

## ***ENTSOG shows high ambition to support an Internal Energy Market in Europe within the given timeframe***

**Only two years ago the European Council decided to set the deadline of 2014 for the completion of the internal energy market (IEM) in Europe. Confronted with this severe time pressure ENTSOG performs and contributes very well to achieve this ambitious goal, especially when it comes to the development of network codes (NC), as all of them support cross-border activities.**

(Brussels, 6 September 2013, PR045/13) Besides other important tasks given to ENTSOG, newly developed network codes prove to be cornerstones of the soon to be realized internal energy market. Within a given and very strict timeline of one year each Network Code needs to be finalised in line with ACER's framework guideline to be ready for the approval from the European Commission.

Vittorio Musazzi, General Manager of ENTSOG, explains how such a process with intensive stakeholder involvement can still be on time: 'All concerned parties are collectively striving for the IEM. Therefore our teams of experts can work in a very constructive environment, jointly created by the European Commission, ACER and our members.'

### **All Network Codes support cross-border-cooperation**

In March 2012 ENTSOG delivered its first **NC on Capacity Allocation Mechanisms**. The code introduces provisions for harmonised auctions, standard capacity products, the bundling of cross-border capacity as well as supporting provisions on interruptible capacity, principles of co-operation, booking platforms and tariffs.

A few months later a **NC on Balancing** was delivered to ACER. The objective of this code is to promote the harmonisation of balancing regimes in order to encourage and facilitate gas trading across systems and to support the development of competition within the EU, both between member states and within each member state, and thereby move towards better market integration.

A very challenging task will be the development of a **NC on Tariff structures**. The EC invited ACER in June 2012 to develop a framework guideline, which – once completed and handed over to ENTSOG- will trigger the one-year-process. ENTSOG is expected to receive an invitation letter to develop the network code in January 2014. The purpose of this NC is to establish a finite set of consistent cost allocation methodologies and related rules for setting tariffs. Such harmonisation of transmission tariff structures across the EU will contribute to non-discrimination, effective competition and the efficient functioning of the market.

The team of System Operation, a business area within ENTSOG, just finished a 12 months-work developing a **NC on Interoperability**. In the gas transmission services, interoperability can be seen as a set of technical and operational rules that enhance cooperation among system operators and network users, thus facilitating the exchange of gas across networks.

### **Best practice to be replicated**

At first sight a 12-months-period seems to be a long time to develop a network code. But taking into account the number of stakeholders involved, their different positions and the complex topics and issues involved all of this takes time to be reconciled and formulated into coherent, consistent proposals. Detailed project plans and stakeholder joint working sessions, which allow to discuss and to debate all necessary details, play a key role creating something sustainable. Vittorio Musazzi said: ‘We rely on the high level of expertise and on the discipline and moderating skills of ENTSOG members during all the meetings.’ – This best practice approach with a very high level of stakeholder involvement is replicated in all network code development processes and it has already be adopted in other successful activities of ENTSOG, most notably the development of Ten-Years-Development-Plan (TYNDP), an important source for decision-makers and investors.

### **ENTSOG’s role: An important contribution to the Internal Energy Market**

With the development of NCs ENTSOG’s task is not finished. Regulation (EC) 715/2009 includes the monitoring of the implementation of all network codes. ENTSOG will gather information on pilot projects that are intended to implementation aspects. A first booking platform project is already in operation. Early feedback is expected from the Capacity-Allocation-Mechanism-Network-Code (CAM NC) even before the mandatory deadlines. As part of this work, ENTSOG

will co-operate with ACER to develop and update a 'roadmap' on early implementation of the network code.

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#### Editorial notes

- > The European Network of Transmission System Operators (ENTSOG) was founded on 1 December 2009 in line with Regulation (EC) 715/2009. It currently comprises 41 members and three Associated Partners from 25 EU countries, and four Observers from four non-EU countries.
- > The role of ENTSOG is to facilitate and enhance the cooperation between national gas transmission system operators (TSOs) across Europe to ensure the development of a pan-European transmission system in line with the energy goals of the EU.
- > Specific objectives are to:
  - >Promote the completion of the internal market for gas and stimulate cross-border trade
  - >Ensure the efficient management and coordinated operation of the European gas network
  - >Facilitate the European network's sound technical evolution
- > In line with Articles 6, 7 and 8 of the Regulation (EC) 715/2009, ENTSOG has the task of formulating network codes in a number of areas and of adopting various communications including a non-binding community-wide Ten-Year Network Development Plan on biennial basis; Winter and Summer Supply Outlooks; common network operation tools; recommendations relating to the coordination of technical cooperation between community and third-country-TSOs; annual work programmes and annual reports.
- > The network codes developed by ENTSOG will outline the rules for gas market integration and system operation and development, covering subjects such as capacity allocation, network connection and operational security. The process begins with a request from the European Commission (EC) to ACER (Agency for the Cooperation of Energy Regulators) to submit a Framework Guideline. ENTSOG then develops the related network code in line with the ACER Framework Guideline, conducting extensive public consultations throughout the development process. When adopted in the form of a EC Regulation, via the comitology process, the network code becomes legally binding.