

TYNDP 2015-2035

Analysis of the responses to the public consultation

This document provides an analysis of the responses to the public consultation organized by ENTSOG from 31 March to 5 June following the publication of the TYNDP 2015-2035 on 16 March 2015.

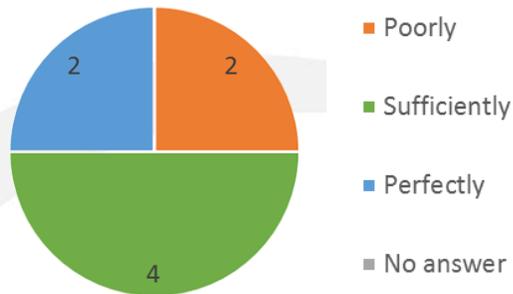
As for previous editions of the report there is a gap between the expectations related to the report and the number of responses received within the framework of the public consultation. ENTSOG has received nine responses whereof one response is explicitly dedicated to a statement made by a project promoter in Annex A and not answering directly to the consultation questionnaire. Responses came from: Energy Regulatory Office of the Czech Republic, E-Control, Edison, Elengy, Energy Community Secretariat, Eurogas, Gas Natural Fenosa, TAP and Uprigaz covering project promoters, network users, end consumers and institutions. Still the profiles of respondents (project promoters, associations of suppliers and traders) and the level of detail of their answers provide a valuable basis for analysis of future development needs.

The general feedback is rather positive and stakeholders acknowledge the predominant role that Union-wide TYNDP has acquired along the time thanks to ENTSOG dedication to improve the report based on stakeholder feedback. Additionally, starting from this edition TYNDP plays a substantial role as part of the Energy-System Wide Cost Benefit Analysis supporting qualification of projects in the framework of the selection of Projects of Common Interest, according to the TEN-E Regulation. Nevertheless the consultation has also confirmed diverging views on the objectives of TYNDP and the need of simplification of the assessment methodology.

You will find below an analysis of the responses received on the different components of the report. Such analysis will be factored in the initial proposals to be made by ENTSOG in autumn 2015 for the concept of the TYNDP 2017-2037. The detailed answer of each respondent is available on ENTSOG website at [link](#). ENTSOG wants to use the opportunity to thank all stakeholders and institutions having taken part into the consultation process over last two years and in particular the nine respondents of the public consultation.

Chapter on infrastructure

To which extent the Infrastructure Chapter met your expectations?



> Overall opinion

The development of more detailed analysis of infrastructure development has been appreciated. It is specifically the case of:

- The bottom-up approach based on project submission making the assessment more robust
- The ability to see the overall progress in infrastructure development from one TYNDP to the other

> Way forward

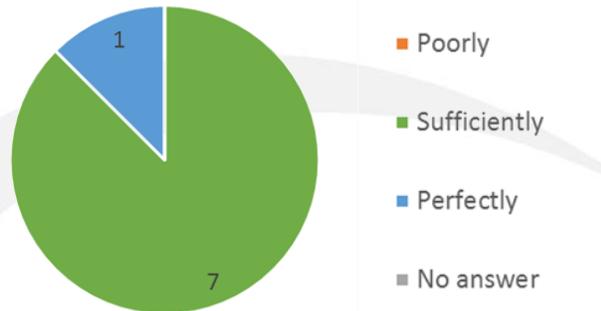
Some geographical information of individual projects and infrastructure scenarios would be welcomed to provide an overview of potential development.

Some stakeholders consider that ENTSOG should be more critical about the status of projects as announced by promoters (e.g. Final Investment Decision). This issue has been identified by ENTSOG and some specific questions were included at the end of the public consultation document. In this edition Final Investment Decision status is defined according to Regulation (EC) 256/2014 but the association is not entitled to audit promoters' declaration. Some ways of improvement have been suggested by ENTSOG in the public consultation and the European Commission should soon publish "Guidelines on equal treatment and transparency criteria to be applied by the ENTSO for Gas when developing its Ten-Year Network Development Plans (TYNDP)" within the framework of the TEN-E Regulation.

One stakeholder considers that the assessment should be compared to project costs. As for previous edition, ENTSOG received cost information only for a small number of projects. This information is introduced later in the PCI selection process and is not available to ENTSOG.

Chapter on barriers to investment

To which extent the Barriers to investment Chapter met your expectations?



> Overall opinion

In previous edition the identification of possible barriers to investment was based on a top-down analysis carried out by ENTSOG. The move to a bottom-up approach supported by promoters' submission has been greatly appreciated.

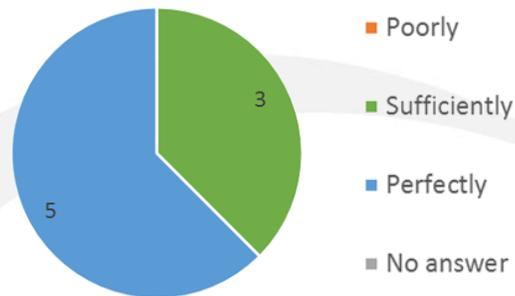
In addition respondents rather share the conclusions in terms of main barriers.

> Way forward

Some stakeholder would want ENTSOG to go further in the analysis by identifying barriers depending on project maturity or geographical location. The structure of the questionnaire should also avoid having too many "other" types of barriers in order to improve the robustness of the analysis. Possible additional topics could be the impact of Network Codes or the European Energy Policy especially in the power generation sector.

Chapter on the analysis of historical gas demand

To which extent the analysis of historical demand met your expectations



> Overall opinion

Respondents agree with the approach taken by ENTSOG in the analysis of historical trends and with the focus on power generation.

> Way forward

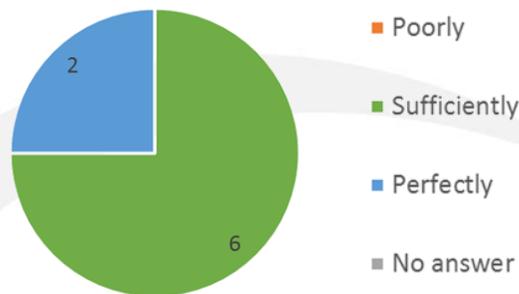
ENTSOG does not intend to draw conclusion on the future evolution of gas demand on the basis of historical values. The idea was to give context when readers consider the Green or Grey demand scenario in the Assessment Chapter.

One stakeholder asked for the analysis of the historical peak gas demand regarding its coverage by the different supply sources. This would help to give more contextual elements to the Assessment Chapter.

One stakeholder asked why historical demand for 2014 was not shown. When published in March 2015, the report has been processed in 2014 at the exception of the withdrawal of South Stream. This timeframe does not enable ENTSOG to report on gas demand for 2014 with sufficient accuracy.

Chapter on the definition of demand scenarios

To which extent the definition of demand scenarios met your expectations?



> Overall opinion

Respondents praise the work done in the definition of demand scenarios and the further coordination with ENTSO-E.

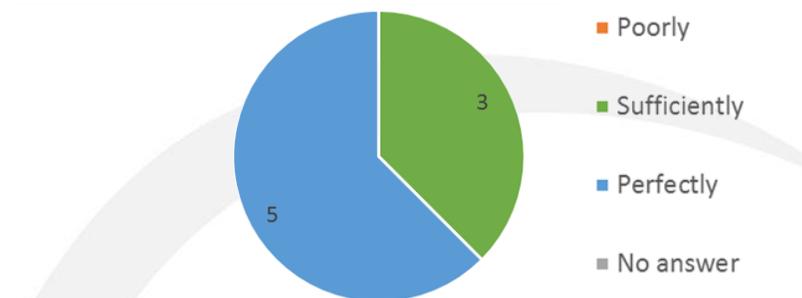
> Way forward

Because of such importance it appears necessary to have an institutional validation of the scenarios to be sure they are consistent with European energy strategy. It would potentially remedy unrealistic projection such as gas-to-power in some countries of the Energy Community and ensure overall consistency.

ENTSOG endeavours to consider the most up-to-date sources of information. Nevertheless they need to pass through public consultation during TYNDP process and to be available at the beginning of the assessment process.

Chapter on the analysis of historical supply trends

To which extent the analysis of the historical supply met your expectations?



> Overall opinion

Respondents agree with the approach taken by ENTSOG in the analysis of historical trends and with the focus on import route level.

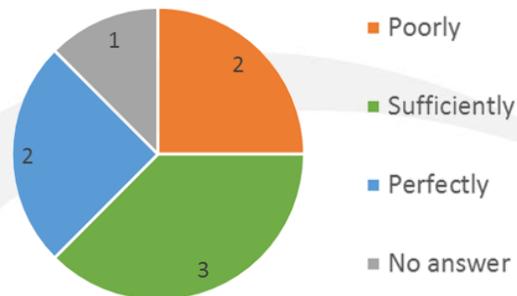
> Way forward

ENTSOG does not intend to draw conclusion on the future evolution of gas supply on the basis of historical values. The idea was to give context when readers consider the different price configurations in the Assessment Chapter.

One stakeholder asked why historical demand for 2014 was not shown. Even if the document was published in March 2015, the report has been processed in 2014 and only the withdrawal of South Stream was done in early 2015 and therefore this timeframe does not enable ENTSOG to report on gas demand for 2014 with sufficient accuracy.

Chapter on the definition of supply scenarios

To which extent the definition of the supply scenarios met your expectations?



> Overall opinion

The further description of the background of each scenario compared to previous edition has been welcomed despite the concerns of two respondents regarding LNG.

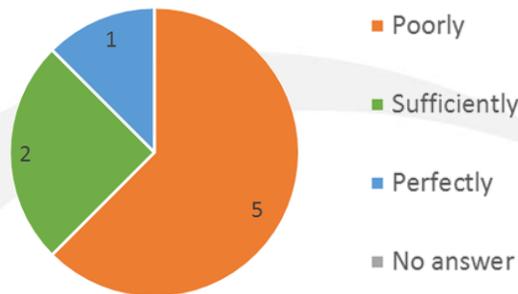
> Way forward

The definition of supply scenarios has been rightly identified by respondents as an important element of TYNDP robustness. Some stakeholders recommend ENTSOG to be supported by third parties (e.g. IEA, consultant...) in order to ensure the overall consistency of supply scenarios. ENTSOG initial idea was to get these data through the Stakeholder Joint Working Session process. But considering the challenge to receive quantitative feedback, external support could be considered having in mind that there seems to be no common view about the development of the global gas market.

The definition of the supply price curves based on the supply scenarios and a normative gradient has also been questioned especially the LNG vs. pipe gas differentiation. The curves were set to induce different gas supply mixes and flow patterns rather than provide the basis for an actual monetization. The approach was consulted during the CBA methodology and TYNDP process but feedback was insufficient to improve it. ENTSOG will seek how to receive external support from stakeholders and/or other parties for the next edition, following its principle of basing the TYNDP process on transparent and publicly available information and data.

Assessment chapter

To which extent the Assessment Chapter met your expectations?



> Overall opinion

The Assessment chapter is the straightforward application of the CBA methodology drafted by ENTSOG and approved by the European Commission. It reflects the wide range of expectations coming from stakeholders and institutions as well as regulatory requirements. Most respondents acknowledge ENTSOG commitment to meet all these expectations. Nevertheless many respondents have some issue with the resulting complexity of the report or the overall goal of TYNDP.

> Way forward

The streamlining of the methodology and scenarios is a key direction for improvement for the next edition. It will require both flexibility in the interpretation of the TEN-E Regulation defining a set of indicators and the willingness of stakeholders to come to a reduced set of indicators and scenarios.

Some stakeholders ask for a consideration of current local circumstances (e.g. supply contracts, level of implementation of European regulation...). First the consultation process supporting the definition of the input dataset has not been able to identify necessary source of information. In addition making the assumptions that such situation will prevail on the medium term would introduce non-physical constraints resulting in an erroneous and inflated picture of investment needs.

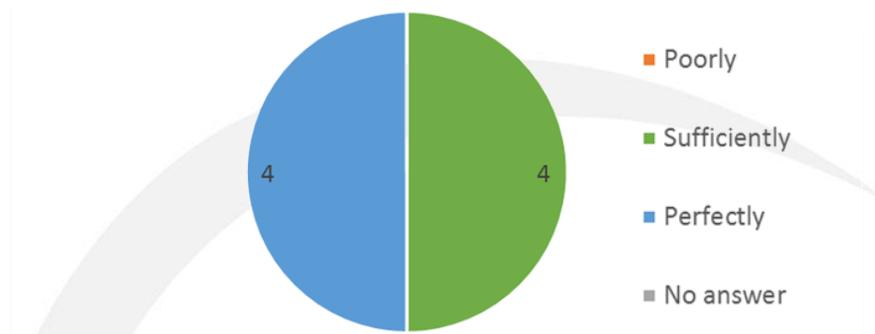
One respondent requests that TYNDP, on top of identifying possible investment gap, identifies the infrastructures to be built to remedy this gap. According to REG-715 and TEN-E Regulation, TYNDP has a role in identifying the investment gap only. ENTSOG fulfils this role by assessing the short-term situation under the Low Infrastructure Scenario, which is appreciated by a number of respondents. But Regulation does not set any role for ENTSOG in identifying the list of infrastructure projects to be built.

From a modelling perspective, ENTSOG will endeavour to improve the tool with support of stakeholders and especially GLE and GSE regarding LNG terminals and underground gas storages. The Union-wide TYNDP focuses on possible infrastructure gaps at European level under the current market structure. Internal bottlenecks already influence the firm entry/exit capacity provided by TSOs. Further investigation of internal bottleneck is addressed both in national plan and the Network Code on Capacity Allocation Mechanisms through capacity calculation provisions.

As for last two TYNDPs, ENTSOG will start the SJWS of TYNDP 2017 with a presentation of the modelling tool which is already extensively described as part of the Annex F of TYNDP. The availability of underlying flow patterns asked by one stakeholder could be discussed at that time.

Overall layout of the report

To which extent the layout of the report met your expectations?



> Overall opinion

The general layout of the report is greatly appreciated. ENTSOG considers that it is an important element in facilitating the understanding of input data and assessment results.

> Way forward

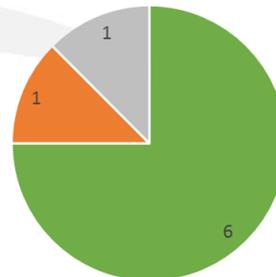
Respondents brought ideas to further improve the adequacy between the form and the content of the report. Among them there are converging views on the need of illustrating the development of infrastructure under a geographical perspective.

Stakeholder engagement process

Did ENTSOG offer sufficient possibilities for stakeholder engagement?



Have you taken part in any of the public workshop of SJWS related to TYNDP 2015?



■ Yes ■ No ■ No answer

- > *Which one said no?*
- > *Overall opinion*

Most of respondents to the public consultation took part to the Stakeholder Joint Working Session organized from January to May 2014. They consider the process robust and useful in providing transparency and understanding in the final report.

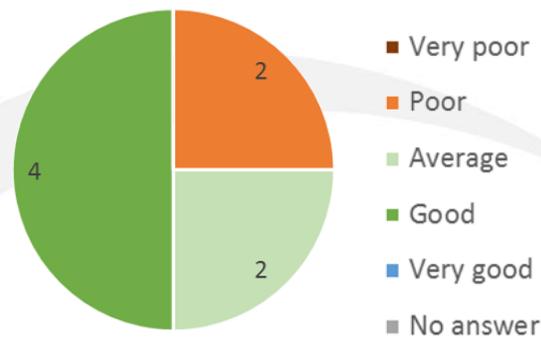
- > *Way forward*

The consultation process serving as a basis to TYNDP is a crucial step influencing the whole report. The definition of supply and demand scenarios appears as points requiring specific attention. Therefore ENTSOG will seek how to further improve the organisation of the process.

Whatever the process put in place, ENTSOG ability to take comment into account will rely on the ability of stakeholders and institutions to make practical suggestions creating consensus and compatible with available data.

Overall opinion on TYNDP 2015

What is your overall appreciation of TYNDP 2015?



> Overall opinion

Most of the respondents acknowledge ENTSOG commitment and fairness when drafting the TYNDP 2015. Unfortunately the numerous requirements set by the TEN-E Regulation and a SJWS process focusing on going in more details rather than simplifying the approach have resulted in a comprehensive but complex report. ENTSOG may not have warned enough stakeholders and institutions about this fact.

Regarding the embedded diversification of LNG, this topic has been mentioned by some stakeholders in previous editions. As a result this topic was part of the SJWS process and the consensus was to illustrate the diversification of LNG in the Supply Chapter but to consider it as a single source once entering the European network as a result of the formation of a global LNG market. For the next edition ENTSOG will consider the EU LNG Strategy to be developed by European Commission in the context of the European Energy Union.

> Way forward

Many respondents asked for a more result-oriented report even if the exact expectations differ. Some of them have rightly pointed that the main pre-requisite to achieve this goal is the definition of a European energy strategy with a limited number of paths.

Assessment results are presented within the report and annexes under a certain number of perspectives (e.g. by indicator, year...). ENTSOG will discuss with stakeholders if alternate views would be helpful in extracting more value from the analysis.

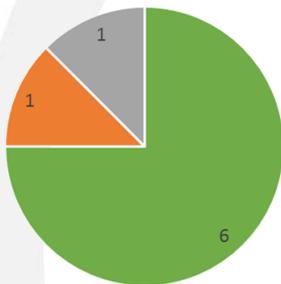
There is also the need to make the report more robust especially in the field of supply (volume and prices) and the definition of a High infrastructure scenario. The latter is considered artificial as assuming the implementation of all projects when ENTSOG only uses it to check there is no unfilled gap.

Project maturity

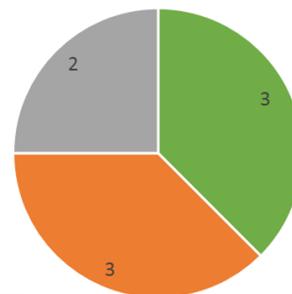
A certain number of projects submitted to TYNDP 2015 did not provide information robust enough regarding the way they would be interconnected to existing or future infrastructure. Such situation endangers the assessment of these projects but also the overall analysis and the Project-Specific of other projects. This situation also participates to the fact that the High infrastructure scenario appears too high and not robust enough.

In order to improve the situation in next edition, ENTSOG made some proposals regarding the next infrastructure project collection.

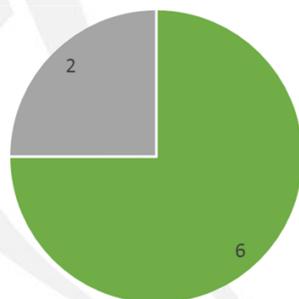
Should a project always be submitted together with a document demonstrating a pre-feasibility study has been carried out?



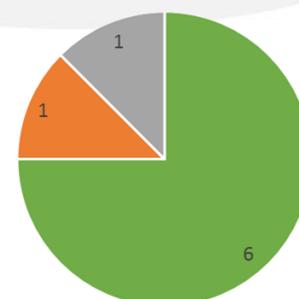
Should a project always be submitted in coordination with operators of the interconnected infrastructures?



Only projects submitted before the deadline should be taken into account?



No changes for already submitted projects? In specific cases (major impact) a project change may be considered.



■ Yes ■ No ■ No answer

ENTSOG preliminary proposals are rather well perceived by respondents. They go in the direction of a tighter process ensuring the robustness of the infrastructure scenarios. The Guidelines to be published by the European Commission on the inclusion of projects in TYNDP as part of the TEN-E Regulation will certainly offer the opportunity to introduce more formal

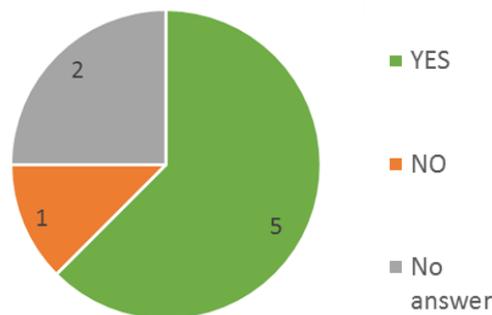
rules.

A differentiated use of projects as part of TYNDP depending on their maturity will be one of the topic for the SJWS process of TYNDP 2017.

In any case respondents consider crucial to ensure that the collection process is transparent and non-discriminatory towards projects.

Assessment of the sustainability specific criteria

In TYNDP 2015 sustainability focused on RES production and CO2 emissions from power generation. Do you agree with this approach?



Respondents support ENTOSOG approach to sustainability assessment even if there are few suggestions to go further through the consideration of other pollutant emissions or the technology used by infrastructure projects.

One respondent emphasises the fact that TYNDP should first focus on infrastructure adequacy to security of supply and diversification.

Streamlining of the methodology

How do you consider the balance between complexity and comprehensiveness of the assessment in TYNDP 2015?



As already identified through respondents' answers the streamlining of the report is the main challenge for next edition. This streamlining should result in a more comprehensive report focusing on robust and concise results.

ENTSOG agrees with such objectives. ENTSOG expects that achieving these objectives will depend on the progress regarding the European energy strategy (and path) and on modelling scenarios based on strong consensus.

Conclusion

The feedback received through the public consultation is covering all aspects of TYNDP 2015. There is an overall acknowledgment of the progress made and the central role of the report. At the same time there are still diverging views on the role of TYNDP.

The main directions of improvements appear to be simplification of the methodology (e.g. reducing the number of indicators and scenarios...) and a wider consensus on supply and demand scenarios which should reflect the European strategy for Europe. Such strategy, still to be clarified, would also help in defining threshold for each indicator hence supporting a clearer identification of investment gaps.

Next TYNDP edition will also have to include a monitoring of gas quality as defined in the Network Code for gas quality and data exchange. In that respect respondents rather advocate a result-oriented approach.