

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

Drivers of the gas markets in the Energy Community

30th September 2020

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- **Directive 2009/73/EC & Regulation (EC) 715/2009** (1 January 2015 / Georgia: end 2020; Moldova: derogation for unbundling 1.1.2020)
- **Regulation (EU) 703/2015 on Interoperability and Data Exchange and Guidelines on Congestion Management Procedures** (1 October 2018)
- **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
- **Regulation (EU) 1227/2011 [REMIT]** by Nov 2019



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 than 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

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

CP	AL	BiH	KS	MK
	<p>TAP <i>ITO certified</i></p> <p>Albgaz <i>ou certified</i></p>	<ul style="list-style-type: none"> •BH Gas (F BiH) •Sarajevo-gas Istocno Sarajevo (RS) •Gas Promet <i>certification process on going</i> 	<p>No TSO <i>ou (law) – future TSO</i></p>	<p>GA-MA (?) NER (?) <i>ou (law)</i></p>
MD	MNE	SR	UA	GE
<ul style="list-style-type: none"> •Moldovatrangaz •Vestmoldtrangaz <p><i>all three models (law) MTG Unbundling plan – on going 1.1.2020</i></p>	<p>No TSO <i>ou (law) – future TSO</i></p>	<ul style="list-style-type: none"> •Yugorosgaz Transport <i>ISO –*certification withdrawn</i> • Srbijagas <i>all three models (law) no 2pck unbundling</i> • Gastrans <i>negative ECS opinion</i> 	<p>GTSO <i>ISO certified</i></p>	<p>Georgian Gas Transportation Company <i>(ou or iso – law)</i></p>



- 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 Uzhorod – 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

Deadline by 1.10.2018

Transposed by Albania, Moldova, Ukraine, North Macedonia

Practical implementation: Ukraine



Legal obligation only for CP–CP IPs, not for EU MS – EnC CP IPs, not for EnC CP – third countries

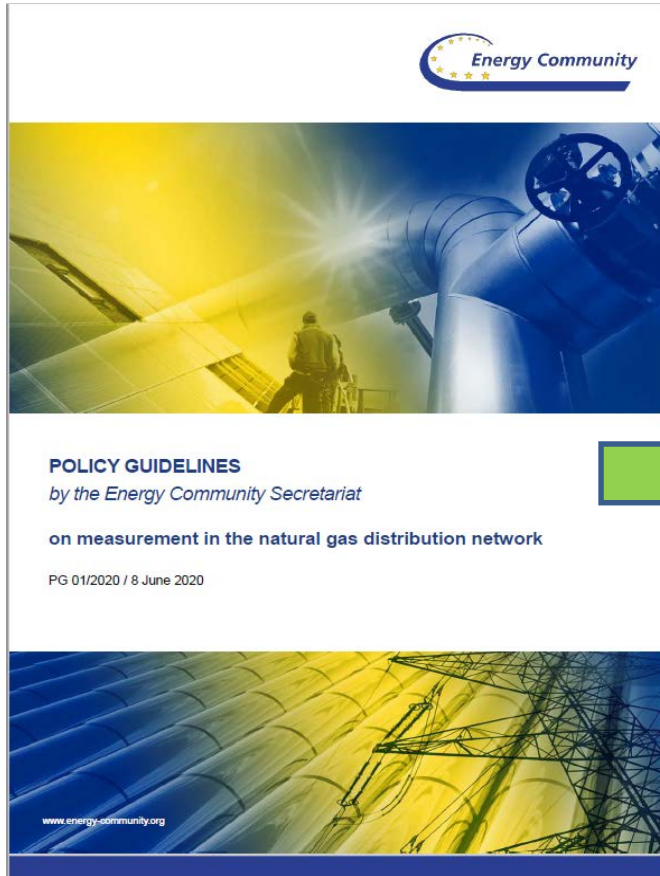
Mandatory only for UA-MD and RS-BiH (6 IPs)

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**)



- 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

<https://www.energy-community.org/legal/policy-guidelines.html>

Activities in security of supply (EU4Energy)

Brokering a MoU between Moldova and Ukraine in the autumn 2019

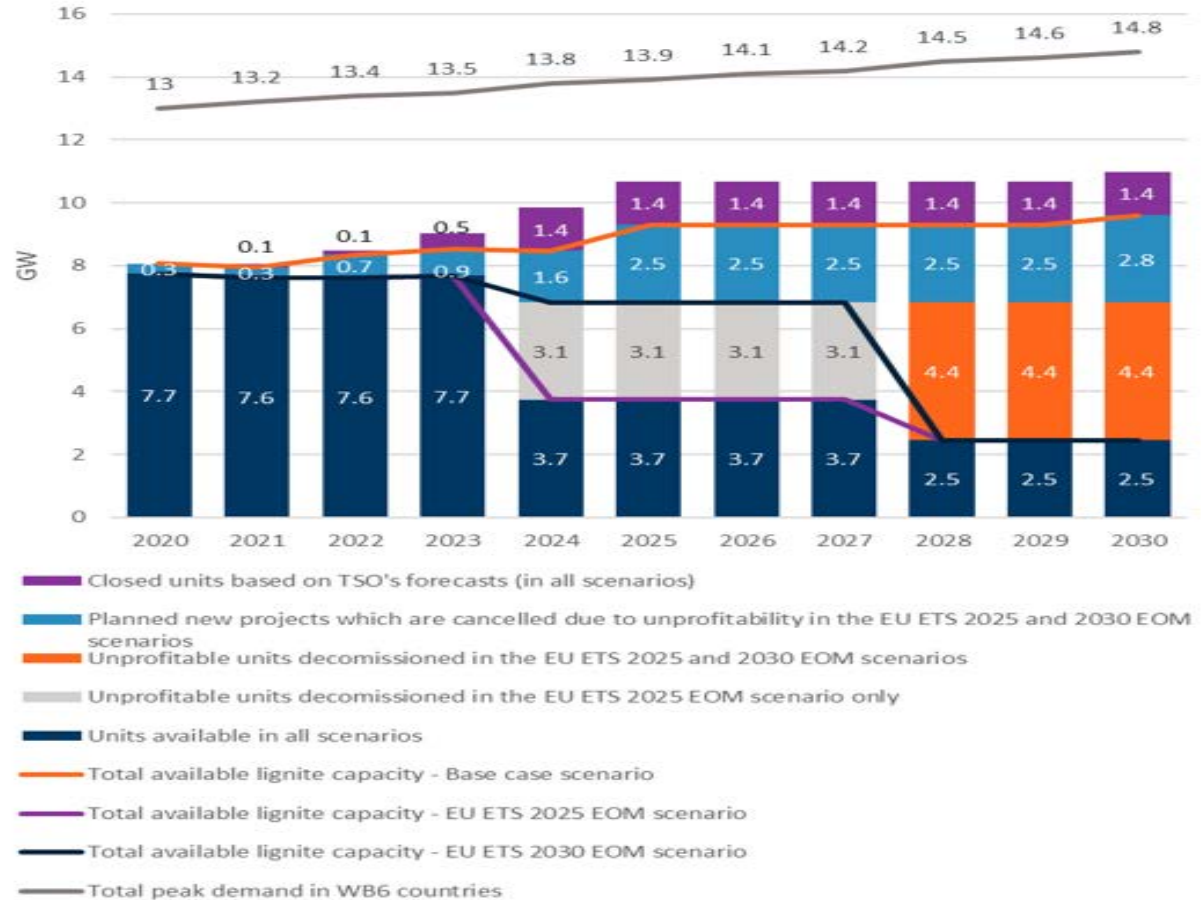
- *Mutual dependence and interest to ensure gas SoS in both CPs;*
- *For strengthened dialogue and bilateral cooperation in a gas emergency;*
- *Recognizing the importance of the principle of solidarity;*
- *Measures on exchanging information (contacts, possible measures, demand information, Crisis Coordination 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;*
- *Aim: to outline a framework in compliance with Regulation 2017/1938.*

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



Methane emissions - gas industry

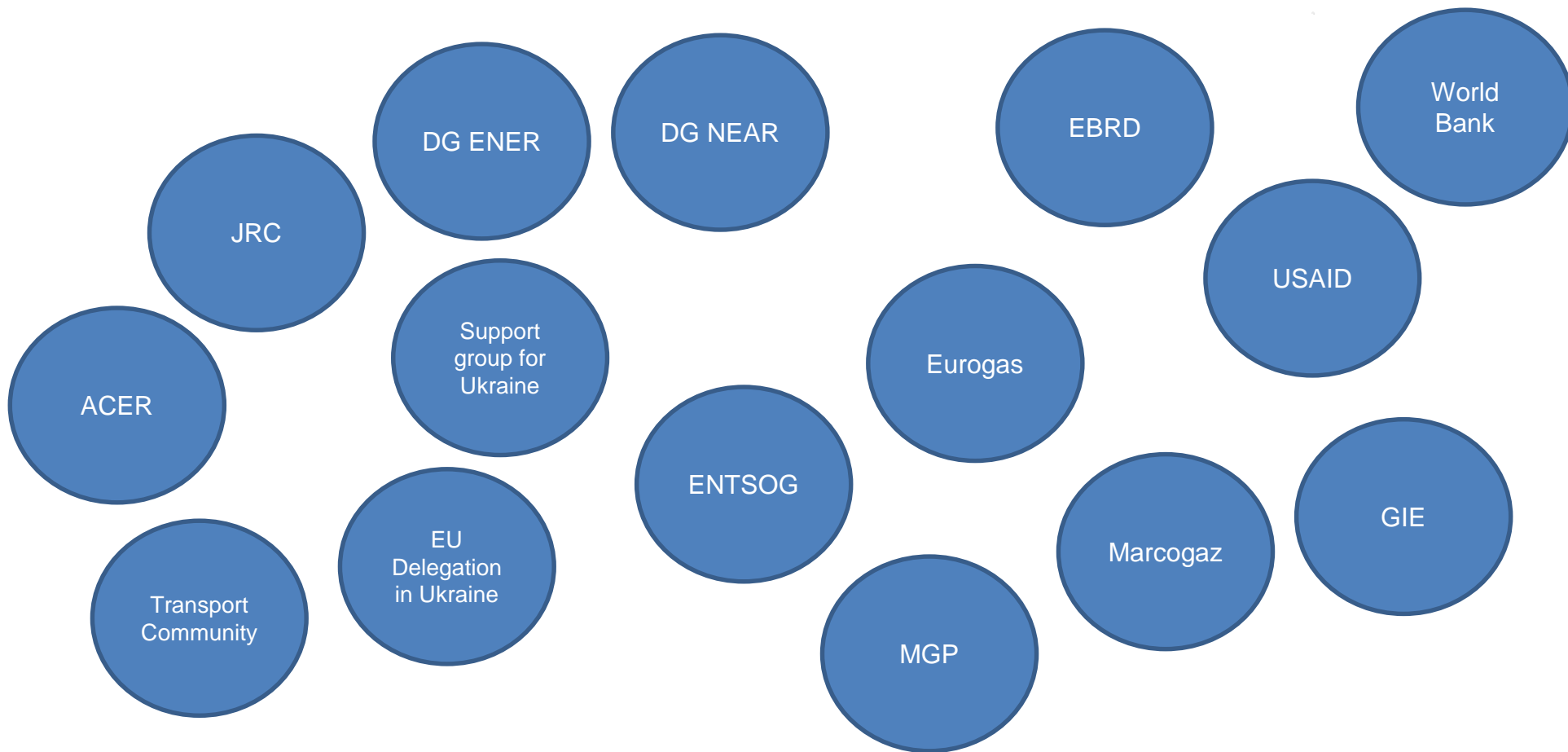
- Internal ECS project with a goal to make basis assessment, on the same methodology used by EU gas industry (GIE – Marcogaz report to the Madrid forum)
- Following the development of the EU Methane emissions strategy (to be published in 11/2020)
- Encouraging the CPs gas companies to join the Oil & 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....





THANK YOU FOR YOUR ATTENTION

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