the TSOs with no guarantee to have the costs taken into account in their tariffs.

European Ten Year Network Development Statement 2009

Volker Schippers, GTE+ Senior Adviser in charge of the European Ten Year Network Development Statement presented the project. The Ten Year Network Development Statement will be developed by the end of 2009. It will describe the envisaged development of the European gas transmission capacities analysing the ability of the European gas transmission network to meet the requirements of the European Gas Market.

Several questions were raised by the audience. Alex Barnes and Colin Lyle (EFET) referred to the issue of the confidentiality of certain data that ENTSOG might want to receive as key inputs to the TYNDS. Alex quoted the United Kingdom as an example where the transporter has had to enter into confidentiality agreements to obtain some information.

Alex Barnes noted that whilst the Development Statement would be helpful informing the market, the critical issue is the framework that defines capacity booking arrangements and investment decisions. Stakeholders' ability to book capacity both in the short and long term is critical both for existing capacity and new capacity that might require investment. Hence, stakeholders require coordinated open seasons and a practical investment framework. There needs to be regular and frequent opportunities to book capacity, whether existing or new, with clear procedures and rules, including how TSOs will allocate capacity. Alex indicated that it is essential to define an appropriate balance between the capacity booking processes (and associated financial commitments) on the one hand and TSOs capacity investment process, on the other. In response to this observation, Jacques Laurelut noted that the Ten Year Network Development Statement is intended to be a communication tool and does not go as deep as the issue of coordinating open seasons. Colin Lyle said that EFET would be prepared to work with GTE to help improve the general approach to primary capacity allocation, both for existing pipelines and for new investments.

EFET (Colin Lyle) inquired about the assumptions of the Ten Year Network Development Statement exercise, in particular the level of consistency of the data on the basis of which the

Statement is to be constructed. In response, Volker Schippers noted that the assumptions are taken as they are at national level; however, he mentioned that some work on increasing consistency could be undertaken. EFET recognised that full consistency was not practical at present but suggested that a first step would be to publish the different assumptions that are used by different TSOs.

Centrica (Helen Stack) welcomed the GTE proposals on network development and transparency, but remarked that they would have limited effect if its members did not fully implement Regulation 1775 and ERGEG's Open Season guidelines. Jacques Laurelut highlighted, however, that GTE is currently a voluntary association and as such cannot be the policeman of the TSOs; this role should be fulfilled by the regulator who should have appropriate tools to ensure compliance.

ERGEG (David Halldearn) reiterated the earlier comment of EFET noting that there is constant need for coordinated open seasons. He referred to the NW GRI which is addressing this issue and wondered whether we could learn from this work given that open seasons and long term contracts are the only approach available at this time.

Capacity

Meinhard Janssen, GTE Ex Com and chairman of the GTE Capacity WG, presented the Capacity Product Coordination project. He explained that such coordination is to be understood as the compatibility of cross-border shipping services as well as its related characteristics and procedures. The intention 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.

Answering a question from Alex Barnes, Meinhard Janssen informed that the recommendation report will not constitute binding obligations for TSOs. With the CPC project GTE envisages to create recommendations on capacity services, what the TSOs understand of services and also how they should be rendered to the customers on a coordinated basis. However, by the end of 2009 GTE intends to provide a broad set of recommendations for cross-border services.

Winter Outlook

Volker Schippers presented the Winter Outlook project. The objective of the project is to develop European Winter Outlooks for the winters 2008/2009 and 2009/2010 to provide European stakeholders and market participants with:

- information on 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 as well as gas storages.

EFET (Colin Lyle) suggested that many market participants would welcome a workshop or wider presentation of the new Winter Outlook. This might also help to improve the quality on an ongoing basis, Volker Schippers confirmed that the Winter Outlooks will be published on

the GIE Website and the Winter Outlook for the next winter could be presented in the next Madrid Forum, subject to availability of a slot in the agenda, alternatively in a specific workshop.

Interoperability

Rudy Van Beurden, GTE Ex Com member and Chairman of the GTE Interoperability WG, presented the two Interoperability-related GTE+ projects:

- Procedure on Harmonisation of Maintenance Publication
- IT and Communications Roadmap

The objective of the Procedure on Harmonisation of Maintenance Publication is to streamline the communication about planned maintenance amongst TSOs and between TSOs and market participants. 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).

The objective of the IT & Communications Roadmap project is to develop a roadmap providing an EU wide IT development and guidance plan on IT communication standards, protocols and adoption principles in cooperation with other European stakeholders. 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.

Rudy Van Beurden highlighted that lots of work have already been done on these issues, in particular in Easee-gas, and that the intention is to build upon it and not to start again. There is still a lot to do, in particular in addressing inconsistent adoption of the existing standards.

Answering a question from EFET (Colin Lyle), Rudy Van Beurden informed that TSOs are for TSOs related issues best place to address the topics and that Easee-gas has to continue its work.

Regarding harmonisation of Balancing regimes, Rudy Van Beurden answered that GTE has re-launched the Balancing TF with view to work on Balancing models.

Conclusion

Alex Barnes highlighted that the highest priority for shippers is to focus on capacities and access to capacity.

As a conclusion, Jacques Laurelut announced that the minutes of the workshop will be circulated to all stakeholders and urged market participants to provide inputs to the on-going consultation on the GTE+ work programme by 31st July. Jacques indicated that GTE+ would be pleased to meet with stakeholders on a bi-lateral basis during July.

He also announced that the conclusions of the consultation will be published by the end of September, presenting a work programme taking into account stakeholders inputs and the available GTE+ resources.