



**GEODE position paper on
EREGG recommendations on the 10 year gas network development plan
An EREGG Public Consultation Paper**

GEODE fully supports EREGG's endeavour to start discussion and prepare input for the Agency with the view to develop guidelines for ENTSOG. GEODE recognises the issues of long term planning as of primary importance in a perspective of long term infrastructure development in Europe. Therefore, GEODE welcomes EREGG Recommendations on the 10-year gas network development plan of 11 March 2009 and would like to express thanks to EREGG for the opportunity to participate in the consultations.

Hence, GEODE would like to address the questions annexed to the EREGG consultation paper.

1. What would be for you the benefits of the 10-year gas network development plan?

GEODE is convinced that the 10-year development plan (further referred to as "TYDP") will considerably facilitate the development of a cross-European capacity market. Through enhanced network investment coordination, as well as through reducing of both physical and contractual congestions, TYDP shall contribute to more effective capacity management and thus combat capacity shortages which pose danger to the liquidity of the gas market.

TYDP is to be seen as an indicator of where and how the European gas market shall be advancing. GEODE believes that the main value of the TYDP will be this of a harmonisation instrument. This instrument will enhance cooperation in twofold direction – first of all, on the line NRAs – EU. In this respect GEODE welcomes the introduction of Article 10a of the new regulation 1775/2005, obliging NRAs to adjust their 10 year developments plans to the TYDP. Accordingly the NRAs are held to adjust their steps to European developments. Secondly, the introduction of the TYDP will contribute to an enhanced cooperation between TSOs and stakeholders as the national network development plans are to be developed out of the consultation process as required by Article 22 of the amended gas market directive.



2. What is the most important information you expect from the 10-year gas network development plan?

GEODE believes that the TYDP's major advantage is providing of a comprehensive picture of gas transmission networks, their functioning and planned development in Europe. Especially with regard to the capacity market and the issues related to management of congestion spots, the 10-year development plan can provide clarity on the ratio of demand and supply on the gas market and allow for respective investments in the networks.

3. Do you consider that the 10-year gas network development plan, as proposed by ERGEG, will be beneficial to security of supply?

GEODE takes note of the importance of the security of supply (SoS), especially as shown by the recent gas disruption. In this respect GEODE shares the view of ERGEG that a broad analysis of energy supply dynamics in Europe is needed, including a thorough analysis of production, new energy sources and potential supply risks. GEODE believes that an in-depth analysis of the European SoS issues could result in enhancement and harmonisation of European efforts in combating supply disruptions. Only then will it become apparent where investment is needed in order to achieve a possibly high level of self-sufficiency even in cases of disturbance. With regard to strengthening of the European SoS, GEODE wishes that issues such as i.e. storage facilities, LNG projects and total of supplementary capacities are attentively considered while drafting the TYDP.

4. Do you consider that the scope proposed by ERGEG is appropriate? Should it be enlarged?

GEODE agrees with ERGEG that the scope of the TYDP should cover issues of broader European dimension, requiring cooperation of relevant national TSOs as well as those national issues which have potential impact on adjacent networks abroad. For the moment GEODE supports the scope proposed by ERGEG as a reasonable approach, concentrating on the most important issues of European impact and leaving the regional matters to the regional level, where they can be tackled much more effectively. GEODE believes however, that the issue of scope should remain open for new definitions and adoptable to new developments.



5. Do you agree with the combined bottom-up / top-down methodology proposed in the document? What would be the most efficient process to achieve the top down approach?

The proposed combined bottom-up/top-down methodology seems to GEODE the most effective and comprehensive manner to approach the preparation of TYDP. Ideally both perspectives are essential to produce a coherent picture of gas transmission networks. As for the top-down approach it is essential that all steps, even though decided centrally, are an outcome of an inclusive process, including an intense stakeholders' participation at a European level in form of stakeholders' consultations. Nevertheless it must be born in mind that the top-down approach is under all circumstances to be supplemented by the bottom-up approach allowing consideration of particular interests. This bipolarity of approach can already be derived from the 3rd package provisions and particularly from the co-existence of national and European 10-year development plans. The target then should be that the both levels are aligned and not contradicting one another.

6. Would you agree with putting an obligation on market participants to communicate all the relevant information about their future projects?

GEODE considers the stakeholders' involvement as a very important element of the TYDP process, since only through stakeholders' involvement a conclusive and meaningful TYDP can be drafted. GEODE believes that a good relationship with shippers and producers is important, nevertheless market participants should be positively obliged to communicate relevant information needed for rendering of a comprehensive plan. Thus, the completeness of the information would be stronger warranted. Positively defined obligation to communicate relevant projects would allow avoiding frictions as well as fragmentary information that counterfeit the overall picture. Necessarily, these obligations shall be formulated in a way, not interfering with the natural interest of market participants not to reveal all their operational plans.



7. What would be the best way for ENTSOG (including its members) to collect data from stakeholders? Should that be carried out at a national, regional or European level?

GEODE believes that any action which can be taken at a regional level and which remains as effective as an action taken at a European level should be addressed regionally. This is on one hand the reflexion of the European subsidiary principle and on the other a contribution to strengthening of the Regional Initiatives, who as local players are most appropriate bodies to approach local stakeholders. The process of data collection could possible take form of anonymous market consultations or in the style of open season processes.

8. Are the scenarios mentioned appropriate? Would you have other proposals?

GEODE believes that the proposed scenarios help to decide what the “shared vision of the European gas dynamics” is. Through the developed scenarios, the demand evaluation in Europe can be estimated. In this regard GEODE considers ERGEG approach appropriate to develop both scenarios for ‘business as usual’ as well as alternative scenarios, defining for example European point of risks in the gas networks. Additional suggestion by GEODE would be introduction of a third ‘crisis scenario’.

9. What are your views on the proposed EU network modelling and simulation of supply disruption?

GEODE shares ERGEG’S view on network modelling and simulation of supply disruption. In this manner scenarios can be better developed as well as the flexibility and accessibility of the integrated systems can be better estimated. TYDP, based on network modelling and simulation of disruption should make it feasible to recognize investment needs in relation to cross border capacities. The map of existing and decided infrastructure completed by the enhanced transparency provisions could strongly contribute to establishing of more liquid capacity trade and enable for more capacities to be allocated.

10. Do you consider the drafting methodology and content relevant? In your view, should ERGEG be more or less prescriptive?

GEODE appreciates the work done by ERGEG in indentifying particular points to be included into the TYDP. For GEODE the approach both towards the methodology as well as towards



the content should be an open and flexible one. The ability to adjust the methodology and content to the actual developments warrants flexibility and efficiency. GEODE believes that best possible definition of methodology and content can be developed after the first experiences have been gathered. For the moment GEODE agrees with ERGEG that the TYDP should cover: scenarios development, description and analysis of the integrated network – containing a map of existing and intended infrastructure, identifying physical congestions, summary of national investment plans, supply and demand adequacy report, and identification of alternative projects as well as an implementation monitoring report. All these requirements establish a rather prescriptive drafting framework. Nevertheless, GEODE support this detailed approach as a clear layout for a comprehensive TYDP, as long as there is some space left for exceptions and flexible adjustments.

11. Do you consider it important to have a monitoring report assessing and explaining deviations from the previous plan?

GEODE considers a monitoring report to be included in the TYDP as a valuable instrument to provide a complete and meaningful overview. Only through explanation of the deviations the next plan can have the potential to be more accurate and thus provide more secure investment field, strengthen the security of supply and capacity trade. This should be updated annually with any major change updated on ongoing basis (notwithstanding the obligation under 3rd package to adopt new TYPD biennially).

12. Is the consultation procedure for the EU-wide 10-year gas network development plan proposed in section 3.5 appropriate?

GEODE considers the consultation procedure for the EU-wide TYDP as appropriate. GEODE welcomes especially the idea of consulting the Europeans plans within the established fora as i.e. Madrid Forum and possibly discussed within the ad hoc panels in charge of presenting preliminary evaluation.

4 June 2009