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Eurogas Response to the Consultation Document on ENTSOG TYNDP 2013-2022

Dear Olivier,

Although Eurogas has not answered the ENTSOG public consultation document on the 10-year Network Development Plan (TYNDP) 2013-2022, we want to send you some general remarks to contribute towards the evaluation.

Eurogas has appreciated ENTSOG's efforts to actively engage stakeholders during the development phase of the Plan through the Stakeholder Joint Working Sessions and, after its publication, through the public workshop held in Riga and this public consultation. We believe that a continuous and transparent engagement of all interested stakeholders in the development of the TYNDP will contribute to further improving the quality of the report as well as its understanding by the natural gas market participants.

Eurogas also appreciates the effort made by ENTSOG to improve the quality of the infrastructure assessments included in the Plan through the development of the modelling tool and the elaboration of further scenarios and analyses.

Eurogas finds that the revised structure of the Plan successfully contributes to extending the assessment of the role of new and existing gas infrastructures to support the three pillars of the European Energy Policy: security of supply, market integration and sustainability. Though some further refinement and improvement are needed (e.g. as regards sustainability), we believe that ENTSOG is on the right path towards the integration in the TYNDP of the System-Wide Cost Benefit Analysis for Project of Common Interest (PCIs) as required by the new Regulation n. 347/2013 EU on "guidelines for trans-European energy infrastructures".

Eurogas continues to appreciate ENTSOG's impartial approach to infrastructure assessment which provides market players with a clear overview of the existing and future gas transmission, storage and LNG projects, while avoiding the selection of alternative infrastructures through a close evaluation of their technical and economic feasibility. We believe that the identification of alternative investments should be left to competitive markets which can be complemented, if necessary, by support schemes such as the ones provided within the framework of the Infrastructure Package.

Reflecting the implementation plans for the Infrastructure Package, Eurogas asks for the integration in the future edition of the Plan of the System-Wide Cost Benefit Analysis for PCIs which should be based on the current approach to infrastructure assessment, though properly developed according to the new regulatory provisions. In particular, we think that the ESW CBA analysis should rely on the same information now required to project promoters for the inclusion of their projects in the TYNDP, while more detailed data and estimations seem to be necessary only for the purposes of the Project Specific CBA.

Moreover Eurogas wishes to highlight the following issues:

- **Barriers to infrastructure investment.** Eurogas favourably welcomes the introduction in the TYNDP of a chapter dedicated to barriers to infrastructure investments as is required by art. 8.10 of Regulation 715/2009 EC.

The identified barriers to investment in gas infrastructure listed by ENTSOE can have a possible impact in delaying or preventing the realization of investment projects. Nevertheless, we suggest to ENTSOE to develop further this chapter with a section dedicated to the monitoring of the actual impact of these barriers on the delay or non-realization of investment projects according to the data submitted in TYNDP. For instance, ENTSOE could investigate the reasons for delays in the commissioning dates of projects included in the previous edition of the TYNDP and present the results of this survey in the new TYNDP edition (as it is currently done by ENTSO-E in its TYNDP). This monitoring chapter would help stakeholders and TSOs to clearly identify the actual impact of the above mentioned barriers on the realization of the investment projects included in the Plan.

Furthermore, we wish to highlight that practices liable to reduce the interest of market participants on the development of new gas infrastructure (or on the refurbishment of existing infrastructures) may have a negative impact on the implementation of investment projects. This could be the case with uncoordinated open seasons carried out by different TSOs managing infrastructures located on a given route. The lack of coordination between open season procedures may consistently reduce the interest of shippers in these processes since the booking of capacity on a specific border may not correspond to a parallel capacity booking on another border encompassed by the same infrastructure or supply route.

- **Energy System Wide CBA.** Eurogas believes that the current TYNDP methodology provides a sound basis for the development of the future Energy System-Wide Cost Benefit Analysis. The methodology already introduces an assessment of the European gas infrastructure according to the three pillars of the European energy policy: security of supply, sustainability and market integration. Nevertheless, further improvements are needed, for instance as regards the assessment of the sustainability criterion, while other indicators should be elaborated starting from the two proposed in the current TYNDP in order to extend the analysis to cover all the relevant criteria PCIs have to fulfill according to the Regulation.

We think that the information now required from project promoters for the inclusion of their projects within the TYNDP are sufficient to carry out the ESW CBA as required by the Regulation, though some additional data on project costs will be probably needed. Eurogas deems it necessary to keep the current TYNDP neutral approach towards investment projects, avoiding closer assessments which may finally lead to a pre-selection of the investment projects to be realized. A higher level of detail in the evaluation of investment projects should be left to the Project Specific CBA which is mainly aimed at supporting the decision on the access to the specific regulatory and financial support measures provided in the Regulation. Finally, the identification of the specific cluster of PCIs non-FID could provide a good basis for the assessment of the impact of PCI projects according to the methodology for the ESW CBA.

- **The role of gas for sustainability.** Eurogas agrees on the importance of assessing gas demand power generation as a fundamental component in the analysis of the role of gas infrastructure for a sustainable energy policy. Nevertheless, we believe that ENTSOE should further extend its assessment, going beyond the presentation of the future trend of gas consumption for power generation. ENTSOE should take into account the need for additional flexibility in the European gas network (e.g. availability of short-term overcapacity) to make possible the use of gas fired power generation to replace traditional fossil-fuel plants and as back-up for renewables.

Moreover, it would be interesting to investigate market zones where CO₂ emission intensive power plants are used as a last resort (e.g. strategic reserve) to ensure security of supply in case of gas supply disruption. This analysis would allow a better assessment of the additional value and the expected benefit of new gas infrastructures in terms of sustainability in those areas.

It should finally be considered that the expected benefit of power production from natural gas replacing the use of coal and oil power stations also involves a dramatic reduction of the emissions of other pollutants, in addition to CO₂, such as nitrogen dioxide (NO_x), sulphur dioxide (SO₂) and particulates.

Yours sincerely,



Margot Loudon
Deputy Secretary General