

Energy Community Gas Action 2020: network code on gas capacity allocation mechanisms

Energy Community Secretariat, Am Hof 4, 6th floor, 1010 Vienna

12 April 2018, 10:00 – 14:00

Meeting Summary

I. Regulation 459/2017 (CAM network code)

Participants discussed the adapted version of the CAM network code. The group agreed on the proposal¹ subject to the following adjustments and clarifications:

- Article 2(1), second sentence: ENTSOG suggested clarifying the definition of “third countries” as also proposed by ENTSOG for reform of the EU network codes. The European Commission (‘Commission’) pinpointed to still ongoing screening of reform proposals on EU level. The Energy Community Secretariat (‘Secretariat’) noted its understanding of a “third country” being any country not subject to the CAM network code applicable in the Contracting Parties, i.e. any non-Contracting Party.
 - **It was agreed to not anticipate potential adjustments on EU level.**
- Article 2(2), first sentence: AERS noted that application of the CAM network code at the interconnection point between the Serbian systems of *Srbijagas* and *Yugorosgaz* as well as between the systems of Serbia and Bosnia and Herzegovina will not be possible, having in mind that these points are not subject to booking procedures. AERS further explained that the systems of Serbia and Bosnia and Herzegovina rather function similar to a connection between a transmission and a distribution system where *Srbijagas* owns part of the system situated in Bosnia and Herzegovina and, also, a regulatory authority in charge of gas market regulation is not established in Bosnia and Herzegovina. The Commission explained that examples exist in the EU where the CAM network code is also applied between transmission and distribution systems based on the agreement of national regulators to perform implicit auctions (e.g. interconnection points between Austria and Germany). The Commission further pinpointed to the fact that by definition systems shall be treated as single entry-exit zone in case interconnection points between them are not subject to booking procedures.
 - **It was agreed to delete in Article 2(2), first sentence the insertion “or within the same Contracting Party subject to the decision of the relevant Contracting Party’s national regulatory authority”** based on the understanding that the applicability of network codes, including the CAM network code, on interconnection points to neighbouring Contracting Parties² shall not be subject to decision of the relevant national regulatory authority but shall be mandatory provided that these points are subject to booking procedures (ref Article 3(2) CAM network code).

¹ Version circulated by the Secretariat to the group on 22 March 2018.

² The application towards neighbouring Member States follows Article 2(1) second sentence.

- At the same, participants confirmed their understanding that lack of implementation of elements of the CAM network code that require coordinated cross-border delivery (such as, e.g., the offer of bundled capacities) shall not qualify as lack of compliance unilaterally. On the other hand, this shall not impact application of unilaterally performable requirements of the CAM network code (such as, e.g., auctioning), provided that these points are subject to booking procedures.
- Article 6(2a): AERS questioned the practical need for such provision. The Commission noted that a related provision would be needed having in mind potential future cases of allocation of incremental capacities.
 - **It was agreed to keep Article 6(2a) as proposed.**
- Article 26(4): AERS noted that responsibilities of ENTSOG should not be replaced by those of the Secretariat but, in case ENTSOG should not be ready to take over coordination responsibility for Contracting Parties' transmission system operators, replaced by a responsibility of transmission system operators.
 - **It was agreed to reformulate Article 26(4) as follows:** "Transmission system operators, shall complete the demand assessment reports based on the standard template developed by ENTSOG and publish the reports on their website."
- Article 38(2): AERS questioned the possibility to introduce in national legislation a direct information flow obligations for transmission system operators to the Secretariat, however noting that the related decision should be left to Ministries. The Secretariat explained that such has been e.g. already introduced in Article 25 of the adopted Regulation 703/2015 (interoperability and data exchange network code).
 - **It was agreed to keep Article 38(2) as proposed.**³
- Participants supported adoption of the CAM network code at the same time with adoption of Regulation 460/2017 (TAR network code).

II. Regulation 460/2017 (TAR network code)

- Article 5(3): Georgia asked whether units can be expressed in m3 instead of MWh. The Secretariat noted that the expression in k/(M)Wh is obligatory based on Article 10 of the CAM network code will, however, not mandatory to Georgia as long as lacking a common interconnection point with another Contracting Party; this does not exclude voluntary application though.
- Article 10: upon suggestion of ENTSOG it was **agreed to replace "Member States" in the heading by "Contracting Parties"**.
- Article 11: ENTSOG proposed to limit the replacement of "Member States" to "Contracting Parties" instead of "Member States and Contracting Parties". The Secretariat underlined that the possibility to establish a single entry-exit system covering more than one country should not be limited to Contracting Parties only; at the same time the possibility to – in such case – apply the same reference price methodology remains a "may" provision. FSZG noted that merging entry exit zones of Member States and Contracting Parties is very unlikely in the nearer future, also having in mind different legal systems (taxation etc). The Secretariat and the Commission underlined that Article 11 does not establish an obligation to either merge entry-exit

³ A possible alternative suggest „*Contracting Parties shall empower national regulatory authorities to collect from transmission system operators and submit to the Secretariat all information required by the Secretariat to comply with its obligations pursuant to paragraph 1 [...].*”

zones nor, in such case, to apply the same reference price methodology but stressed that the option should remain.

- ENTSOG pinpointed to necessary changes of deadlines. The Secretariat will update the draft accordingly.
- Article 26(5) shall read “For the consultation document referred to in paragraph 1, the template developed by Agency for Cooperation of European Regulators may be used.”
- Article 31(1): ENTSOG informed that publication for those Contracting Party transmission system operators that are observers of ENTSOG publication can be done by ENTSOG, while publication for other transmission system operators would require IT adjustments. Accordingly it was suggested to adjust paragraph 1 as follows: “For the Contracting Parties whose TSOs are members or observers of ENTSO for Gas the information referred to in Articles 29 and 30 shall be published as set out in Article 32 via a link on the platform referred to in point 3.1.1(1)(h) of Annex I to Regulation (EC) No 715/2009 to the website of the respective entity. For other Contracting Parties the information referred to in Articles 29 and 30 shall be published on the website of the national transmission system operator(s) for gas.”
- Article 36: AERS as for Article 38(2) of the CAM network code above.

III. Way forward

- Secretariat to circulate the adjusted version of the CAM network code as modified at the meeting.
- Secretariat to provide a short meeting summary.
- Secretariat to circulate an invitation for the next meeting (18 May 2018, Vienna).

Annex– List of Participants

Name	Institution / Company
Mrs Juliana Dimoska-Isajlovska	ERC, FYR Macedonia
Mr Robert Feher	FGSZ, Hungary
Mr Irakli Galdava	GNERC, Georgia
Mrs Karolina Golonka	Gaz-System, Poland
Mr Akos Grosz	FGSZ, Hungary
Mrs Svitlana Kashtalyan	Uktransgaz, Ukraine
Mrs Kateryna Kovalenko	Uktransgaz, Ukraine
Mrs Oksana Kryvenko	NEURC, Ukraine
Mrs Nora Liszkai	Gaztranzit, Hungary
Mrs Irina Oshchepkova	ENTSO
Mr Maksim Shuli	ERE, Albania
Mrs Sonja Smolovic	RAE, Montenegro
Mrs Ivana Spasic	AERS, Serbia
Mrs Elena Stratulat	ANRE, Moldova
Mrs Olena Zinovieva	Uktransgaz, Ukraine
Mrs Nina Grall	ECS
Mrs Branislava Marsenic	ECS
<u>Via telephone connection</u>	
Mr Markus Backes (<i>until 12:00</i>)	DG ENER
Mrs Kathrine Stannov (<i>on Article 31 TAR NC</i>)	ENTSO