

**TWENTY-NINTH MEETING OF THE
EUROPEAN GAS REGULATORY FORUM
6-7 October 2016**

01. State of the EU gas sector

State of the EU gas sector: demand and supply

The Forum engages in an intensive discussion on the questions of natural gas supply-demand fundamentals in the EU both for the pre-2030 and the post 2030 periods. Notwithstanding the differences in modelling and assessments, the Forum agrees on the necessity to commence strategic discussions on the matter. Such discussion should be based on a profound assessment of the possible drivers and consequences of the respective scenarios on all levels of the EU gas sector value chain. These include, among others, the evolution of decarbonisation policies, developments in the electricity sector, energy efficiency gains, new technologies for example in the area of gas-to-power or green gas and market developments.

Wholesale market functioning: Potential need for further developments

The Forum welcomes overall improvements in market functioning in the EU – as mirrored in the ACER Market Monitoring Report 2015 which includes the wholesale gas market functioning health check – but notes that in certain markets this still remains unsatisfactory. The Forum also takes note of initiatives, such as CESEC and the general Network Code implementation, to address these shortcomings.

The Forum confirms the potential of LNG and storage in the context of diversification and security of supply and urges further scrutiny on a case-by-case basis to ensure the most efficient use of such infrastructure.

02. Energy market design initiative and need for gas market redesign

The Forum discusses stakeholder positions on the potential need for further developments of the EU gas market regulatory framework – also in light of the reform of the electricity sector within the Commission's Energy Market Design initiative. In view of the overall improving wholesale gas market functioning, the recent adoption of a number of gas network codes and the need for their full implementation, at this stage, the Forum does not see the need for a major initiative to redesign the regulatory framework for European gas markets. Nevertheless, the Forum notes the Commission's intention to carry out a study on the matter in the first half of 2017 in which stakeholders are encouraged to participate.

This is without prejudice to - where appropriate - limited adaptations of existing gas rules to changes of the rules on electricity to be proposed before the end of 2016, such as procedures on preparing or amending network codes. The Forum asks that further changes in gas rules prompted by the Market Design Initiative 2016 should only be done in open procedure after having properly consulted the sector. The Forum underlines the importance of proper resource

provision to be made in proposals to meet the tasks given to the Agency in new and existing legislation.

03. Network code development

Network Code on Tariffs and Incremental Capacity

The Forum welcomes the positive gas committee vote on the Network Code on harmonised transmission tariff structures for gas. The Forum encourages Member States, NRAs and all involved market participants to ensure the timely implementation of these rules and invites ACER and ENTSOG to support and monitor the implementation and report back to the Forum.

The Forum acknowledges the Commission's intention to swiftly finalise the process of amending the Network Code on capacity allocation mechanisms.

04. Gas quality harmonisation

Following intensive discussions and recognising the lack of support for making the CEN Standard EN 16726 legally binding, the Forum supports the Commission's announcement not to pursue legally binding provisions on this matter at this stage.

Nevertheless, the Forum invites ENTSOG to finalise its assessment of the effects of the inclusion of the CEN Standard EN 16726 into the Network Code on Interoperability and Data Exchange Rules by the end of 2016.

The Forum confirms its support for CEN to carry on the work on finding an agreement on a band for the Wobbe Index, elaborating on the possibility of regional bands, to be included in an updated CEN standard while ensuring the integrity of the existing standard and calls on market participants to be constructively engaged in this process. The Commission will reconsider further harmonisation activities in light of the outcome of the CEN revision work.

05. EU internal gas market – Smart implementation – Main challenges

Main challenges of Network Code/Guidelines implementation in the EU

The Forum welcomes the progress made so far towards full and correct implementation of the network codes and guidelines and stresses the importance of continuing the dedicated process. However, the Forum urges ACER and ENTSOG to continue and further develop smart monitoring and reporting activities, with dedicated focus on deficient areas, including identifying key challenges, making recommendations, sharing best practices and providing direct support to Member States lagging behind with implementation. The Forum encourages stakeholders to put forward network code implementation issues on the functionality platform.

The Forum underlines the importance of implementation of the Network Codes and Guidelines as a common endeavour of Member States and all stakeholders, monitored and steered by ACER and ENTSOG, with the full and reinforced support of the Commission.

The Forum acknowledges the achievements regarding market coupling in the Iberian gas market.

To ease market entry and trading in the Central and South-Eastern European gas markets the Forum calls for swift further work on reducing the administrative burden associated with wholesale trading licensing and reporting obligations. This should be executed by NRAs and – where necessary – Member States with the full involvement of TSOs and stakeholders.

The Forum welcomes the important progress achieved in the regional energy high-level groups which proved themselves and should be used as a vehicle for the resolution of both infrastructure and regulatory issues.

Noting the need to integrate EU and Energy Community gas markets the Forum calls on national regulatory authorities of Member States neighbouring Energy Community Contracting Parties (PL, SK, HU, RO, BG) to commit to applying Gas Network Codes at common Interconnection Points provided the relevant Contracting Party (UA, SRB, FYROM) has transposed and is implementing the relevant Network Code and its national regulatory has equally committed to applying the Network Codes at said Interconnection Points.