

GTE+ 2010 AWP Consultation Initial Proposals

Feedback Proforma

Please use the attached template for Stakeholder feedback to the “GTE+’s 2010 Annual Work Programme Consultation – Initial thoughts” document.

Please send completed template, and/or any other feedback to nigel.sisman@gie.eu , cc. gie@gie.eu.com by 31 August 2009.

Organisation:	The International Association of Oil and Gas Producers (OGP Europe)
Name:	Richard Hall

Q1: Does the programme identify the correct projects for GTE+ focus during 2008/2009?

Answer	Further comments
Yes	OGP supports the GTE+ commitment to early implementation of the 3 rd Package. Given the objectives for GTE+ stated in the executive summary, the projects identified for inclusion in the 2010 Annual Work Programme consultation will go some way to establish the basis for ENTSOG and will contribute to improvements in the operation of the European internal gas market. The primary focus of the 2010 Annual Work Programme should be establishing ENTSOG, including an extensive stakeholder consultation process, and implementing the Code Development processes.

Q2: Are there any other activities that should displace the focus areas identified?

Answer
Yes / no

If yes;

What other priorities should be addressed?	<p>For a plan to be meaningful it should detail the cost, time and resources that are available to achieve the plan. As stated by OGP in our response to the GTE+ consultation on the 2009 Annual Work Programme, the 2010 programme still does not contain any review activities therefore the effectiveness of the programme cannot be assessed and areas for improvement cannot be identified.</p> <p>The 2010 programme appears to give equal priority to all of the activities that have been included. Given that, to our knowledge, GTE+ has not made a quantitative proposal with regard to the cost of the programme, including establishing the interim ENTSOG from January 2010, it is not possible to assess if GTE+ has the capability to do more. However, an area that is not identified in the work programme is the ENTSOG support to the Gas Coordination Group, taking into account the new proposals made in the draft Regulation issued in June.</p> <p>A priority for OGP is to ensure that the view of the gas producers is listened to when matters pertaining to the internal gas market are discussed. GTE+ is to be commended for including stakeholder</p>
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	<p>consultation and stakeholder workshop activities in all of the projects identified in the programme. A further activity should be to feedback to the stakeholders if their views have not been accepted, giving the reasoning behind this decision. This activity should help to improve the effectiveness of the stakeholder dialogue.</p> <p>Other areas raised in the OGP response to the first GTE+ consultation on the 2009 Annual Work Programme were:</p> <ul style="list-style-type: none"> • Establishing regional hubs • Common criteria for attracting infrastructure investment • Annual programme review process
<p>Which elements of the plan should be displaced?</p>	<p>As stated above, it is not possible to assess which activities should be displaced from the programme as GTE+ have not assigned any priorities to the projects. Given the strategic importance to the internal market of establishing ENTSOG as an effective organisation, we would propose that this activity has the highest priority. The current GTE+ organisation is limited in it's effectiveness as it is confined within the current GTE boundaries and cannot speak for, or insist upon compliance by all TSOs. Lower priority activities should be those where it will be very difficult to achieve the full compliance of TSOs until ENTSOG is established and therefore should be considered as candidates to be displaced if required.</p>

Q3: What areas should be considered for “pilots” to test the Third Package Framework Guidelines and Network Code development processes during the interim period.

Views are sought on the desired scope of suggested areas that might be the focus of work during interim before the Agency and ENTSOG can be fully functional in their anticipated roles.

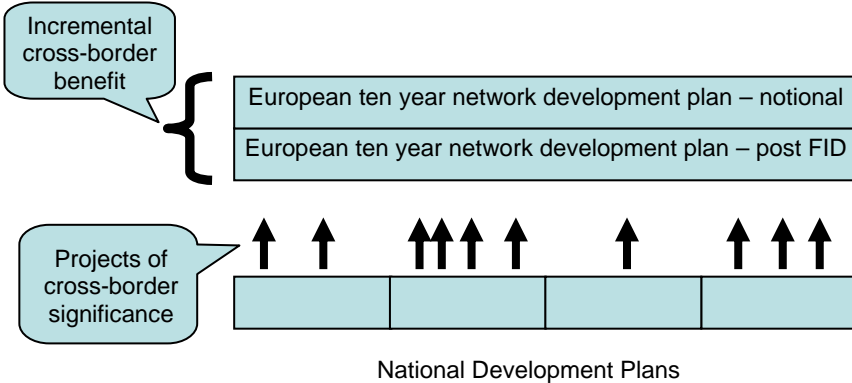
Area	Definition of scope
<p>Capacity</p>	<p>OGP supported the proposal from GTE+ and the European Commission for a network code on capacity to be developed as a pilot to test the Third package Framework. OGP also noted the proposal made by ERGEG at the last Madrid Forum that developing codes would be a three step process:</p> <ol style="list-style-type: none"> 1. An impact assessment carried out by the regulators 2. Developing a framework guideline by the regulators 3. Developing the network code by ENTSOG. <p>The proposal by GTE+ to develop a pilot code during this interim period is to be commended, however this work will only be a complete success if the processes involved in steps one and two have sufficient clarity to give GTE+ and the other market participants involved in the code development, sufficient definition for the complete network development process to be understood. GTE+ should seek a firm</p>

	<p>commitment from ERGEG to define what is expected in the impact assessment and framework guideline stages in a timescale that is compatible with the GTE+ plan for developing the pilot code.</p>
	<p>When developing network codes, we would stress the importance of building upon the experience made over 6 years of operation of EASEE-gas. We are pleased to see that GTE+, in the initial work of setting up a network code development process, has incorporated this experience in their proposal. A process where industry participants are invited to engage in the development of network codes (also with the opportunity of allocating dedicated resources when appropriate) will secure high quality output and more likely acceptance of products when codes are finalised. The market participants must have an equal voice in the finalising of the output. The Agency should only have the right to intervene and make final a decision when it has not been possible for the industry to reach a common position within a defined period of time.</p> <p>The development of network codes is characterised by significant input from industry experts. Furthermore, the involvement of industry experts throughout the development phase secures a higher quality of product and reduces the risk for extra iterative steps that will prolong the development phase. This approach would allow the different market participants to select in which areas and to what extent to engage, recognising the fact that not all network code issues would have the same significance for all participants.</p>
	<p>OGP proposes that the topics identified for future codes and their development sequence should be discussed and endorsed by the Madrid Forum prior to approval by the European Commission.</p>

Q4: Are the objectives and deliverables associated with each plan realistic?

<p>Organisational Development</p>	<p>As previously stated, this project has a high priority as the outcome will have a significant impact on the European internal gas market. In addition to those stated in the plan, the deliverables should also include an organisational structure, a description of the envisaged competencies associated with each senior role and an indicative first year budget.</p> <p>We would suggest that GTE+ needs to make a firm proposal to the regulators with regard to the tariff supplement that is expected. The comfort that is sought in the Assumptions paragraph is unlikely to be obtained without this.</p>
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<p>Capacity</p>	<p>In the objective for this project, OGP would suggest that GTE+ should provide input into the development of framework guidelines that will be carried out by ERGEG. It is important that GTE+ (ENTSOG) is actively involved in any process that will have an impact upon the development of network codes. OGP supports the work that is already ongoing with regard to the standard capacity product definition and the investigation into the capacity allocation methodology and is pleased to see that work on congestion management procedures is scheduled to take place in the same timescale.</p> <p>With regard to the GTE+ intention to hold individual work sessions with stakeholders and in addition, customer workshops, please see our comments on question two with regarding feedback to stakeholders.</p>
<p>Transparency Platform</p>	<p>Please see below our comments on this project as input to the 2009 annual work programme.</p> <p>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.</p> <p>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.</p> <p>Whilst it is recognised that GTE+ has made significant progress through the past year and that changes have been made as a result of stakeholders requests, The situation as of June 2009 when, although the transparency platform provided information on 27 TSOs, the information from 10 of those has been gathered by GTE+ from public sources, shows that there is still some way to go. A key deliverable for the transparency project should be for all European network TSOs to actively participate by providing the information requested by market participants in the minimum transparency requirements list. If GTE+ is unable to achieve this deliverable prior to the formal establishment of ENTSOG, this project should be considered to be a lower priority for the 2010 plan.</p>

<p>Ten Year Network Development Plan</p>	<p>In preparing the 10-year network development plan, 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, transmission and distribution system operators, LNG and storage system operators and technical bodies.</p> <p>ENTSOG as owners of the 10-year network development plan should be accountable for the consultation process and for ensuring that an effective dialogue with all market stakeholders is established.</p> <p>The Madrid Forum, a body in which all parties in the European natural gas market are represented, should play an important role in the development and management of the 10-year gas network development plan. Where appropriate, smaller multi-stakeholder working groups should be formed by the Madrid Forum to provide input to the plan and recommendations to the Madrid Forum plenary.</p> <p>The deliverables for a European ten year network development plan should be:</p> <ul style="list-style-type: none"> ○ To provide an aggregated view at EU level of opportunities and projects, both planned and proposed. ○ To identify investment gaps, notably with respect to cross border capacities and potential supply opportunities. ○ To provide a review of the barriers to increasing the flexibility of the network arising from different approval procedures or practices. ○ To provide a view of the resilience of the European gas network to potential supply disruptions. <p>Projects included in the ten year network development plan should be clearly identified as post FID and notional in order to avoid incorrect assumptions being made.</p> <p>OGP suggests a construct similar to below:</p>  <p>The 10-year gas network development plan is to be published every two years; therefore we suggest that the next plan should be for 2011, by which time the Agency should be in a position to formally review the plan. With regard to the GTE+ intention to progress towards ENTSOG network modelling in 2009 and 2010, we are pleased to note that the intention is to discuss appropriate modelling methods with European</p>
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	stakeholders. OGP is keen to contribute to this discussion.
Winter Outlook	OGP supports the objective and deliverables described. We also support the intention to attempt to develop a European picture of the supply situation during the forthcoming winter period and are prepared to contribute as appropriate, within the boundaries of commercial sensitivity. We suggest that the outlook covers the next five years, updated annually.
Balancing	<p>The deliverables for the GTE+ project plan on balancing should be aligned with those of the GTE balancing task force:</p> <ul style="list-style-type: none"> • Creation of a Balancing Glossary; • Development of a benchmark among GTE members to assess difficulties in the application of the current GGPGB; • Development of an alternative set of guidelines for balancing based on: <ul style="list-style-type: none"> – the GTE view on balancing as expressed by GTE in its comments on the draft GGPGB – the assessment of the outcome of the benchmark – stakeholders expectations <p>Additional elements that should be included in the GTE+ project are any relevant interim conclusions from the Commission / Kema work that is ongoing on this subject.</p>
Code on Harmonization of Maintenance Publications	<p>The objective and deliverables of this project mention that a code of practice will be developed. The objective of the code should be that transmission system maintenance that will affect the transmission system user's ability to transport gas will be published in a timely manner in order that users can take appropriate actions.</p> <p>A deliverable for this project should be a common set of criteria for identifying which maintenance operations should be published and a common method of assessing the impact that this maintenance is likely to have on the network capability. As a refinement of this project, ENTSOG should consider taking on a coordination role in order to attempt to avoid maintenance taking place in two or more areas at the same time that will prevent the users from identifying a practical alternative transmission route around the infrastructures being maintained.</p> <p>The challenge for GTE+ will be to secure the active participation of all the TSOs as the project will have significantly less value if the European picture is not complete. Again, if GTE+ is not able to achieve this before ENTSOG is formally established, this project should be considered a lower priority for 2010.</p>
IT and Communications Roadmap	<p>OGP would like to draw attention to comments that we made on this project as input to the 2009 Work Programme:</p> <p>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.</p>

	<p>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.</p> <p>These comments are still valid for the 2010 plan.</p>
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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?

Answer
Yes

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

The proposals to establish ENTSOG	No
The Work Programme envisaged in this document	Is the Work Programme realistic or is it aspirational?
Anything else?	

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

<p>Throughout the work programme, GTE+ has requested clarity from the NRAs with regard to costs incurred in carrying out the activities detailed in the 2010 plan. OGP agrees that GTE+ should be fairly recompensed for the considerable additional work that it is undertaking in order to deliver this programme. However, NRAs cannot be expected to agree to cover the costs involved without those costs being properly budgeted in advance. An agreed budget showing the cost, time and resource required to execute each activity, as stated in our response to question two, will facilitate their agreement.</p> <p>OGP is pleased to note the number of stakeholder engagement activities that are included in the work programme and acknowledges the responsibility on industry associations to participate and contribute positively to these consultations and workshops. We would request that to enable OGP to be able to fulfil this commitment, GTE+ and subsequently ENTSOG provide as much prior notice of these engagements as possible, with the minimum being one month; in order that we can ensure that the appropriate level of expertise can be provided.</p> <p>The Gas Regional Initiatives have demonstrated the benefits of a regional approach towards the development of the internal market. We would welcome that TSOs establish regional cooperation within GTE+ to contribute towards the development of network codes - in line with the 3rd Package - and that this is reflected in the code development pilot.</p>

Q7: Would you like to meet with GTE members involved in each of the Project Areas and if so who would you suggest we contact within your organisation?

Subject Area	Answer (Yes/No)	Contact name	e-mail	Telephone number
Organisational Development	Yes	Richard Hall	richard.hall@ogp.be	
Capacity	Yes	TBA after Sept. 18th		
Transparency	Yes	David Slack	david.slack@uk.bp.com	
Ten Year Network Development Plan / Winter Outlook	Yes	Chris Mansfield	C.Mansfield@shell.com	
Balancing	Yes	Kees Bouwens	kees.bouwens@exxonmobil.com	
Procedure on Harmonization of maintenance Publication	Yes	Richard Hall	richard.hall@ogp.be	
It & Communications Roadmap	No			



Please do not feel constrained by the sizes of the boxes above. GTE+ welcomes comprehensive feedback as critical part of establishing the GTE+/ENTSOG Work Programme

Q8: Please could you indicate if your response can be published on our website.

Answer
Yes