

**R/24**

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## **VOLUNTARY INITIATIVE RESULTS IN IMPROVED TRANSPARENCY ON EUROPEAN GAS NETWORKS**

Energy regulators in North-West Europe welcomed the successful conclusion of a voluntary project to increase the transparency of gas networks.

Increasing the availability of information on transmission capacity and gas flows across networks in Belgium, Germany and other key transit routes in Europe is crucial to developing a more open and competitive European energy market. The transparency project is being co-ordinated by Britain's energy regulator, Ofgem. It is part of a wider regional initiative for north-west Europe, led by the Dutch Office of Energy Regulation.

The project has already helped network users by providing new information allowing them to assess gas flows and capacity availability at cross border points on the gas networks. These interconnection points are crucial to the flow of gas around Europe and historically it has been difficult to understand where extra capacity may be available to use.

The participating transmission system operators (TSOs) report that they are now 90% compliant with the project's seven agreed deliverables compared to 50% compliance reported at the start of the project. Ten out of seventeen gas transmission companies (TSOs) participating in the project now publish all the required data and firm commitments have been made by seven TSOs to publish the outstanding 10% before the end of 2009.

The seven TSOs that experienced delays in publishing the required data, cited a lack of resources, IT issues or data confidentiality concerns. Five TSOs have delayed publication for one of the project's seven data types and two TSOs have delayed publication for two data types.

The delays have been experienced in the publication of daily gas flow information and day ahead aggregate nomination information. These two data types are viewed by some TSOs as potentially more commercially sensitive and require more frequent and accurate updating than the other project deliverables. As project leader Ofgem will continue to monitor and report on progress.

A further achievement is that the number of interconnection points identified by TSOs as subject to confidentiality under the so called less than three shipper rule has declined from 35 to 20. The rule allows for information to be kept confidential when there are less than three shippers operating at an interconnection point. The third package will remove the less than three shipper rule when it enters into force.

The outcome of the project represents a significant improvement in regional transparency and an important step toward better regional market integration. Network users will now have a better understanding of what network capacity is available and be able to respond more effectively to reductions in gas supply. Ofgem and The Dutch Office of Energy Regulation are urging TSOs to build on the good progress achieved so far by supporting further improvements in network transparency.

The final report on the gas transparency project is available here:

<http://www.ofgem.gov.uk/Europe/Whatwedo/RegionalInit/Documents1/NWG%20RI%20Third%20Implementation%20Report.pdf>

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#### **Notes to Editors:**

1. The European Regulators Group for Electricity and Gas (EREG) launched its Electricity and Gas Regional Initiatives (ERI and GRI) in spring 2006. The Regional Initiatives framework created seven electricity regions and three gas regions in Europe. The Gas Regional Initiative North-West (GRI NW) comprises nine countries Belgium, Denmark, France, Germany, Great Britain, Ireland, Netherlands, Northern Ireland, and Sweden, with Norway acting as an observer.
2. The overall aim of the Regional Initiatives is to facilitate the development of regional gas and electricity markets, working in cooperation with stakeholders, to remove barriers to trade and competition. The Regional Initiatives take a bottom up approach to reform by identifying the key barriers to progress and where possible, work with stakeholders to implement appropriate solutions.
3. There is a consensus among stakeholders that the main priorities for GRI NW are transparency, network capacity and investment. These issues are critical to developing a market where gas can be freely traded between Member States on a non-discriminatory basis. Other areas identified as a lower priority were gas balancing, gas quality, the creation of trading hubs and storage.
4. Ofgem and the Energiekamer have today published the final project progress report which assesses the overall success of the project.
5. More information about the work of EREG is available here: [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME](http://www.energy-regulators.eu/portal/page/portal/EER_HOME)
6. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, the Energy Act 2004 as well as arising from directly effective European Community legislation.

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