

**OGP Response to the first GTE+ Consultation Document
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Q1. Does the programme identify the correct priorities for GTE+ focus during 2008/2009?

A.1 OGP supports GTE+ in the initiative to commence work on identifying the key areas for initial work that will enable a smooth transition into the ENTSOG organisation. The priorities that are identified cover some of the main challenges that are facing the European gas market at this time. Establishing a new organisation such as ENTSOG presents a number of challenges and the ability to address and prioritise them in a timely manner will be key if the new organisation is to quickly become effective.

We note from the GTE+ consultation document that although activity timelines have been proposed for each of the programme elements, **there is no timeline or resourcing plan included for the programme itself and that each project is treated as completely separate from the others.** GTE+ is to be applauded for engaging dedicated staff to work this issue but even considering this resource **OGP expects that it will be necessary to prioritise the activities and produce some sort of resourcing plan to ensure that the expectations for the deliverables can be met.**

GTE+ will be better positioned to meet the challenges of timelines and resources by enlisting resources from other market participants to provide expertise to assist the transition team in selected areas.

Planning between activities will become even more critical if it is identified that additional areas need to be addressed as the development of the new organisation progresses. OGP would propose that although the areas identified in the GTE+ consultation document are important for the continuing development of the European internal gas market, they should be prioritised with those activities that are required to establish ENTSOG as an organisation that meets the criteria laid down by the European Institutions and the expectations of the European gas market taking the highest priority.

***Q2. What other priorities should be addressed. ?
Which elements of the plan should be displaced?***

- A2.
- a. Organisational development that incorporates stakeholder involvement
 - b. Establishing regional hubs
 - c. Common criteria for attracting infrastructure investment
 - d. Procedure for managing disputes between / with:
TSOs

Other market participants
Regulators

- e. Annual programme review process

As stated in our response to Q1, activities should be prioritised. All of the areas identified in the GTE+ programme are important but the decision with regard to when they should be carried out, and which topics should be deferred, can only be taken when this prioritisation process has been completed. In addition it is important that this assessment of the programme content is not considered a one off exercise. Regular milestones should be set to check that the programme is still viable and that the activities are relevant.

Q3. Are the objectives and deliverables associated with each plan realistic?

- a. Organisational development
- b. Transparency platform
- c. Winter outlook
- d. Ten year network development statement
- e. Capacity coordination
- f. Procedure on harmonisation of maintenance publications
- g. IT and Communications roadmap

A3.

- a. Organisational development.
OGP is pleased that GTE envisages substantial and widespread stakeholder involvement in iterative and responsive processes throughout the process of formulating proposals. We consider that involvement of this kind will be key to ensuring the optimum utilisation of stakeholder expertise and obtaining full stakeholder buy in to the activities of ENTSOG.
The statutes and rules of ENTSOG should not be based solely on those that already exist within GIE but should include principles that ensure that the balanced perspective of the other market participants can be included in a fair and equal decision making process.
The statutes and rules of ENTSOG should recognise that the activities covered by ENTSOG will impact on all market participants and that the agreement and buy in of all market participants will be necessary for the organisation to fulfil the role that is envisaged by the European Commission. OGP is encouraged that GTE+ proposes to engage with stakeholders about the principles that should define the consultation and development processes prior to defining the statutes. **However, from the organisational project plan it can be seen it is the intention of GTE+ to consult and then decide, with no further feedback or iteration with the stakeholders. OGP believes that the plan should allow for more iteration between all the market participants and that review periods should be incorporated within the plan to ensure that the maximum benefit of the market participants' expertise has been obtained, prior to finalisation.**
- b. Transparency Platform.

Since the launch of the GTE transparency platform at the Madrid Forum, OGP has been pleased to contribute as required to its development. OGP supports the deliverables as stated in the GTE+ consultation document. Whilst recognising the current differing levels of maturity with regard to the information that is available to market participants across the European network, OGP advocates that, rather than purely facilitating links to the disparate individual portals of the TSOs, the network of European TSOs should work together to provide the information in a transparent and consistent manner. One of the areas of focus for the gas producers is to have the ability to import gas for transportation through a number of EU Member States, utilising the European transportation network. For this to occur in an optimum manner information should not only be available but also consistent, facilitating joined up transportation arrangements.

The project plan for the transparency platform lacks the detail of specific milestones for each TSO to have provided the interfaces necessary to allow the plan to be delivered. In addition, the plan does not include any reference to regular reviews by the market participants who will be the main customers. Review milestones should be incorporated. Also, as it is anticipated that new functionality will be introduced after the initial phase, we recommend introducing a systematic approach (included stakeholder engagement) to functional design and upgrading of the platform.

- c. European winter outlooks.
GTE has been requested by the Gas Coordination Group to provide regular winter outlooks. Whilst recognising the benefit of this work we would suggest that **the real added value will come from the insight that can be derived from it by the TSOs and other market participants.** This would transform the outlook into an intelligent activity from which a number of scenarios, together with appropriate responses can be formulated. OGP would see this valuable piece of work, combined with an outlook for the rest of the year that factors in maintenance unavailability etc. becoming a vital tool for the Gas Coordination Group to plan effectively throughout the year.

- d. Ten year network development statement.
It is unclear what the expectations of the ten year development statement are. We would anticipate a more precise definition of the purpose and output of the plan / statement. Furthermore, the deliverables described are lacking recommendations of areas that should be focused on. We question if the ten year statement as described meets the expectations of the European Gas Market.
OGP would suggest that this project should present a practical basis for the European gas industry to work together **to make an annual statement with regard to the progress of the European gas market towards the goals that have been endorsed by the European Institutions and all market participants.** It should include the priorities of all the market participants and those of the regulators. The plan should be reviewed and commented upon extensively during development so that clashes or inconsistencies between the interests of different market players can be identified discussed and where possible, resolved.

In preparing its annual work programme and the technical and market codes referred to in Article 2c (1) and (3) of the amending Regulation, the European Network of Transmission System Operators for Gas should involve all appropriate market participants, which include segments such as supply undertakings, customers, system users, producers, traders, distribution system operators, transmission system operators, LNG system operators and storage system operators and technical bodies. Appropriate participants will co-create draft codes under the auspices of ENTSOG. Any participant may choose to be represented by a relevant (industry) association or stakeholder platform. In adopting the annual work programme and the technical and market codes referred to in Article 2c(1) and (3), the European Network of Transmission System Operators for Gas together with involved market participants shall apply a voting process that promotes consensus amongst participants and allows for a veto per segment in case of irreconcilable differences. If Transmission System Operators for Gas and involved market participants fail to agree within a defined period of time the Agency should provide an opinion in accordance with Article 2 of the Regulation.

Again, given that this is probably the priority ongoing activity for ENTSOG, **the detail contained in the project plan is insufficient. The activities identified do not cover the full scope of the statement and the input of the stakeholders should not be considered as a one-off activity. Stakeholder involvement should occur at regular intervals throughout the project, recognising that the stakeholders will be providing essential information as well as providing feedback on all other aspects of the plan.** For this project to be successful it is important that all stakeholders are aware of activities as they progress and therefore OGP would propose that GTE+ incorporates processes that reflect the constant stakeholder dialogue that will be required for a successful 10 year statement into the statutes of ENTSOG.

For such a key activity, OGP would propose that GTE+ not only prepares a fully detailed plan for its development but also includes a resource plan alongside. This resource plan will not only develop the resources that will be needed by ENTSOG but it will also flag up to all the market participants the resource that they will need to provide to ensure that ENTSOG has the required level of input in a timely manner.

e. Capacity coordination

Capacity coordination is another activity that is essential if the principle of a single, open European gas market is to be attained. OGP sees this project linked to the transparency platform. We support the GTE+ statement in the consultation document that not only the continuous and repeating involvement of the market parties, but also the detailed analysis procedures will assure that the impact assessment of the recommendations will provide a solid basis for an added value energy market. In particular OGP would support TSOs offering services that are compatible over adjacent networks. This type of cooperation should be considered as a first step towards establishing regional hubs, which in turn will be a step to a single integrated market.

Where this study identifies barriers, proposals should also be made on how these barriers can be overcome, identifying the participants whose input is necessary to resolve them.

The project plan for capacity coordination identifies a questionnaire that can be applied to the European transmission system operators, we would suggest that this type of questionnaire should be very specific in order that the questions cannot be interpreted in different ways by different respondents, resulting in confusing results.

- f. Procedure on harmonisation of maintenance platforms
OGP applauds the progress that GTE is making in order to streamline communication about planned maintenance amongst TSOs and between TSOs and market participants. **Although market participants are included in the objective of this project it should be recognised that the market participants are a key contributor to this project as well as the customers.** In keeping with the aim for a single European gas market, it is not just the maintenance of the transmission systems that need to be harmonised. **For effective security of supply it is important that the maintenance periods of the production, LNG and storage infrastructures are also taken into account.**
This activity demonstrates how the input of other market stakeholders can be combined with the pivotal role of the TSOs to present a transparent view of gas availability, thus promoting security of supply and optimum flexibility on a pan European basis.
For this project to be successful it is essential that the information is kept current by regular updates. We question the assumption that the information used will rely on information published by individual TSOs. OGP proposes that ENTSOG should expect that maintenance plans that have a material effect on gas availability will be advised and updated as required to allow all market participants to be confident that they are viewing accurate data.
The project plan for this activity is incomplete and unrealistic.
- g. IT and communication road map.
OGP supports the GTE+ recognition of a need for coordination and harmonisation at the European level in IT and communication matters. We support the statement that communication standards and protocols should be developed jointly by all stakeholders and recognise the key role for GTE+ in the development and adoption of principles and guidelines. In addition we would suggest that ENTSOG also has a role to monitor and ensure that the IT and communication standards are implemented.
The timings shown on the project plan appear unrealistic considering the number of different protocols that are currently being used or are under development. As with other project plans, this project would appear to require a large amount of resource and also may also require specialist contracts. If this is the case the expert resource should be identified on the plan.

Q4. *If delivered in a timely and responsive manner would the programme defined in this document constitute a significant step towards the development of the internal market?*

- A4. Yes. However, in general we believe that the plans as shown in the consultation document lack detail and do not take into account the amount of resources that will be required to implement. The plans all lack milestones and those where the activities commenced at the beginning of 2008 do not show any progress to date. As previously stated, we would suggest that GTE+ reviews the different projects for priority and also creates appropriate contingencies for when it becomes apparent that the projects cannot be completed in a timely manner.

Q5. Do respondents have any additional comments or remarks to make about?

A5.

a. The proposals to establish ENTSOG

Establishing ENTSOG presents an opportunity for the European gas to demonstrate that it can work together to deliver a single, open and transparent gas market that will deliver best value to the consumer. OGP does not see ENTSOG as another form of GTE that has been established by legislation. We believe that the proposal to establish ENTSOG recognises the central role that the TSOs have in the gas market, having an expectation that the TSOs will use these as an opportunity, not for self interest, but as a positive step towards working with the other market participants on an equal basis. The European Commission, Member States and National Regulators will be watching the industry with interest to see if we can work together in a positive, joined up way that will result in the best conditions for European consumers. The OGP position is that GTE+ together with all market participants should take up this opportunity and work together to provide real added value. OGP recognises the considerable amount of time and resource that GTE+ has already invested into making ENTSOG a success and we are committed to working with GTE+ in support of that successful outcome. We expect that GTE+ will accept that all market participants should have the opportunity to contribute on an equal basis to the activities of ENTSOG. This applies in particular to the development of the ten year network development statement and to the development and amendment of market codes. **Whilst emphasising OGP's intention to contribute fully and positively to the activities of ENTSOG, the OGP position is that it will not be satisfactory for us to participate in a process that does not give an equal voice on matters that affect the upstream gas producers.**

b. The work programme envisaged in this document

With the expectation that the resources available to GTE+ will be limited, OGP is of the opinion that the work programme is attempting to accomplish too many activities in the same period of time. The viability of the work programme will be ascertained when the activities required for each of the projects identified in the work programme are fully detailed and combined with an accurate assessment of the resources that will be required. The input and resources required from market participants other than TSOs should also be included in the work programme. With this clearer picture it may become apparent that some of the projects identified in the work programme will need to be deferred. If this is the case, it is preferable that the re-scheduling takes place as soon as possible in order to manage expectations.

c. Anything else?

- For clarity, the terms market stakeholders and market participants should be defined. OGP members may chose to be represented within ENTSOG by a relevant (industry) association, stakeholder platform or may represent themselves.
- The consultation document does not refer to any implementation activities. OGP is of the opinion that a major part of ENTSOGs role will be to promote and monitor implementation of the projects, programmes and codes. If the various aspects of this consultation document are completed but not implemented in a timely manner throughout Europe, the industry will be missing a major opportunity.

Q6. Is there any advice/feedback you would like to offer to GTE about how it can best facilitate the transition between today and implementation of the Third Package?

A6. The transition between the organisation of GTE+ today and ENTSOG will only be judged a success by the European gas market if it meets the expectations of all market participants. The most effective way to ensure that this is the case is to facilitate opportunities for those stakeholders to be fully involved in ENTSOGs development and future role.

Q7. Would you like to meet with GTE members to discuss the development of ENTSOG consultation and development processes?

A7. Yes