INT NC amendment for Gas Quality

Joint workshop ENTSOG-Energy Community

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Introduction
Recognising the lack of support, EC announces it will not to pursue legally binding provisions for the CEN Standard EN 16726.

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.

In order to complete the detailed analysis, ENTSOG will keep 2\textsuperscript{nd} consultation open and the planned workshop on 16 November will take place.
The ENTSOG process

**Background**

- CEN standard without Wobbe Index (WI)
- ENTSOG invited to:
  - Detailed analysis
  - Draft amendment
- Scope, timing, consistency with NC

**Detailed analysis on the whole EU gas value chain**

- Proposal of possible scenarios
- Consultation on impacts
- Consultation on barriers, policies and impacts
- Impact analysis and scenario selection
- Early findings and refined scenarios
Article 15 Managing cross-border trade restrictions* due to gas quality differences

*Restriction is understood as a lack of compliance of the gas with the specs of the receiving country resulting in a reduction of flows at the IP

1. TSOs shall cooperate to avoid restrictions to trade due to gas quality. Standard operations may include swapping and co-mingling.

2. When a restriction cannot by avoided by TSOs and is recognised by NRAs, TSOs may be required to within 12 months:
   1. Develop options without changing specs (e.g. flow commitments, gas treatment).
   2. Cost benefit analysis with breakdown among parties
   3. Estimate implementation time
   4. Conduct a public consultation
   5. Submit a joint proposal for approval of concerned authorities

3. NRAs shall consult each other with the view to have a coordinated decision based on mutual agreement

If gas quality is identified as a restriction for cross-border trade it’s managed locally by the parties involved.
This European standard specifies gas quality characteristics, parameters and their limits, for gases classified as group H that are to be transmitted, injected into and from storages, distributed and utilized.

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<th>Parameter</th>
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1st Public consultation results
Are you aware of any cross-border trade barrier related to gas quality at interconnection points or EU import points?

Overall

By Segment
### Public consultation input: Impacts

**Overview of reported potential impacts per country and parameter**

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Only countries reporting specific impacts are included

S: Storage  
I: Imports  
B: Biomethane  
M: Mobility  
D: Distribution  
L: LNG  
P: Production  
F: gas as Feedstock
### Public consultation input: A-deviations

#### Summary of potential conflicts of the standard with national legislation

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Public consultation input: summary

> The existence of barriers is questioned by producers and traders while among operators and users there are divided views, with many seeing differences in specs across borders as a risk.

> There are many segments and Member States which could be adversely impacted by a strict application of the CEN standard.

> Many respondents questioned the value of a gas quality standard without Wobbe Index and several challenged the adequacy of the requirements currently included.

> Scenarios were ranked in order of preference by respondents as follows:

1. “Voluntary adoption” (53 stakeholders put this as their first choice)
2. “Whole chain” (30 stakeholders put this as their first choice)
3. “IPs only” (10 stakeholders put this as their first choice)
4. “Transmission networks” was the least supported and considered as the least feasible (4 stakeholders put this as their first choice)

> A number of issues (scope, responsibilities, off-spec gas, flexibility, subsidiarity, A-Deviations, standard revision management) require further clarity before a decision is made on the scenarios.

> Many stakeholders expected no benefit from gas quality harmonisation while others believed that it would bring more certainty.

> Costs and timing have been detailed only in a few cases.
Next steps
Refined scenarios for 2nd consultation

Scenario 1: Whole EU chain

Description: parties injecting gas in gas networks need to ensure compliance of the gas with the CEN standard.
**Refined scenarios for 2\textsuperscript{nd} consultation**

**Scenario 3: At IPs only**

**Description:** only when a restriction is found, TSOs will analyse, via Article 15, adoption of EN16726:2015 as potential solution.
**Refined scenarios for 2\textsuperscript{nd} consultation**

**Scenario 4: Voluntary adoption**

**Description:** This scenario represents the status quo, If there is any cross-border trade restriction due to gas quality, Article 15 will be applied.
Next steps

2nd Public consultation (open until 21st October) questions:

- Scenario preference
- Scenario assessment (impacts, benefits/savings, costs, implementation time, feasibility).
- Possible adjustments to the refined scenarios proposed by ENTSOG
- Potential improvements of the CEN standard

Public workshop on 16 November

- Results of 2nd public consultation
- Draft conclusions of the detailed analysis

Detailed analysis to be published end of 2016
The impact of gas quality standards

Safety

- Is safety covered in the standard?
- Obligations in NC without prejudice to MS competence

Security of supply

- Diverse supplies, diverse qualities
- Are gas quality specs limiting existing/new sources?

Sustainability

- Are specs ready for renewable gases?
- Are they consistent with environmental requirements?

Competitiveness

- Different users, different needs
- Is gas treatment proportionate/affordable?
- Which gas quality variations could be expected at user side?
Gas quality and interoperability

Is the application of the standard always the optimal solution for every restriction?

To which extent can end users be impacted by NC provisions?

Is quality monitoring short/long term part of the solution?

Is the network code as it is enough?
Thank You for Your Attention

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