

# BEIS-Ofgem EU gas stakeholder meeting



## **Agenda for BEIS-Ofgem EU gas stakeholder meeting**

Conference Room 1.16, 10 South Colonnade, Canary Wharf, London, E14 4PU

Monday 3 December 2018, 14:15 – 16:45

Coffee

Tour de Table

- Introduction/housekeeping (Ofgem)
  - Madrid forum summary
  - Ed Freeman (Ofgem) – Ofgem update, to include:
    - CEER & ACER updates / EU exit
  - Sue Harrison (BEIS) – BEIS update
  - Mike Thorne (NGGT) – NGGT update
  - Phil Hobbins (NGGT) – update on EU gas quality and EU data exchange work
- AOB

End

Commission's annual gas conference held in October. All presentations and background material available [here](#).

Significant focus on the role of gas in the decarbonisation of the EU energy sector, which is a shift from previous forums.

Highlights from the [conclusions](#):

## **Renewable gases**

- Energy transition should be based primarily on EU level solutions. Renewable/low-carbon gases should play an important role in the transition and measures should facilitate this.
- An EU-wide system of certification/guarantees of origin for renewable gases should be developed in context of revised Renewable Energy Directive.
- **CEN** invited to report back on gas quality and renewables gases.
- **IOGP** invited to review potential for CCS technologies.

Highlights from the [conclusions](#) contd:

## **Sector coupling**

- Regulation should consider overall system value of infrastructure.
- Coordinated gas/elec planning should be strengthened and supported by regulation.
  - **ENTSOs** invited to further develop interlinked model.
  - **CEER** invited to look at regulated/contestable activities.
  - **IFIEC** invited to present a discussion paper on cross-sectoral flexibility.
  - **CEER** invited to consider decommissioning of assets and potential cross-border and security of supply implications.
  - **GIE/GSE** invited to further consider value of storage and cross-sectoral flexibility.
- Noted PRISMA project to develop implicit allocation for gas, urging PRISMA to consult stakeholders before implementation.

## **Commission updates**

The Commission also presented the findings of the [Gas Infrastructure 2050](#) study, its study on [sector coupling](#), and studies related to potential measures for [upgrading the EU internal gas market](#). These measures include:

- Enhancing liquidity by combined gas and capacity release programmes
- Distortive effects of non-harmonised tariffs
- Licensing and regulatory requirements
- Tailor made regulation for some markets
- LNG regulatory framework
- Alignment and streamlining of gas legislation.

Studies are being launched in these areas over the coming months, with legislative proposals expected in 2020.

Given the Commission's new package of work, the Forum intends to return to holding two meetings a year starting in 2019. The next Forum meeting should therefore be in May/June 2019.

Finally, ACER presented on [ENC implementation](#), as did [ENSTOG](#).

## **CEER**

2019 Work Programme: two main deliverables to be launched:

- Status Review on Regulating Innovation in the Gas Sector
- Report on Gas Infrastructures and the Energy transition: An analysis of needs and economic evaluation of investments

Early 2019 publications:

- Follow up to the Future Role of Gas Study consultation expected to be published early 2019.
- Study on ways to foster LNG market in Europe expected mid-2019.

## **ACER**

Studies on VoLL and CoDG in EU electricity and gas markets.

- Intended to improve CBAs for infrastructure investment/security of supply

FUNC data exchange issue

## **EU storage**

GIE-FTI Workshop in Brussels on 4 October

Final report on measures for a sustainable storage market published for GIE members.

GIE invited by Madrid Forum to further consider value of storage and cross-sectoral flexibility.

## **Gas Directive Amendments**

Renewed discussions between Member States in the last month

## **LT contracts information request**

Responses were due on 2 November

## **EU Exit**





# EU Update

- Gas Quality
- Data Exchange
- Daylight Saving

## BEIS / Ofgem EU Stakeholder Meeting

3<sup>rd</sup> December 2018



# EU Gas Quality Update

## **CEN is continuing to work on the inclusion of Wobbe Index into the EU gas quality standard**

- Hydrogen is of increasing relevance
  - Relative density is already in the standard but is a barrier to achieving higher H<sub>2</sub> concentration
  - Wobbe Index, Relative Density (or GCV) and H<sub>2</sub> are all inter-related
    - Should WI standardisation proceed without H<sub>2</sub>?
- The Danish delegation has requested reviewing the 10ppm oxygen limit in the CEN standard
- How will the standard be applied?

## **ENTSOG will publish its second 'Long Term Gas Quality Outlook' as part of its Ten Year Network Development Plan in January 2019**

# EU Data Exchange Issue – Re-cap

- **An issue was raised on the Functionality Platform calling for a wider scope of application of EU data exchange solutions**
- **A joint ENTSOG / ACER consultation was conducted in the summer**
- **Stakeholders supported the mandatory extension of the ‘Common Data Exchange Solutions) to ‘virtual trading points’**
- **It is therefore expected that an amendment to the EU Interoperability Code will be made to achieve this**
- **Timing is currently uncertain but will not happen quickly due to the election of a new EU Parliament in 2019**

# EU Data Exchange Issue – Draft Solution

## The draft solution developed by ENTSOG and ACER would:

- Clarify that harmonisation is applicable to VTPs as well as IPs from a common future date
- Clarify that parties carrying out data exchange on behalf of TSOs (such as Market Area Managers) are also bound by the INT Code
- Leave discretion to NRAs in:
  - Application beyond the scope of the INT NC (IPs + VTPs) to other points (storage points, LNG terminals) and on the implementation date (via existing Art 23)
  - Application to storage operators, LNG terminals and other operators not acting on behalf of a TSO

**National Grid will further engage with the industry on the future of data exchange in the GB market in January 2019**

# Daylight Saving Issue

- EC propose to remove seasonal time change in 2019
- Impact is now being discussed within ENTSOG
- Main issue: definition of the 'gas day' which has a reference to the summer and winter time
- CAM NC, Art. 3(16): 'gas day' means the period from 5.00 to 5.00 UTC the following day for winter time and from 4.00 to 4.00 UTC the following day when daylight saving is applied
- An amendment of the definition will be needed

Link to the draft legislative text: [https://ec.europa.eu/commission/sites/beta-political/files/soteu2018-discontinuing-seasonal-changes-time-directive-639\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/soteu2018-discontinuing-seasonal-changes-time-directive-639_en.pdf)

national**grid**

**Our core purpose is to ensure that all consumers can get good value and service from the energy market. In support of this we favour market solutions where practical, incentive regulation for monopolies and an approach that seeks to enable innovation and beneficial change whilst protecting consumers.**

**We will ensure that Ofgem will operate as an efficient organisation, driven by skilled and empowered staff, that will act quickly, predictably and effectively in the consumer interest, based on independent and transparent insight into consumers' experiences and the operation of energy systems and markets.**