



## *Memo of the GTE+ Workshop European Ten Year Network Development Statement 2009*

**21 January 2009, Brussels**

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### **Introduction / Capacity Development Report**

The workshop was moderated by Siobhan Hall (platts).

Jacques Laurelut (GTE) introduced the workshop, and Volker Schippers (GTE) presented the slides on the key results of the Capacity Development Report published by GTE+ on 28 November 2008.

#### Discussion:

Erik Rakhou (EK) highlighted that according to the Capacity Development Report only 13 TSOs are publishing Long Term National Statements.

Doug Wood (BP) asked about the sources and timing of the data provided. Volker Schippers explained that the main sources of information provided in the Capacity Development Report were TSOs and pipeline project sponsors. Data collection started with the help of a questionnaire sent to TSOs in the beginning of June 2008 with a response deadline of end of July 2008. However, as draft reports were sent to the TSOs regularly during the development process, TSOs and pipeline project sponsors had the opportunity to update the figures until middle of November 2008.

Benoit Esnault (CRE) asked about the capacity unit and the time resolution used in the report. Volker Schippers answered that volume units in Mio. Nm<sup>3</sup>/day were used in this report. TSOs had been asked to provide the capacity figures for 1<sup>st</sup> January of each year from 2009 to 2018 for which final investment decisions had been taken.

Jacques Laurelut added that only firm capacity has been reported and no interruptible capacity.

### **Next stages of the first European Ten Year Network Development Statement (TYS)**

#### GTE+ presentation

Volker Schippers presented the next phases of the first European TYS.

#### Discussion:

Margot Loudon (Eurogas) asked how stakeholders were involved in the development of the Capacity Development Report. Volker Schippers answered that the Capacity Development Report which focussed on capacity information was based on information received from the TSOs. Depending on the respective national processes, stakeholders were involved in developing that information. Wide stakeholder involvement is foreseen in the development of the Capacity vs. Demand Report and the TYS.

Doug Wood commented on the actual volatility of the market and the prices of oil which might make the development of demand and supply scenarios difficult. He also commented that both supply and demand projections may have moved significantly in the time since the data were gathered as new supplies might be delayed by low oil prices and demand would reduce in the economic recession. Both these effects would impact the level and timing of transportation investment.

Olaf Islei (OFGEM) asked whether GTE+ was intending to produce a methodology statement. Volker Schippers answered that the methods applied in the development of the Capacity Development Report are described at the beginning of the respective chapters. He confirmed that the same is foreseen for the next two reports. This would include a description of the calculation algorithms applied.

Benoit Esnault (CRE) raised the issue of inclusion of security of supply scenarios to be considered in the TYS. Jacques Laurelut answered that the inclusion of security of supply scenarios will have to be based on carefully assessed assumptions in order to avoid multiplication of different options.

Jacques Laurelut asked how crisis scenarios (like the Russian/Ukrainian crisis) could be taken into account. Volker Schippers answered that if the overall sum of available gas is lower than the overall sum of assumed demand a demand side response or cutting down of demand would have to be modelled. Rules for such reductions would be needed.

Fay Geitona (ERGEG) suggested considering regional inputs. Volker Schippers answered that the current project plan does not foresee such step but that he would welcome any workable proposal to improve the information quality within the given timeline.

#### Commission's presentation on Supply and demand scenarios for EU 27

David Blanchard from Unit C4 (Market Observatory for energy) presented the Supply and Demand Scenarios for EU 27 for 2020 (4 Primes scenarios as presented in the Commission's staff working document accompanying the Communication on the SEER 2 adopted in November 2008). It was explained that Primes scenarios were quite sensitive to prices and showed that gas would compete with other fuels on the base of its price: the share of gas in the EU fuel mix will remain above 20% in all scenarios; EU gas consumption will remain rather stable or slightly decrease with new policy measures; imports of gas would increase as a result of the decline of the EU indigenous gas production, except in one scenario (new policy measures and high prices). In conclusion, it was said that the Commission would need the help of GIE to draw the conclusions of the recent gas crisis and on the definition of future investment needs.

#### Eurogas' presentation

Margot Loudon presented the Eurogas statement highlighting that Eurogas is looking forward to see a Ten Year Investment Plan and not only Ten Year Statement, drawn from a European perspective (not only concatenation of national plans).

The Eurogas scenarios are bottom-up forecast scenarios that need to be discussed with the Commission to understand the difference with the target Prime scenarios and thereby making the Commission scenarios less black box. Eurogas will be happy to provide the aggregate scenarios to GTE+. She also highlighted that clear resolution mechanisms are needed if investments are not undertaken in time, giving the possibility to third parties to invest in case TSOs are not willing to develop a project identified in the plan.

#### EFET's presentation

Mike Young (EFET) highlighted the need to bring a European perspective to the report and that all parties need to better understand the influence of new capacity on the transmission tariff as well as the risk to be borne by the parties (users, TSOs, regulators to work to resolve current uncertainties).

#### OGP's presentation

Richard Hall highlighted that he was representing the international part of OGP (not only OGP Europe), to reflect worldwide gas producers and exporters to the EU.

The producers' information will come from public sources. However he pointed out that relying on publicly available information might not be enough; on the other hand the exhaustive information is commercially sensitive. OGP is considering contributing to the work through gathering information from producers and providing it in an aggregated way so as to make available reliable information yet not infringing on confidentiality. In this context he mentioned UK and Norway as examples of good practice where producers provide information to third parties in an aggregated form.

#### ERGEG's presentation

Benoit Esnault (CRE) presented ERGEG's approach and contribution.

ERGEG will prepare recommendations based on GTE+ work and 3<sup>rd</sup> package requirements. It is not yet clear from the 3<sup>rd</sup> package texts (1<sup>st</sup> reading) whether ACER should give an opinion or approve the TYP, neither is the remit of ACER on how to include elements of SoS in the TYP. The regulators' approach with respect to 10 year investment plan will combine elements of top down (European dimension and priorities) and bottom up approach (summaries of national investment plans, collection of national data). The 10 year investment plan should reflect a European dimension. ERGEG is considering working on an annual Monitoring report, assessing the differences between the plan and the realisation and understanding the reasons for these differences (rather than having a binding European plan).

**Timeline:**

- First version of ERGEG recommendations under approval process;
- consultation by March 2009
- final document by May 2009.

Jacques Laurelut suggested that the TYS established by GTE+, when it will be stabilized, could provide a template to be filled in by the TSOs and then that could become a part of the ERGEG recommendations about the TYS.

**Discussion:**

Andrea Cirlicova (GTE) pointed out that GTE would see clear advantages in having the TYS non-binding on the European level.

Margot Loudon answered that this issue has been discussed intensely within Eurogas with the result that Eurogas would consider it not useful to request making the European investment plan binding.

Fay Geitona highlighted that the regulators' position is not to have a legally binding European TYS. However there should be appropriate regulatory oversight and coherency between national, regional and EU plans.

Richard Hall highlighted that the TYS is a real opportunity for all stakeholders to give inputs and to use the plan, however the TYS will be much less useful if made binding, as stakeholders will not want to take the risk to be obliged to develop projects given the possible market uncertainties.

Jacques Laurelut fully supported the OGP Statement, mentioning that a binding plan would likely be nothing more than the concatenation of the national plans without any apparent European layer if the European plan is binding.

Erik Rakhou asked whether a sensitivity analysis would be conducted. Volker Schippers answered that first focus was on the comparison of supply/demand scenarios with capacities. Whether there would be sufficient resources to add a sensitivity analysis on top would need to be seen later.

**Discussion on organisation of the stakeholder dialogue and the development of demand & supply scenarios:**

Volker Schippers explained that the demand scenarios would need to be finalized within the next three months in order to be able to start the calculations for and production of the Capacity vs. Demand Report due in July 2009. It was therefore agreed to conduct a next workshop by the end of April / beginning of May 2009 to agree on the demand scenarios to be used. In between, bilateral meetings with stakeholders would be carried out to develop and discuss them.

Richard Hall suggested using the same approach to stakeholder involvement as applied by GTE+ in the consultation on the organisational development of ENTSOG. Volker Schippers confirmed that this is foreseen.

**Winter Outlook**

Paolo Di Benedetto (GTE) presented the GTE+ Winter Outlook. The presentation was well received by all stakeholders. Because of the limited time left it was agreed to gather the inputs and comments from stakeholders during the bilateral meetings.

**Concluding comments**

It will be necessary to work together with all stakeholders to get the inputs to enable building the scenarios. The process to get the data from all participants still needs to be established. Accordingly, some supply disruption scenarios should be taken into account but more work needs to be done to better define the assumptions.