

PROJECT PLAN: Pre-comitology meetings



Gas Regional Initiative North West

The Hague, May 2011

1. Introduction

With the entry into force of the third package, important measures are introduced that are to speed up the creation of an internal gas market within the European Union. One important aspect is the development of Framework Guidelines and network codes that contain rules for cross-border operational aspects. According to Regulation (EC) No. 715/2009, network codes need to be developed on a number of different areas – such as Balancing, Capacity allocation and Tariffication. Each year, the European Commission will determine which network codes need to be developed. The drafting process will usually be as follows:

- ❑ The Agency for the Cooperation of Energy Regulators (ACER) will draft a non-binding Framework Guideline (within six months after the request to do so by the European Commission) for one of the areas. These Guidelines should define clear and objective principles that need to be taken into account when drafting the network code;
- ❑ The European Gas Network of Transmission System Operators (ENTSO-G) will draft each network code (within twelve months after the request to do so by the European Commission);
- ❑ Each network code will be assessed by ACER and sent to the European Commission. Within a reasonable time, the network code should be approved via a comitology procedure.

2. Reason for pre-comitology meetings

During the Government meeting of the Gas Regional Initiative North West (GRI NW) on 6 May 2010, NRAs and member states had a fruitful discussion about future work of the region regarding the third package. With regard to the Framework Guidelines and network codes, all attendants agreed that both will have an impact on each national energy market. Given the fact that member states are responsible for approving (or rejecting) the network codes through the comitology procedure, they have expressed the need to gain a good and early understanding of each network code before it reaches the comitology procedure.

Although member states are responsible for approving (or rejecting) the network codes through the comitology process, NRAs will be responsible for drafting the Framework Guidelines and TSOs for drafting the network codes. Given these different roles, attendants also agreed that NRAs, TSOs and member states should timely discuss – in an open dialogue – the content of each Framework Guideline and network code.¹ Given these consideration, it was decided that so called “pre-comitology meetings” should be organized within GRI NW.

3. Goals of the pre-comitology meetings

Through the pre-comitology meetings, NRAs can explain the background to the principles that are in a Framework Guidelines, while TSOs can explain how the principles in a Framework Guideline are translated in a certain way in a network code. As such, member states can not only gain a good understanding of the direction that each Framework Guidelines and network code is going, it also enables them to timely communicate their opinion on a specific Framework Guidelines and network codes.

¹ Also, guidelines as meant in article 23 of Regulation (EC) No. 715/2009 and projects like the Gas Target Model can be discussed.

In turn, this will enable NRAs and TSOs to timely take these considerations into account and also provides the opportunity to jointly identify regional aspects that should be addressed.

To achieve these goals, member states have indicated (in an earlier stage) that the following information should be presented:

- ❑ Defined principles and market rules: The Framework Guideline will define the principles for the network codes. To have an open dialogue, it is essential to understand why these principles should form the backbone for a network code. With regard to the network codes itself, it needs to be clear how (and why) those principles are translated in more specific market rules.
- ❑ Impact on the energy market: The network codes (once operational) will introduce new rules that each country will have to apply on each interconnection point. Hence, it is expected that network codes (and Framework Guidelines) will therefore influence and have impact on the (national) energy market. In this respect, a number of questions should be addressed:
 - How (or to what degree) does the code/guideline meet high level political objectives, (notably the functioning of the internal market, security of supply, low carbon agenda, consumer prices);
 - What will be the implications of each Framework Guideline and network code on the liquidity of the energy market, impact on cross-border trade and transport?
 - How will the code/guidelines impact on existing national arrangements, i.e. what changes will be needed, what will they cost and what will the benefits be?
- ❑ Stakeholders feedback on proposals: Given the impact of the Framework Guidelines and network codes, it is important to understand the opinion of stakeholders towards the proposal. In particular, member states would like to understand the differences in opinion (and the reasons for this) that exist between stakeholders. As such, member states can develop a broad picture that takes stakeholders opinions into account.

Appropriate level for presenting information

In the view of member states, information should be presented at a strategic level as to understand how it contributes to high level political objectives. At the same time, member states also need to understand enough of the (technical) details to be able to gauge the impact on the region and also on their country. As example: what changes will be required to national codes, legislation, licences etc.

4. Approach

Organisation and participants to the meetings

From an organizational point of view, the lead regulator (through the Programme Office) will facilitate the pre-comitology meetings. NRAs are in “the lead” if a Framework Guideline is discussed, while this principle accounts for TSOs in case of a network code. As such, either NRAs or TSOs (depending on the agenda) will present the principles that are addressed in a Framework Guideline (or the rules that are part of a network code), stakeholders feedback on the first draft and impact analysis. NRAs and TSOs are to choose which persons will be involved in the preparation of each meeting. Ideally these persons are (closely) involved in the drafting of a Framework Guideline or network code.

In an earlier stage, member states have made clear that there is an interest to understand the view of different actors within GRI NW (regulators and TSO in particular, but also market participants) on each Framework Guideline and network code. To have an open dialogue, it is therefore important that NRAs and TSOs have the opportunity to express their opinion on either a Framework Guideline or network code. It should be considered how other stakeholders can be involved in the meetings.

Timing of meetings

For optimal outcome, the pre-comitology meetings should not take place too late in the process (leaving little room for any action), but neither should they be too soon (no clear view of content or stakeholders feedback is known). Taken these considerations into account, a Framework guideline or network code will be discussed just after the consultation phase has been finished. Ideally, the pre-comitology meetings coincide with the already planned government meetings in 2011 (May and October). In case this is not possible (e.g. due to planning), a special pre-comitology meeting will be organized.

5. Planning

The European Commission/ ACER and ENTSO-G have published a three year work plan that describes which Framework Guideline and network code need to be drafted (and in what order). In the year 2011, the following Framework Guidelines and network codes are likely to be discussed:

1. Capacity allocation Management;
2. Balancing rules;
3. Harmonisation of transmission tariff structures (only Framework Guideline);
4. Interoperability rules (only Framework Guideline).