3rd Energy Package focus on gas DSO in the EnC Contracting Parties

2nd meeting ECDSO-g Coordination Platform

Vienna, 17-18 October 2016
Gas DSOs in focus

Introduction

1. Unbundling
2. Tariffs
3. Role of DSO in a competitive market
4. Investment needs in the new environment
Introduction
The Energy Community Gas acquis

**Directive 2009/73/EC – main elements**

- Unbundling – TSO, ISO, ITO models; certification
- LNGSO, SSO and DSO unbundling as in 2nd package
- Role, tasks, responsibilities, independence, power of Regulatory authority
- Customers protection (*vulnerable* customers)
- Regional cooperation
- As adapted by the Ministerial Council – role and tasks of the Secretariat (PSO, certification, exemptions for new infrastructure)


- Policies for securing supply
- Monitoring
- Reporting
- Emergency Measures
- Security of supply for specific (*protected*) customers / Supply standards


- Third party access to infrastructure, entry exit transmission tariffs
- Capacity allocation & Congestion management & Balancing
- Transparency, trading of capacity rights
- Regional cooperation
- Network Codes (ENTSOG-ACER-EC) on EU level / for the Energy Community if approved by Permanent High Level Group
**DSO practices**

**Bundled – Unbundled?**
- Company, accounts
- Compliance program, officer?

**Services**
- Distribution/supply? Balancing?
- Contracts with customers
- Relationship with TSO

**Distribution Tariffs**
- Approved by the Regulator?
- Visible/separated at the bill?

**System**
- Operation, measurement equipment, maintenance, connections, development, investment
Gas DSOs in focus [1]

Unbundling
**Directive 2009/73/EC – DSOs in focus**

**Chapter V Distribution and supply**

Designation of distribution system operators – legal and functional unbundling from other activities not related to distribution (possible exception when having less than 100,000 customers)

When daughter company in vertically integrated undertaking, independent decision-making shall be ensured; compliance program and compliance officer to be in place

DSO tasks: operating, maintaining and developing the reliable and secure system under economic conditions; providing information to other SOs and to system users (with respecting confidentiality); non-discrimination between system users or classes of system users; optional responsibility for balancing

Possibility of closed systems

Possibilities of combined operators

**Chapter VI Unbundling and transparency of accounts**

Competent authority with right to access to accounts

Separated accounts for each of activities, and for supplies to eligible and non-eligible customers (by 1.1.2015)

Obligatory audits, publishing of annual accounts
Gas sectors / DSOs in focus

- Share of households in total consumption:
  - MK: 0%
  - RS: 10%
  - MD: 20%
  - BiH: 30%
  - UA: 50%

- Number of DSOs:
  - MK: 3
  - BiH: 4
  - MD: 22
  - RS: 32
  - UA: 44

- Total consumption in 2015 (Bcm):
  - UA: 34 Bcm
Gas DSOs in focus [2]

Tariffs
Chapter VII Organisation of access to the system

Third party access to distribution system based on published tariffs

Tariffs or tariff methodologies approved by regulatory authority and published – prior entering into the force

Refusal of access – only due to lack of capacity; notification to the regulatory authority

Possibility for direct pipelines (by supplier and by customer)

Chapter VIII National Regulatory Authorities (rights)

To ensure compliance of DSO with its obligations under this Directive and other relevant EnC acquis

To monitor transparency, implementation of rules for access to the distribution system

To fix or approve at least tariff methodologies for access to distribution system
Role of DSO in a competitive market
Chapter IX Retail Markets

Roles and responsibilities of DSOs, supply undertakings and customers shall be defined with respect to contractual arrangements, commitment to customers, data exchange and settlement rules, data ownership and metering responsibility.

Rules shall be public, designated to facilitate access to networks and shall be reviewed by the regulatory authorities.

Annex I Measures on Consumer Protection

Customers have right to a contract which specifies services, service quality, type of maintenance, applicable tariffs and charges, duration of contract, conditions for renewal and termination of services, compensations, dispute settlements, information of customers' rights.

Conditions and their changes to be known in advance, wide choice of payment methods, free changes of suppliers.

Disposal of own consumption data.


Chapter VIII National Regulatory Authorities (rights)

To ensure compliance of DSO with its obligations under this Directive and other relevant EnC acquis.

To monitor transparency, market opening and functioning, contractual practices, time needed for repairs by DSO.

To deal with complaints against DSO.
Investment needs in the new environment
**Directive 2009/73/EC – DSOs in focus**

**Chapter VII Organisation of access to the system**
Tariffs or tariff methodologies approved by regulatory authority and published – prior entering into the force
Refusal of access – only due to lack of capacity; notification to the regulatory authority

**Chapter VIII National Regulatory Authorities (rights)**
To ensure compliance of DSO with its obligations under this Directive and other relevant EnC acquis
To monitor time needed for repairs by DSO

**Annex I Measures on Consumer Protection**
Economic assessment - introduction of intelligent metering systems – by 1 January 2014
Investment needs in the new environment

- Measurement equipment
- Equipment standards
- Gas quantity
- Acceptance of biogas
- Gas quality
RES in gas network / Acceptance of biogas

Directives 2009/73/EC and 2009/28/EC

Preamble (41)

Member States should ensure that, taking into account the necessary quality requirements, biogas and gas from biomass or other types of gas are granted non-discriminatory access to the gas system, provided such access is permanently compatible with the relevant technical rules and safety standards. Those rules and standards should ensure that those gases can technically and safely be injected into, and transported through the natural gas system and should also address their chemical characteristics.

Article 1

2. The rules established by this Directive for natural gas, including LNG, shall also apply in a non-discriminatory way to biogas and gas from biomass or other types of gas in so far as such gases can technically and safely be injected into, and transported through, the natural gas system.

Directives 2009/73/EC and 2009/28/EC

Article 16

9. Where relevant, Member States shall assess the need to extend existing gas network infrastructure to facilitate the integration of gas from renewable energy sources.

10. Where relevant, Member States shall require transmission system operators and distribution system operators in their territory to publish technical rules in line with Article 6 of Directive 2003/55/EC of the European Parliament and of the Council of 26 June 2003 concerning the common rules for the internal market in natural gas (1), in particular regarding network connection rules that include gas quality, gas odoration and gas pressure requirements. Member States shall also require transmission and distribution system operators to publish the connection tariffs to connect renewable gas sources based on transparent and non-discriminatory criteria.
RES in gas network / Acceptance of biogas

Natural gas:
Mainly CH$_4$, but other higher alkanes (C$_x$H$_y$), CO$_2$, N$_2$, H$_2$S...can be present.
Different composition in the Netherlands (80-85% CH$_4$), Russia (98% CH$_4$), Qatar (90% CH$_4$)....

Non obligatory legislation:
• EN ISO 13443 „Natural gas – standard reference conditions“
• EN 16726:2015 „Gas infrastructure – Quality of gas“
• EASEE GAS CBP 2005-001/01 „Harmonisation of Gas Qualites“

Biogas:
50-70% CH$_4$ + 30-50% CO$_2$
Thank you for your attention!

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