

## MINUTES

### Second Tariff NC Implementation Workshop

5 October 2017, 09:30 – 17:00 CET

BluePoint Conference Centre, Brussels

<i>First name<sup>1</sup></i>	<i>Last name</i>	<i>Company</i>
Irina	Oshchepkova	ENTSOG (Chair)
Andreas	Martens	ENTSOG
Laurent	Percebois	ENTSOG
Seán	Kinsella	ENTSOG
Marin	Zwetkow	ENTSOG
Kathrine	Stannov	ENTSOG
Malcolm	Arthur	ENTSOG
Jan	Vitovsky	ENTSOG
Antonio	Gómez Bruque	ENTSOG
Alexander	Karimov	PJSC GAZPROM
Andrew	Pearce	BP Gas Marketing Ltd
Angelika	Herzog	TAG
Anna	Nemtsova	Gazprom Export LLC
Arco	Hofman	GasTerra
Benedikt	Klauser	European Commission
Boryana	Brangova	Bulgartransgaz
Brigita	Koban	Energy Agency
Colin	Hamilton	National Grid
Daniel	Ward	CER

<sup>1</sup> The list of attendees is structured in the following way: first, ENTSOG's representatives and then, other attendees in the alphabetical order by the first name.

Danijela	Drekonja	Energy Agency
David	Balmert	Fluxys Deutschland GmbH
David	Urban	NET4GAS
Denis	Twomey	Gas Networks Ireland
Dirk Jan	Meuzelaar	IFIEC
Dmitry	Udalov	Gazprom (Belgium)
Drahomira	Glacova	Net4Gas
Elisa	Kahl	ACM
Elisa	Rondella	Edison
Emmanuel	Bouquillion	TIGF
Farid	Skander	GRTGAZ Deutschland
François	Léveillé	CRE
Franjo	Balija	Plinacro
Gabor Miklos	Dudas	FGSZ Ltd.
Goran	Babic	Croatian Energy Regulatory Agency
Ilija	Miloloža	Plinacro
Ilya	Korneev	Gazprom (Belgium)
Ilze	Liepina	Public Utilities Commission of Latvia
Indra	Niedrite	Public Utilities Commission
Inga	Bendere	AS Conexus Baltic Grid
Ivo	Van Isterdael	CREG
Jacek	Dobracki	URE
Jacopo	Volta	SNAM
Jan	Keller	Gastransport Nord GmbH
Jan Niclas	Gibbert	WINGAS
Janis	Eisaks	Čonexus Baltic Grid
Jaromír	Fajman	JAJFA-IMMO, s.r.o.
Johannes	Lambertz	Open Grid Europe
Juan	Vila	GasIndustrial
Juha	Kännö	Gasum
Kai	Odenwald	Uniper

Kees	Bouwens	ExxonMobil
Kirsten	Bouwens	ACER
Kleopatra	Arraam	DESFA
Louis	Fally	Fluxys Belgium
Lubos	Strachota	NET4GAS
Lucy	Manning	GM&T
Marco	Delpero	AEEGSI
Marco	La Cognata	AEEGSI
Maria	Gerova	Bulgartransgaz
Markus	Krug	E-Control
Martin	Svoboda	Energy regulatory office
Matija	Galijot	Plinacro
Michael	Schmöltzer	INES
Michal	Briatka	eustream, a.s.
Michal	Gazi	eustream, a.s.
Miguel	Martinez Rodriguez	ACER
Niels	Krap	ONTRAS Gastransport GmbH
Nikola	Vistica	Croatian Energy Regulatory Agency
Olga	Rogozenkova	Gazprom export LLC
Pawel	Lont	EFET
Perizat	Ybrayeva	Gas Infrastructure Europe
Peter	Biltoft-jensen	Dong energy
Platona	Iulia	Pivex Smart Grid
Rainier	Stolk	Innogy/Essent
Rolf	Wagner	GASCADE Gastransport GmbH
Rosalia	Poblaciones Corencia	Gas Natural Fenosa
Sean	Hayward	Ofgem
Spiros	Metallinos	Regulatory Authority for Energy
Stephen	Rose	RWE Supply & Trading
Susanne	Schmidt	VNG Gasspeicher GmbH
Tina	Štrukelj	Plinovodi

Tom	Maes	CREG
Tomáš	Vyležík	NET4GAS, s.r.o.
Ulrich	Duda, Dr.	Uniper Energy Storage GmbH
Urska	Gabrovsek	PLINOVODI d.o.o.
Valentin	Höhn	IFIEC Europe
Vasileios	Groumpos	DEPA S.A
Warner	ten Kate	GasTerra B.V.
Yngve	Torvanger	Trans Adriatic Pipeline AG
Youssef	Chekli	Snam

ENTSOG also provided a webcast facility on the day of the meeting for those unable to attend in person.

## 1. Introduction

Irina Oshchepkova welcomed the participants to the 2<sup>nd</sup> Tariff Network Code ('TAR NC') Implementation Workshop and outlined the agenda for the day. She noted that the workshop would be filmed and a video made covering the highlights of the day, if anybody had an objection to being in the video to let an ENTSOG member know.

There were three objectives for the workshop: 1. Share implementation experiences and plans; 2. Presenting the second version of the IDoc; 3. Presenting Views of Prime Movers, EC, ACER and NRAs.

## 2. EC view

Benedikt Klauser, representing the European Commission, presented an overview of the aims of the TAR NC.

### 1<sup>st</sup> Session: Transparency

## 3. Updated Publication Requirements

Andreas Martens and Kathrine Stannov gave an overview of the publication requirements according to the TAR NC and the agreed early compliance of data publication in December 2017.

**Q:** How come in Spain the responsibility split [between TSO and NRA] for publication requirements is not decided?

**A:** According to the TAR NC, the NRA is responsible for deciding who will publish the tariff information. For Spain it has not yet been decided whether it will be the NRA or TSO who will publish the tariff information.

**Q:** Why is there currently no tariff information published, for example for entry points from France to Spain on ENTSOG's Transparency platform ('TP')?

**A:** According to the TAR NC and following the early compliance commitment, it is expected that the relevant tariff information in Spain will be published in the beginning of December 2017.

**Comment from the Dutch NRA:** In the Netherlands it will be the NRA who is responsible for publishing tariff information according to Articles 29 and 30 of the TAR NC, and the TSO will be the one who will send the information to ENTSOG's TP.

**Q:** What if the tariff period does not coincide with the regulatory period, and when the beginning of the tariff period is not fixed in the national legislation?

**A:** According to the TAR NC, the set of tariff information before the tariff period is required to be published a minimum of 30 days before the beginning of the tariff period. The NRA has to take a decision on the beginning of the tariff period.

**Q:** TSOs should publish the types of assets included in the regulated asset base and their aggregated value. How will the aggregation be done?

**A:** As an EU-wide network code, the TAR NC foresees only the list of the minimum requirements. If a TSO/NRA want to detail it, they can do that and publish disaggregated values.

#### 4. Publication Requirements and Transparency Platform

Marin Zwetkow presented a live demonstration of the data publication requirements on ENTSOG's TP, which is currently still under construction, describing important terminology and functionalities.

**Q:** How much of the tariff calculation data will be in the tariff section or in the simulation section on ENTSOG's TP? Should the TSO only send the information for the annual capacity tariffs, multipliers, seasonal factors and other parameters, or should they send the information for all the products?

**A:** TSOs should send the information for all their products and additionally the multipliers, seasonal factors and other parameters, if applied. In general, it has to be clear what the multiplier or seasonal factor are, if they are applied.

**Q:** On ENTSOG's TP, there are comments giving additional information on data in certain cells. Will it be possible to export these comments?

**A:** Yes.

**Q:** Will the tariff and simulation data also be available with the Application Programming Interface?

**A:** Yes, it is planned to be available before the end of Q1 2018.

**Q:** Are there rules how to submit the data to ENTSOG's TP in a standardised way?

**A:** One of the main aims of the IT project is to avoid errors, so the TSOs are obliged to follow a structure (XSD Schema) in which format the data must be send. If the data doesn't follow this structure, the data will be rejected by ENTSOG's TP.

## 5. Standardised section for data publication on TSO/NRA websites

Maria Gerova, IT Project Manager, Bulgartransgaz, presenting on behalf of ENTSOG, made a live demonstration of the test environment of the standardised section on the website of Bulgartransgaz.

**Q:** What is the date when the information should be published by the TSO on ENTSOG's TP?

**A:** We intend to publish the information in the timeline that was presented. Following the early compliance commitment, you can expect the information in the beginning of December 2017.

**Q:** Are there any plans to have one big benchmark for the table where we could compare the information for each set of data on ENTSOG's TP? For example, to compare the reserve prices for firm standard capacity products or compare the multipliers for all the countries?

**A:** Yes, it will be possible. You will be able to compare all the information for different IPs for the same TSO and the information for IPs of different TSOs. Furthermore, you can export the information after selecting the respective IP and do the comparison on your computer.

## 6. Stakeholder view

Representing IOGP, Kees Bouwens presented the stakeholder view on transparency.

### **Comment from ENTSOG:**

We agree, that best practices are the way to go for the TAR NC transparency. For reporting bugs and issues on data or functionality that do not work on ENTSOG's TP, we recommend you use the question form directly on ENTSOG's TP, rather than using the Functionality platform.

## 2<sup>nd</sup> Session: NRA/ACER perspective

## 7. NRA Perspective

### **TAR NC Implementation in Belgium**

Tom Maes from CREG presented the Belgium view of the TAR NC implementation.

### **TAR NC Implementation in Austria**

Markus Krug from E-Control presented the Austrian view of the TAR NC implementation.

**Q:** Is it planned to publish the consultation next summer in English [as well as in German]?

**A:** Yes, it is planned to also publish it in English. In the past we usually published the consultation in German first and a few days later in English, but we will try to be ready in time to publish in English [at the same time as in German].

#### **TAR NC Implementation in the Netherlands**

Elisa Kahl from ACM presented the Dutch view of the TAR NC implementation.

#### **TAR NC Implementation in France**

Francois Léveillé from CRE presented the French view of the TAR NC implementation.

**Q:** Is there a plan to discuss with the Italian NRA the treatment of the regional networks when implementing the TAR NC?

**A:** Yes.

#### **TAR NC Implementation in Italy**

Marco La Cognata from AEEGSI presented the Italian view of the TAR NC implementation.

**Q:** Do you plan to publish the intermediate consultations in English?

**A:** Currently we have not decided whether we will publish the documents in English [as well as Italian]. I believe that we will publish the final consultation, or at least the summary of the final consultation, in English.

**Q:** With whom will you consult on what is transmission and what is a non-transmission service?

**A:** With everyone – this will be part of our consultation, so it will be consulted with all the parties who are willing to send us their written comments. Our French counterparts, have a similar issue. We know the position of stakeholders and other regulators; we will have to find a solution and will probably also benefit from some discussion with the French regulator.

#### **TAR NC Implementation in Great Britain**

Sean Hayward from OFGEM presented the GB view of the TAR NC implantation.

**Q:** What opportunity do you have to reject this decision because the timetable means you can't really redo this process?

**A:** We anticipate that the Uniform Network Code (UNC) process – which is the national network code applied in Great Britain – will produce at least one TAR NC compliant modification proposal.

#### **Question via Webcast**

**Q:** What are the actual obligations regarding the publication in English – it is optional or not?

**A:** The TAR NC says ‘to the extent possible’. In the Implementation Document, ENTSOG has provided a recommendation to publish the consultation documents and the transparency obligations in English. If this is not possible, a credible justification is required.

## 8. ACER’s perspective

Miguel Martinez Rodriguez presented ACER’s view and role in the implementation of the TAR NC. During his presentation he asked about the stakeholder views regarding the aim of the allowed revenue report which is the task for ACER.

### **Comment from EFET:**

It is not easy to make a connection between price control information and the actual amount of allowed revenue. In an ideal world, the information in Article 30(1)(b)(iii) would enable you to move from that to the allowed revenue and then together with the tariff model to move to the capacity prices of the products. Important is the ability to easily access the price control settlement the TSO is bound by, even though there may be some confidentiality issues.

**Q:** How would the allowed revenue report overlap (to a certain extent) with a similar report published by CEER, the investment condition report, which lists most of the information and data that would need to be provided within the allowed revenue report? It might lead to confusion which report is the most reliable.

**A:** The CEER report would be one of the starting points of the allowed revenue report. It is true that there is information included which is also needed for the allowed revenue report but the standards for the answers are not similar; it is not really comparable and the definitions are not the same.

**Q:** Am I right to assume that one of the aims of this report is to be able to benchmark the costs of putting the gas into the industry so that we can then compare it with other countries, and put pressure on the TSOs and the governments so that they change the laws and the system for a better harmonisation?

**A:** It was already described earlier in the morning that one of the aims is the comparability.

## 9. Stakeholder view

Dirk-Jan Meuzelaar, IFIEC, presented the stakeholder view on the NRA perspective, describing the expectations for the NRAs.

**Q:** There is an intention that by 2018/2020 in Baltics and Finland a common [reference price] methodology will be established. Do you have other countries in mind that should do the same? Obviously, Luxembourg and Belgium did so already.

**A:** Of course, we like to have more cross-border harmonisation, also for our Eastern European colleagues.

**Comment from ENTSOG:** We should distinguish between the cross-border mergers of entry-exit zones and cooperation of NRAs. Nothing in the TAR NC prevents such mergers, but it is important to highlight that NRA cooperation should be taking place already as it is an obligation according to the Third Package. Regarding the mergers, we have to wait for the Quo Vadis study as market mergers is one of its issues.

**Q:** In one of your slides you mentioned that TSOs don't like to change the tariff structures very much. I would rather say TSOs don't like to change tariff structures because this changes the tariffs of the consumers. Do you see these consultations and more transparency as an opportunity to have your voice heard?

**A:** It's always easier not to change a system and keep it as it is. The goal was to enhance the integration and to force the trades to have lower prices. Our ultimate goal is of course lower commodity prices, more competition.

**Comment from ENTSOG:** Even if you don't plan to change the applied methodology, everybody still has to consult once the TAR NC is in place. From the 'entry into force' you have to start the final consultation and that doesn't depend on whether you change the methodology or you continue with the currently applicable one.

**Q:** In terms of cooperation between ACER and NRAs, do we believe that we are still cooperating? Next week we have a discussion about the implementation timeline and we would like to have an active discussion. It is good to hear that there is a need from the consumers to make that more visible. Do you have anything in mind in terms of specific elements where you would welcome such cooperation?

**A:** My impression is that the NRAs are not working and cooperating as much as they could to manage the ultimate goal, which is more harmonisation. If you have examples where the NRAs are really cooperating in the implementation process then it would be good – but maybe I have to be more patient.

### 3<sup>rd</sup> Session: Addressing stakeholder concerns

#### 10. IDoc updates

Irina Oshchepkova, Colin Hamilton and Niels Krap provided an overview about the sources of changes and stakeholder comments for the IDoc including a CWD model demonstration.

**Q:** In the example for the calculation of the CWD there is a domestic point. Is there an aggregation applied or do they represent all the city gates in the system?

**A:** It depends on the system and how it is clustered. It can be a cluster or it can be all aggregated.

**Comment:** As for the tariff model updates, there are two things in the TAR NC: 1<sup>st</sup> for the recalculation of the tariffs and 2<sup>nd</sup> to estimate the future evolution of tariffs. It may be useful to update the tariff model since even though the tariff may not change, the estimate for evolution may change.

**A:** There are parameters which influence the tariffs. One of such parameters is the forecasted contracted capacity which is forecasted once a year. For estimating the tariff evolution, once you have new information on forecasted capacity or revenue cap you should or could update the tariff model. But I am not sure if it is of merit to update it every two months.

**Comment from ACER:** I think you should check it with the network users.

**Comment from ENTSOG:** It is important to highlight that these regular updates should not give the impression that tariffs are about to change during the tariff period.

## 11. Stakeholder view

Stephen Rose, representing EFET, gave a summary of EFET's experiences of the update of the IDoc.

**Q:** Is it helpful to see the components of the simulation costs or is a single value sufficient?

**A:** More granularity is always appreciated. This is intended to be an early benchmark indicator as to the approximate costs for flowing gas through the different transportation systems. We don't need it necessarily broken down to the elements of charges, even though it would be useful to have it.

**Q:** Could you please elaborate on the setting of tariffs if you book two years in a row?

**A:** If the tariff period is from January to December it would be logical to publish from January to December and not only to September. For the Netherlands the price is fixed for the tariff period. In most cases there would be the national law requiring that the tariff is valid for the period for which it sets.

## 12. TAR NC and storage

Laurent Percebois, ENTSOG, and Emmanuel Bouquillion, TIGF on behalf of ENTSOG, presented how to apply discounts at storage points. Laurent introduced the principles and practices of discounts at storage facilities and explained why and how to apply discounts. Emmanuel presented how to deal with storages and rescaling.

**Q:** Do you have some examples or consideration about LNG discounts?

**A:** Application of such discounts is possible for the purposes of increasing security of supply of the country.

### 13. Stakeholder view

Perizat Ybrayeva presented GIE's view on the implementation process of TAR NC and highlighted GIE's comments on the IDoc.

**Q:** What do you mean by 'Consultation of reference price methodology to be lean and efficient by a harmonised consultation process'?

**A:** We do not expect the timing of the tariff setting methodologies to be the same within Europe, as this is up to countries, but we do hope for harmonised methodology.

Michael Schmöltzer, representing INES, presented his comments on the IDoc.

### 4<sup>th</sup> session: Up-coming year/Implementation and Effect Monitoring

### 14. Implementation and Effect monitoring

Seán Kinsella presented the timescales, content and the execution of TAR NC Implementation and Effect Monitoring.

### 15. Conclusions

Irina Oshchepkova concluded the workshop and emphasised that it is a good forum to raise and discuss issues and find potential solutions to the TAR NC implementation.

Participants can give their feedback on the IDoc or raise any queries related to the TAR NC implementation by email ([TAR-NC@entsog.eu](mailto:TAR-NC@entsog.eu)). Irina thanked all participants for taking part in the Workshop.