

Agenda

- Introduction/housekeeping (Ofgem)
- Ed Freeman (Ofgem) – Ofgem update
 - Forthcoming Madrid forum
 - FROG, Quo Vadis, Storage/LNG strategy
 - AOB
- James Acord (BEIS) – Security of Gas Supply regulation
 - Update on adoption and summary of new provisions
 - Solidarity - response to Commission plus engagement
 - Publications, AOB
- Sue Harrison (BEIS) – Update, to include:
 - Brexit
 - AOB
- Mike Thorne (NGGT) – Brexit
- David Reilly (Ofgem) – Live TAR NC consultation
 - NRA/TSO activities
 - Timings
- Colin Hamilton (NGGT) – European Network Codes (development & Implementation)
- AOB
- Lunch

Ofgem Gas Systems team structure



01.B Potential future development of the gas sector – Quo Vadis (EC) and future role of gas regulatory (CEER) studies 15.00 – 15.30

01.B.01 Introduction by the Commission

01.B.02 State of play and methodology of the Quo Vadis study - Presentation by the consultants

Discussion

Coffee break

15.30 – 16:00

01.B Cont'd: Potential future development of the gas sector – Quo Vadis (EC) and future role of gas regulatory (CEER) studies 16.00 – 18.00

01.B.03 "Tariff reform" – kick-off intervention by CEFIC and open discussion

01.B.04 "Market merger" – kick-off intervention by GIE and open discussion

01.B.05 "Delivery at EU border" – kick-off intervention by IOGP and open discussion

Discussion (per topic)

01.B.06 Regulatory study on the future role of gas – CEER presentation

17.30 – 18.00

Discussion

01.C LNG and storage market developments 18.00 – 18.45

01.C.01 Follow-up to the Commission's LNG and storage strategy – Commission presentation

01.C.02 Removing barriers for LNG and gas storage market – CEER preliminary results and GSE/GLE presentations

Discussion

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| 02 | <i>EU internal gas market</i> | 9.00 – 15.30 |
| 02.A | Improving the network code implementation and monitoring framework | 9.00 – 10.30 |
| 02.A.01 | Introduction by the Commission | |
| 02.A.02 | FUNC update: How to make it work? – ACER/ENTSOG presentation | |
| 02.A.03 | Update on the transparency platform: achieved user benefits and pending market and ACER requests – ENTSOG presentation | |
| 02.B | Improving market functioning | 10.30 – 15.00 |
| 02.B.01 | Key topic 1: "Balancing market and SoS interests in storage regulation" – presentation by Eurelectric and open discussion | 10.30 – 11.00 |
| 02.B.02 | Key topic 2: "Getting the VTP right" – presentation by EFET and open discussion | 11.30 – 12.15 |
| 02.B.03 | Key topic 3: "Market spread vs. transportation cost / implicit auctions" – presentation by ACER and open discussion | 12.15 – 13.00 |
| 02.B.04 | Key topic 4: "Remaining national regulatory barriers" – presentation by Eurogas and open discussion | 14.30 - 15.00 |
| 02.C | Improving market functioning in the Energy Community | 15.00 – 15.30 |
| 02.C.01 | Progress of 3 rd Package and network code implementation in the Energy Community – Update by the Energy Community | |

Quo vadis study -

- Commission-led study to assess whether market functioning and welfare within the EU can be improved through changes to the internal market regulatory framework
- **EY/REKK** analysing four alternative scenarios:
 - Tariff-reform
 - Trader zone merger
 - Conditional market merger
 - LTC delivered at EU border

CEER Future Role of Gas report -

- CEER commissioned DNV GL to prepare a study aiming to evaluate the potential future role of gas and the regulatory implications for potential scenarios
- Study considers three scenarios for natural gas demand out to 2040
- Considers questions including competitiveness of natural gas, regulatory incentives for innovation, natural gas as a transportation fuel, biogas, gas as a back-up for intermittent renewable generation, stranded assets and new uses for gas infrastructure (e.g. hydrogen).
- **Final Report from DNV GL expected soon.**

Follow-up to the Commission LNG and storage strategy -

- In February 2016, the Commission published its LNG and storage strategy, which aims to exploit the potential of LNG and storage to make the EU gas system more diverse and flexible.
- The strategy focuses on three main themes:
 - completing missing infrastructure (access to LNG)
 - completing the internal gas market (price signals)
 - EU as a player on international gas markets (liquid and transparent LNG markets).
- The underlying principle guiding the strategy is that well-functioning markets should deliver this diverse and flexible gas system.
- CEER welcomed focus on access to liquid markets as the main driver to ensure European gas flexibility markets work in the interests of consumers.

- Follow-up report by **TRAKTABEL/REKK/Energy Markets Global**
- Modelling of identified infrastructure projects in different scenarios
- Discussion focuses on storage obligations and LNG market functioning

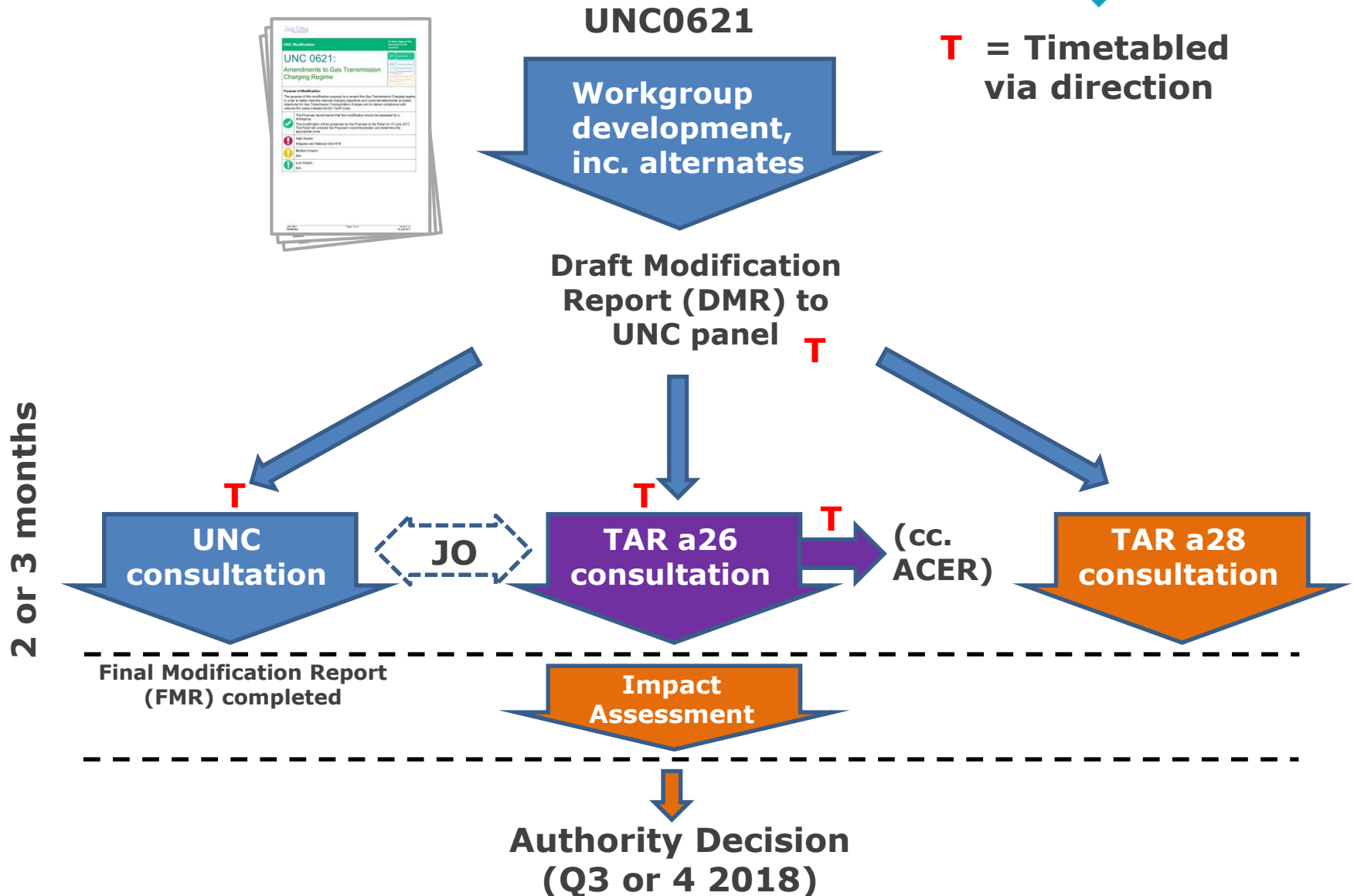
We are consulting on proposals relating to the implementation of TAR NC* in GB:

1. To make NGG responsible for undertaking certain tasks arising under TAR NC and to direct a timetable for their completion
2. to align and extend the scope of the consultations required under TAR NC and industry procedures (UNC0621);
3. to modify the Gas Transporter Licence;
4. To issue NGG with a direction pursuant to the modified licence.

We think our proposals will avoid the duplication of work, will help ensure European Commission deadlines are met, and will ensure industry proposals are TAR NC compliant

Closes 01 Nov 2017, statutory consultation to follow

*TAR NC = Regulation (EU) 2017/460, the European Network Code on harmonised transmission tariff structures for gas Commission Regulation



Ofgem is the Office of Gas and Electricity Markets.

Our priority is to protect and to make a positive difference for all energy consumers. We work to promote value for money, security of supply and sustainability for present and future generations. We do this through the supervision and development of markets, regulation and the delivery of government schemes.

We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.