

BEIS-Ofgem EU gas stakeholder meeting



- Intro / housekeeping
- Ofgem
 - EU exit preparedness
 - Commission updates
 - ACER / CEER updates
 - Other
- BEIS
- National Grid
 - EU gas quality / policy update
- AOB

Madrid forum:

- Commission's gas conference, normally held annually, will be held in June & October this year. Background material available [here](#).
- [Draft agenda](#) for June event has a significant focus on decarbonisation, sector coupling & future role of gas.

Amendment to Gas Directive:

- European Institutions reached an agreement in February. Publication in the Official Journal of the EU on 3 May. The Directive will enter into force on 23 May 2019.
 - Member States need to transpose the provisions of the Directive by 24 February 2020
- Changes the definition of interconnector – this will now encompass gas interconnectors between a member state and a non-member state.
- Hence, following EU Exit, this definition will continue to apply to UK gas interconnectors

- Gas Package (2020) will consist of three main pillars
 - Mirroring of the Electricity Directive and Regulation
 - Upgrading the market
 - Sector coupling
- EC is working on several studies to complement legislative work
 - Most of ToRs for studies have been defined; several studies already tendered or published
 - Aim for remainder to be published Q4 2019

- Future Role of Gas work
 - 'Regulatory Challenges for a Sustainable Gas Sector'
 - Aim to present at autumn Madrid forum.
- LNG
 - 'How to foster LNG market in Europe'
 - Aim to present deliverable at autumn Madrid forum.
- Infrastructure
 - 'Gas Infrastructures and the Energy transition:
An analysis of needs and economic evaluation of investments'
 - Expected end 2019

TAR implementation

- Panel meeting 23 May – expect FMR to Ofgem 29 May

**Gas System
Operator**

EU Gas Quality Standardisation Update

**Ofgem/BEIS EU Stakeholder
Meeting**

28th May 2019

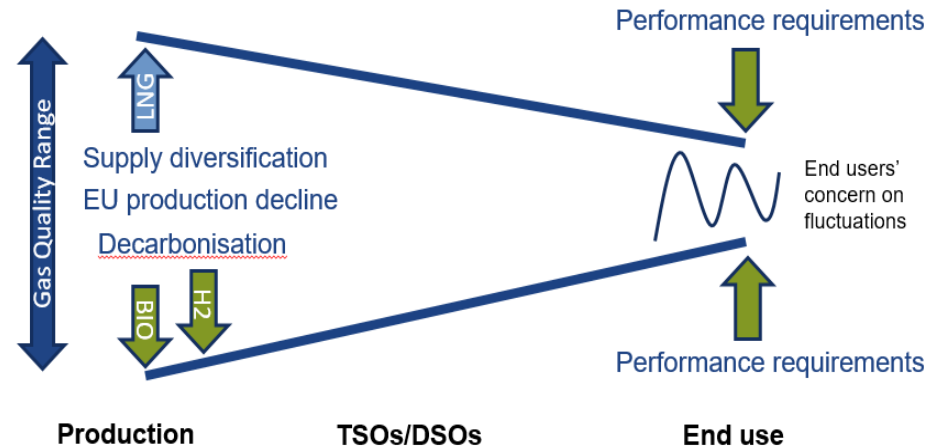
nationalgrid



EU Gas Quality Standardisation: Re-cap

- **The CEN H-gas quality standard EN 16726 was published in 2015**
 - Wobbe Index (WI) was not included because there was no agreement among Member States on a suitable range
- **In 2016, EC proposed to make the standard binding by inclusion in the EU Interoperability Network Code**
- **ENTSOG led a stakeholder engagement process to examine how the standard could be implemented**
 - Difficulties identified e.g. ~20% of UK gas production potentially locked out
- **October 2016: EC announced voluntary adoption, encouraged CEN to continue its work on WI and that binding harmonisation would be revisited once WI debate concluded**
- **CEN has been examining how to include WI in the EU standard since that time**

Context / Challenges

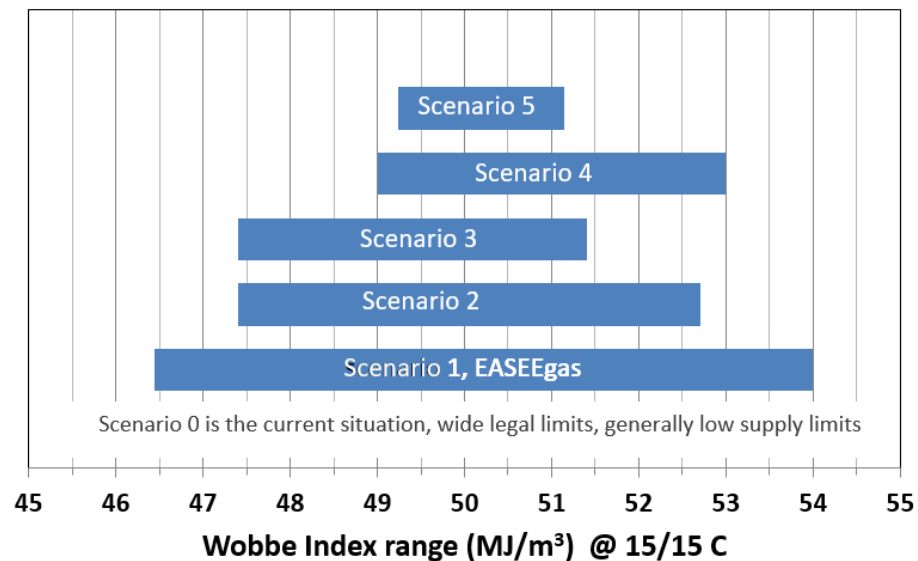


- **Conflict between ensuring end use performance and diversification/decarbonisation of gas supplies**
 - LNG has high WI values, biomethane and hydrogen have low WI
- **For some end users, potential for fluctuation matters more than absolute values**
- **Discrepancy between actual gas quality and legal limits**
- **Gas quality is not only a matter of WI, but also of GCV, Methane Number, composition**

Focus has moved from from cross-border trade barriers to facilitating decarbonisation, diversification and end user application performance, while ensuring safety

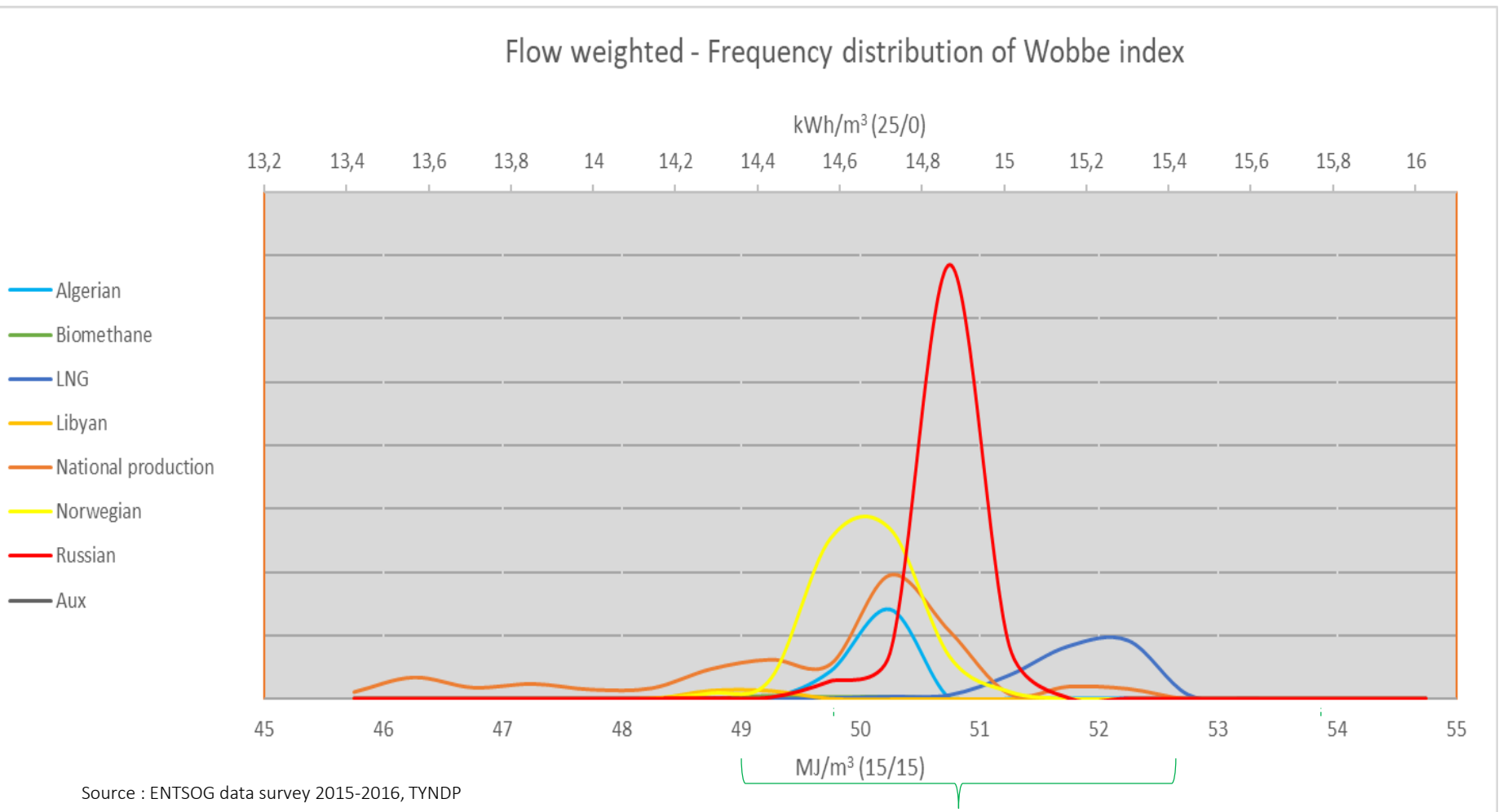
CEN's Approach to WI Standardisation

	W_{smin} [MJ/m ³]	W_{smax} [MJ/m ³]
Scenario 0	Status quo	Status quo
Scenario 1	46,44	54,00
Scenario 2	47,40	52,70
Scenario 3	47,40	51,40
Scenario 4	49,00	53,00
Scenario 5	49,24	51,15



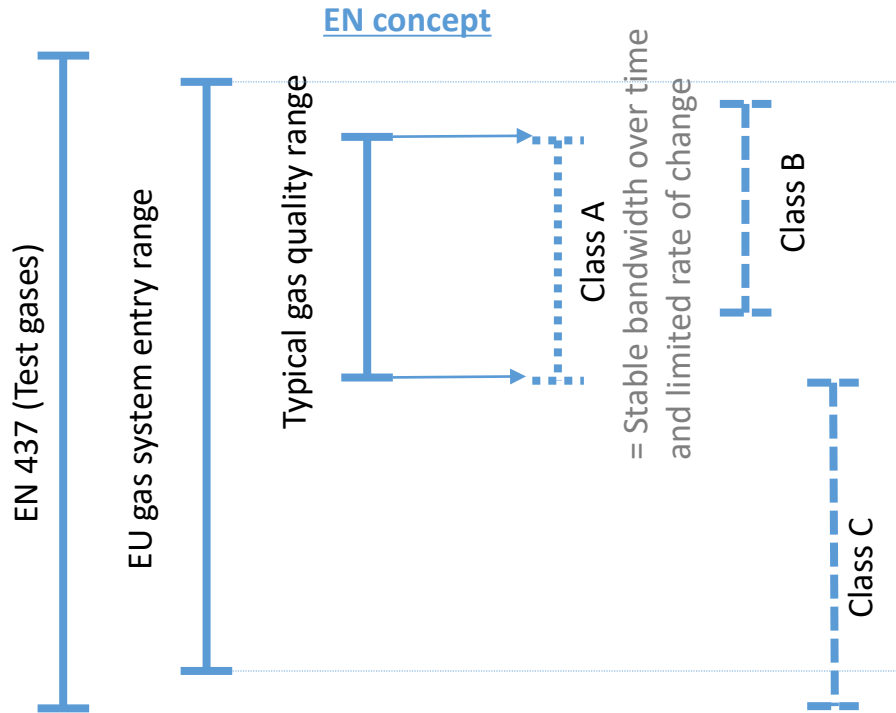
- Survey on impact of defined WI 'Simple Scenarios' scenarios (range + rate of change) on all parts of the gas chain
- Compilation and evaluation of the survey input
- Propose a potentially acceptable WI scenario (Integrated Scenario)

What WI range does EU actually see?



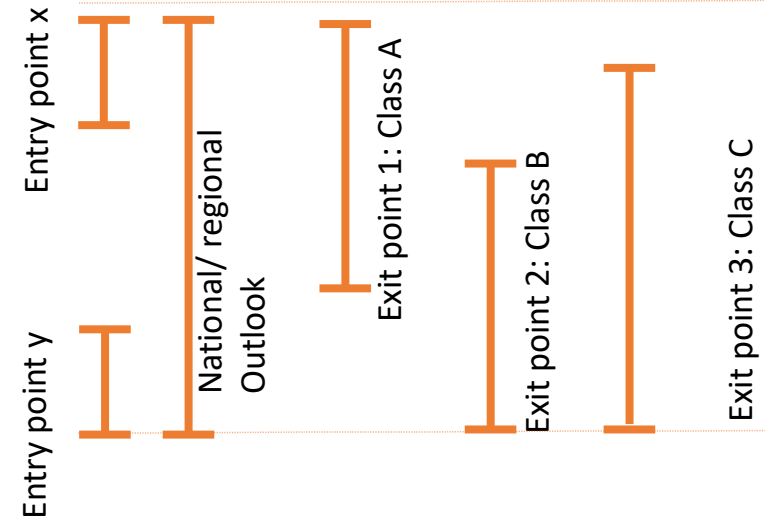
49.0 – 52.7 MJ/m³
covered ~ 92 % of EU entry gases

Emerging 'Integrated Scenario' Concept



- Safety headroom between EN 437 and entry range needed

Example of national/regional implementation



- Class B is as wide and stable as Class A but different in absolute values.
- Class C is any other case. For class C exit points a case by case solution may be needed where the offtake is sensitive to gas quality variation.

Potential WI Proposal for EN 16726

- **EU-wide system entry range**
- **Classification of exit points**
 - Class A: exit points where actual WI range is expected to be between a limited range and subject to limited variation
 - Class B: exit points expected to see the same variation in WI as class A but with different WI limits
 - Class C: exit points where WI range width is expected to be more variable
- **Where Class C exit points are sensitive to gas quality variation, potential solutions may include end user adaption, information provision by TSOs / DSOs, grid management or gas treatment**
- **Remaining issues:**
 - TSO/DSO ability to classify exit points / degree of certainty
 - Cost allocation for 'class C' points
 - WI range limits at entry and exit range
 - Regulatory framework: application of the standard / obligations
 - Future hydrogen considerations
 - Hydrogen blend capability may be compromised if WI ranges are too narrow
 - Impact on WI variability: initial analysis shows minimal impact up to 5% H2 concentration, 10-20% looks more material

Next Steps

CEN update to Madrid Forum in June 2019

Public Consultation on WI proposals in Autumn 2019

Final Report in December 2019

Amendment of EN 16726:2015 thereafter

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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.