

**RESPONSE TO ERGEG'S PUBLIC CONSULTATION ON ITS PROGRESS REPORT ON THE REGIONAL INITIATIVES: SAFEGUARDING THE MOVE TO A SINGLE EU ENERGY MARKET**

Eurogas welcomes the progress report on the Gas Regional Initiatives (GRI), as a means of enhancing transparency and accountability of the process and its results. Eurogas has supported the GRI since its launch in 2004, because we considered that the initiative offered a way of harnessing on a voluntary basis developing market dynamics, and tackling practical issues on a bottom-up basis. At the same time activities in one region should be checked against the activities of other regions, leading if necessary to similar actions across Europe. There is a continuing need to reinforce transparency and co-ordination in the regional work, but also to allow for flexible responses where these better serve the overriding goal of a fully functioning single European market.

Eurogas has the following comments on the gas related questions raised in the Report

**A. ERGEG Gas Regional Initiative**

**A.1. From your point of view, what is the main achievement of the Gas Regional Initiative process?**

The main achievement of the GRI process has been that it has improved transparency, and helped to enhance understanding of impediments to market progress and to develop industry-led solutions of implementation of the Second Gas Directive and the Access Regulation. The work has also incentivized TSOs to co-operate more closely. Moreover, the GRI process has established cross-border structures and processes that in principle allow for value-added supra-national work on issues with cross-border relevance. The GRI represents a necessary link between the national and the EU level.

**Investment in new infrastructure**

**A.2. Do you consider that Gas Regional Initiative (GRI) projects have effectively contributed to cross-border investment processes? What kind of improvements would you expect?**

The GRI projects have contributed to cross-border investment processes, notably between Spain and France where an Open Season on cross-border capacity enhancement has been agreed and is now in progress.

Eurogas would expect to see greater emphasis on this objective in the future, especially in the light of the role given to ACER to unblock cross-border investment problems, and in parallel with policy measures to enhance security of supply.

**Capacity allocation and congestion management**

**A.3. What lessons do you draw from GRI projects in the area of access to cross-border capacity? Do the current GRI projects on capacity allocation harmonization meet your expectations?**

Negative experiences show that harmonization of grid access rules is very difficult if national legal barriers are encountered. Indeed, the benefit of the GRI seems to be limited to the scope of regulatory actions that do not need modifications of the legal framework. On the positive side, the GRI project can facilitate discussion on complicated matters, which in turn can serve as an input to processes at EU level. The GRI process also shows potential for the involvement of the new European platforms.

**A.4. Would there be real benefits if, at this stage, the GRI tried to seek better coordination at a cross regional level? How do you value the experience acquired with the capacity projects in the regions? What type of projects should be developed in the future?**

The GRIs should continue therefore to make what progress they can in improving cross-border co-ordination, aimed at projects that are essentially market driven and will enhance security of supply. The GRI should prioritize projects, essentially market driven, which can be brought quickly to a successful end (quick wins).

### **Transparency**

**A.5. What would you expect to be the contribution of the GRI to transparency going forward? Do the current projects in the three regions meet your expectations?**

Discussions in the regions, notably the project in the NW region, have contributed to progress on transparency, and at the same time have shown the way forward to other regions and set the framework for an EU level approach in the revised Guidelines. This achievement also illustrates the importance of a robust stakeholders' role in the GRI process. Eurogas supports a swift outcome of the comitology process followed by a focus on the implementation within the regions.

The second part of this question will be answered more appropriately by individual members.

**A.6. How could this work help to ensure that the requirements of the 3<sup>rd</sup> Package are met in a consistent way across the three gas regions?**

As work is well advanced on amending the Guidelines on transparency, it would be sensible if the three regions already made progress towards meeting these requirements and implementing the new demands of the Third Package.

### **Interoperability and Hub development**

**A.7. What further actions would you expect from the GRI in this area in order to contribute to interoperability and hub development?**

Interoperability covers a range of working areas, including cross-border investment, capacity questions and transparency and also balancing for which a more harmonized market-based regime is essential. In tackling any and all of these issues, the GRI will assist progress.

Regarding hub development, an important contribution of the GRI to the related market-driven hub developments is to instil in their work the concept of a regional hub(s), including in relation to the consequent network expansion needs.

**A.8. From your experience with the Regional Initiatives, what are the main obstacles to reach harmonization regarding interoperability at a regional level?**

Depending on the relevant goal, experience has confirmed that there are different types of obstacles. A concrete obstacle, for example, may be encountered in national legislative provisions that may require amending before progress can be made. Undoubtedly, however, obstacles arise from an apparent mismatch of TSOs' perceptions of market needs. This is why a high level of stakeholder involvement is crucial for GRI success, because they can contribute their market expectations, and clarify their various needs, at the same time helping the TSOs to recognize that acting to meet customers' requirements is in their business interests.

## Security of Supply

**A.9. Should security of supply be more clearly considered as a main driver within the GRI?  
Should specific actions be developed in this area?**

The GRI should recognize that actions to improve a seamless flow of gas will also have benefit for security of supply objectives. While Eurogas considers that the GRI process should continue to focus on its main objective of contributing to a single European gas market, it is evident that the results should be coherent and consistent with EU policy on security of supply. In the SSE there are arguments for continuing with specific actions. Eurogas has argued that we can envisage different regional configurations to address security of supply concerns, which will not be the same as the three GRI regions. It should be explored to what extent these regions can best be defined by the Gas Coordination Group after consultation with the gas industry.

**A.10. How can the regions of the GRI take into account and develop measures contained in the European Commission's proposal for a Regulation concerning measures to safeguard security of gas supply?**

See answer to A.9. Any related activities, decided upon by any of the three gas GRIs have to be consistent with the establishment of Preventive Action Plans, and give priority to market driven solutions.