15th Gas Forum
30 September – 1 October 2020, virtual event

Drivers of the gas markets in the Energy Community

30th September 2020
Janez Kopač, Director, Energy Community Secretariat
Gas acquis transposition


- **Regulation (EU) 2017/459** on Capacity Allocation Mechanisms,
  - First capacity allocation scheduled for 1 July 2020
  - Incremental capacity procedure from 2021

- **Regulation (EU) 2017/460** on harmonisation of Tariffs (Feb 2020)

- **Regulation (EU) 312/2014** on Balancing by end 2020

Ukraine - stellar achievements in last 12 months

**TSO unbundling**

- Marathon ended as a sprint in December 2019
- Complex unbundling model: MGU – TSO LLC relationship; certification conditions to be implemented in line with the ECS Opinion

**Transit to Europe in line with the Energy Community rules**

- Photo finish by 2020 New Year’s Eve
- New transit contract signed, bigger flows then speculated; 5 years security
- Saga of missing shippers codes at Velke Kapushany finished, interconnection agreement in line with the gas NC IO signed
- Ukrainian TSO offers capacity at the capacity platforms (GSA, RBP); virtual interconnection points established at the UA-PL and UA-HU borders
- Ukrainian huge storage capacity got popular and affordable for the EU traders
Ukraine – a year dedicated to follow fine tuning of gas legislation

Pending amendments to primary laws

- Introduction of energy units
- Attempts to solve financial stability of TSO (debts for un-authorized off takes)
- Attempts to solve problems of other sectors (maintenance of internal gas installations)
- Free balancing services from rigid procurement rules (from tender to gas exchange)

Amendments to secondary acts

- Gas for households no longer under the PSO regime as of 1 August 2020 / amendments of the Supply Rules, Supply Contract, Grid codes….to timely enable smooth supplier switching
- Fine tuning of balancing regime – payment of neutrality charges postponed for a year
Creation of an energy exchange in Ukraine – building of competitive market

• The gas exchange development in Ukraine - a landmark project. the Energy Community Secretariat in cooperation with EBRD the Ministry of Energy of Ukraine and the Ukrainian Energy Exchange.

• Ukraine has high chances of becoming an Eastern European liquid gas hub and integrate with European energy markets

• This model to be spread through the Contracting Parties. Further gas exchange developments are expected to follow in Georgia and Moldova

• In order to support the development of trading the Secretariat kicks off an initiative for financial regulators - development of a financial framework which allows better introduction of energy trading based on European experience
Albania: Albgaz adopted a national T-code; Albgaz certification conditions?

TAP adopted a T-code (under the Exemption); a roadmap on certification conditions to be fulfilled before COD – soon to open the Southern Corridor

Georgia: adopted a TEP compliant law: focus on unbundling and gas market concept development

Moldova: a progress on the regulatory framework and adoption of the unbundling plan for MTG

Montenegro – new law amendments for LNG supplies

Serbia: EnC Secretariat delivered a negative Opinion on the Gastrans certification as an ITO; Gastrans adopted a T-Code
# Unbundling and certification of gas TSOs - status quo

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Interconnectivity – Network Code on Interoperability and Data Exchange

- **IO NC**: rules to ensure most accurate and efficient gas flows, measurement principles of gas quality and quantity, rules for exceptional events

- 4 (out of 6) previously existing ICAs amended + 3 new ICAs signed during the last year

- **14 out of 20 IPs** covered by the agreements (in comparison with 7 in the first report, 05/2019)

- Progress at Ukraine IPs, including the Uzhhorod – Velke Kapushany (under discussion for more than 5 years) and all IPs with Moldova

- Alignment of ICAs at HU-RS and RS-BiH border with IO NC is pending (OBA)

- Missing ICAs at: BG-MK border, MD-RO border and 4 points at UA-RO border

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https://www.energy-community.org/documents/secretariat.html
Disputes and cases

Case against BH on lack of TEP transposition and against Serbia on Yugorosgaz lack of unbundling (sanctions)

Cases against Serbia – lack of TEP unbundling for Srbijagas, no TPA at the IP Horgos (breach of the Treaty)

Under the Secretariat’s Dispute centre an issue on losses in Moldova between ANRE and Moldovagaz successfully concluded

Moldova – customs related problems to offer backhaul capacity (investigation)
The Energy Community Secretariat

ECDSO-g Coordination Platform

- on-line IT platform launched in May 2020
- Unbundling report and Policy Guidelines on measurement
- Unbundling report to be updated to reflect improvements in the last year
- Focus in 2020 on losses / methane emissions

Policy Guidelines on measurement in D network:
- Meter reading conversions to reference conditions, usage of energy units
- Parameters to define measurement equipment set
- Decisive factors to introduce smart meters
- Load Consumption profiles / related to reference (metered) customers
- Billing frequency corresponding to reading frequency

Activities in security of supply (EU4Energy)

Brokering a MoU between Moldova and Ukraine in the autumn 2019

- Mutual dependence and interest to ensure gas SoS in both CPs;
- For strengthened dialogue and bilateral cooperation in a gas emergency;
- Recognizing the importance of the principle of solidarity;
- Measures on exchanging information (contacts, possible measures, demand information, Crisis Coordination Dialogue);
- Cooperation measures (ensuring gas transport, joint planning of crisis measures, interplay with electricity).

Supporting Georgia in developing a Natural Gas Emergency Plan

- Providing proposals on the main elements of an Emergency Plan (e.g. crisis levels, scope of protected customers);
- Working with MoESD, GNERC, GGTC, GOGC and DSOs, electricity market participants and customers;
WB 6 – potential for gas – towards decarbonised options

- need for action for the WB CPs towards using natural gas
- a bridge towards decarbonisation of the economies
- potential demand in WB CPs for switching coal-gas
- new list of PECI/PMI to be adopted/endorsed
Taking a part in the decarbonisation agenda

**Methane emissions - gas industry**

- Internal ECS project with a goal to make basis assessment, on the same methodology used by EU gas industry (GIE – Marcogaz report to the Madrid forum)

- Following the development of the EU Methane emissions strategy (to be published in 11/2020)

- Encouraging the CPs gas companies to join the Oil & Gas Methane Partnership (OGMP) – by signing MoU on reporting standards (to be involved in the early stage in future reporting obligations)

- ECS has joined the Methane Guiding Principles (MGP) as Supporting Organisation, to demonstrate the policy direction

**Hydrogen future**

- EU Hydrogen Strategy explicitly refers to the Energy Community

- EnC Hydrogen Study has just been launched

- ECS joined ENTSOG Prime Movers group on gas quality and H2 handling

**Decarbonisation of transport sector**

- Relevant ECS study to be finalised, to support CPs to find modalities to foster use of non-fossil fuels in the transport sector by 2030 and beyond; focus on sustainable liquid and gaseous biofuels advanced generations, hydrogen, e-cars, rail...
Cooperation with partners

- DG ENER
- DG NEAR
- EBRD
- Eurogas
- GIE
- JRC
- ACER
- Transport Community
- Support group for Ukraine
- EU Delegation in Ukraine
- ENTSOG
- MGP
- Marcogaz
- USAID
- World Bank
THANK YOU FOR YOUR ATTENTION

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