

**THIRTIETH MEETING OF THE
EUROPEAN GAS REGULATORY FORUM
19-20 October 2017**

01. Gas wholesale market functioning and future developments

Gas market functioning

The Forum discussed about gas market and supply security trends, the functioning of the internal EU gas markets and the joint electricity and gas scenario building for TYNDP 2018. The Forum welcomes overall improvements in market functioning in the EU – as mirrored in the ACER Market Monitoring Report 2016 – but notes that in certain markets this still remains unsatisfactory.

The Forum invites ENTSOG to further refine over time, jointly with ENTSO-E, the joint electricity and gas scenarios, also including technological developments and information from the DSO level.

Potential future development of the gas sector

The Forum engaged in an intense discussion on the future role of gas. The Forum expresses its conviction that gas in its different forms has to play a significant role in the decarbonisation and the future energy mix. Looking forward the Forum believes in a dual energy system with a significant role for gas – natural gas and more renewable gases – in the decarbonisation process. The Forum stresses that focus shall be on implementing cost-efficient measures, taking into account the value of the existing gas infrastructure, to the benefit of EU energy consumers.

In this context, the Forum engaged in an intensive discussion about the Commission's Quo Vadis EU gas regulatory framework study, CEER's study on the regulatory aspects of the future role of gas as well as the prospective for renewable gases.

The Forum is of the view that much more has to be done to communicate the future role of gas and agreed on the necessity to commence broad and strategic discussions on these matters from now on. In this sense, the Forum welcomes the Commission's intention to carry out a study in 2018 analysing the interactions and possible synergies between inter alia the gas and electricity sectors as well as the prospects of renewable gases and decarbonised gas with the aim of assessing what role gas and the gas infrastructure can play in the decarbonisation process. The Forum encourages all stakeholders to actively participate in the discussions.

LNG and storage market developments

The Forum held a strategic discussion about the role of LNG and storage in providing diversification, flexibility and security of supply. The Forum welcomes the update on the Commission's follow-up study to the EU's LNG and storage strategy and the preliminary assessment of CEER on barriers to LNG entry.

On LNG, the Forum acknowledges that LNG and LNG terminals may serve diverse purposes in different markets and so may offer different services. The Forum agrees that while improvements have been achieved over the last few years, transparency at LNG terminals can be improved further, in particular for tariffs and for information on access.

On storage, the Forum discussed the potential concerns in certain markets whether regulatory measures are needed to ensure sufficient gas is available in storages. However, it calls for a sound analysis and consultation of the gas industry and all flexibility providers before measures are considered in order to avoid distortion to market functioning. It also recommends assessing existing interventions to be looked at the same way. At the same time, the Forum calls against the introduction of too prescriptive instruments such as those similar to capacity remuneration schemes in the electricity market or disproportionate storage obligations in the gas market.

02. EU internal gas market

Improving the network code implementation and monitoring framework

The Forum urges to improve and finalise the Network Code and Guidelines implementation process in all Member States.

The Forum discussed about improving the network code and guidelines implementation and monitoring framework and received an update on the upgraded features of the FUNC platform. The Forum supports the FUNC platform as a tool for the efficient channelling of potential implementation issues and explicitly calls on market participants to make use of it when raising implementation related issues. The Forum underlined that quick results are essential for the posting of issues. In this context the Forum agreed to take stock of the developments at the next Forum and to consider complementary solutions should the FUNC platform not be used during the coming year.

The Forum exchanged views on the functionalities of the Transparency Platform and welcomed the improvements implemented by ENTSOG, partially going beyond the Transparency Guidelines requirements. The Forum stresses that the provision and quality of data provided for monitoring purposes is crucial. The Forum invites interested market participants to register the potential requests/transparency issues on the FUNC platform. The Forum invites ACER and ENTSOG to discuss how best to ensure efficiency and proportionality of the scope of such data provision as well as to evaluate the market benefits and possible solutions, including the cost recovery issue.

Improving market functioning

The Forum intensively discussed remaining key challenges in the implementation of existing market rules (Third Energy Package, network codes and guidelines) and encourages further engagement from all market participants to ensure full and proper implementation.

The Forum expresses its full support for market-based mechanisms, including market-based balancing, for further improving market functioning. The Forum urges not to export electricity sector solutions to the gas sector without due necessity, gas-specific justification and without exploiting all alternative solutions.

The Forum welcomes EFET's hub development assessment and invites EFET to continue this valuable work.

The Forum takes note of the initiatives to look into the applicability of implicit capacity allocations noting the importance of ensuring that they are designed in a non-discriminatory manner as well as reflecting the structural differences between the electricity and the gas sectors.

The Forum agrees that in order to remove remaining national regulatory barriers focus should be on implementation and enforcement of EU rules by Member States and NRAs with a strong support of ACER and the Commission at EU and regional level. In order to undertake the work in a structured way, credible and verifiable regulatory roadmaps need to be defined, with strong ACER involvement.

Improving market functioning in the Energy Community

To contribute to bridge the gap in gas market development between the EU and the Energy Community the Forum urges to proceed with the market rules harmonisation process for the Energy Community Contracting Parties.