



EUROPEAN COMMISSION
Impact Assessment Board

Brussels,
D(2014)

Opinion

Title **DG ENER – Impact Assessment on a Commission Regulation establishing a Network Code on Interoperability and Data Exchange in Gas Transmission Systems**
(draft version of 18 December 2013)*

(A) Context

The EU has committed itself to completing the internal market in electricity and gas by 2014, allowing all market players to compete on a level playing field and creating a framework for securing supplies. The operational, technical and communication interoperability of transmission networks is a prerequisite for integrated and well-functioning energy markets but has not yet been achieved. To this end, Regulation No. 715/2009 (the "Gas regulation") envisages the development of so-called network codes (i.e. detailed technical rules for the operation of gas transmission networks) through a formal process involving the representatives of national regulators and network operators. The report considers the opportunity, possible content and expected impacts of a Network Code on Interoperability and Data Exchange Rules.

(B) Overall opinion: POSITIVE

There are several aspects of the report that should still be improved. The report should present more concrete evidence of the extent to which the issues identified impair, or will impair, efficient gas trading across the EU. Second, the report should better justify the content of the measures under consideration and better explain why alternative options were discarded. Third, the report should provide a better indication of the costs and benefits stemming from the proposed measures and of the impacts on different types of stakeholders. Finally, the report should set out in greater detail the positions of different stakeholders on the various aspects of the analysis.

(C) Main recommendations for improvements

(1) Better substantiate the problem and its consequences. The report should better justify why EU action is necessary by: i) presenting more concrete evidence of the extent to which the issues identified with interconnection agreements, data exchange, gas quality, units and odourisation impair and/or will impair gas trading and EU market integration; ii) providing a fuller description of the baseline clarifying the impact that declining

* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted.

European production, increasing variety in import sources, and the implementation of the Third Energy Package, will have on cross-border gas trade and gas quality related incidents. Against this background, the report should give a better idea of the extent to which this initiative will contribute to the wider goal of achieving a fully functioning and efficient single gas market and provide a more comprehensive background description of the gas market in Europe today.

(2) Better justify the policy options under consideration. The report should better justify the selection of the measures considered under option 2, by clarifying which alternative measures were considered and why they were discarded. In so doing, the report should also more clearly differentiate measures under option 2 and 3 (for instance, to deal with data exchange or gas quality issues). In addition, the report should explain why none of the existing standards available for various parameters (e.g. CEN, ISO) are considered as part of any option and why the development of non-binding best practice guidelines are discarded from the outset. Finally, the report should set out in further detail how the proposed harmonisation effort would be enforced in case of disputes (e.g. among adjacent National Regulatory Authorities).

(3) Assess impacts in greater detail. The report should provide a better indication of the costs and benefits stemming from the proposed measures, clearly differentiating them from the more general impacts caused by the completion of the single market. Cost estimates should be presented in the report, and not solely in the Annexes (e.g. the data exchange solution cost estimates). Where such quantification is not possible, the report should explain why, while providing an approximate order of magnitude including for the indirect impacts on cross-border trade. In doing so, the report should clearly highlight if any specific group of stakeholders (e.g. network users, consumers, Member States and foreign suppliers) would be disproportionately affected, either positively or negatively.

(4) Better present stakeholders' views. The report should provide more information on different stakeholders' positions on all the key aspects of the analysis and explain how they have been taken into account or why they were not considered. This is particularly important for those issues where overall stakeholders support for the proposed approach appears mixed (e.g. the odourisation approach and that on data exchange).

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

(D) Procedure and presentation

The report should say whether a fully-fledge evaluation will take place and if so when. Technical issues should be moved to an annex unless strictly necessary for the comprehension of the analysis in the main report (e.g. Outage p.17; level of integrity p.20). All acronyms should be spelled out the first time used (e.g. LNG - p.21) and tables and figures should be numbered in a consistent manner and systematically titled. The report should also be shortened to avoid repetitions across sections.

(E) IAB scrutiny process

Reference number	2013/ENER/040
External expertise used	No
Date of IAB meeting	Written procedure