

INT NC amendment for GQ

Public workshop 22nd of March

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Overall principles for discussion



- > **Values of the CEN standard EN16726:2015 shall not be questioned**
- > **Wobbe Index discussion should be kept aside**
- > **Think of the standard as a tool to remove barriers without creating new ones**
- > From ENTSOG side nothing has been decided and every option will be considered
- > As requested by EC, the impact analysis will cover the whole gas value chain for which **stakeholder input** is fundamental
- > The substantive elements are **implementation timing** and **scope of application**
- > An early proposal of policy **issues** is needed to enable a proper **impact** analysis
- > If there is no clarity on the policy issues then different scenarios should be assessed
- > The list of issues and scenarios is, of course, open to further suggestions from stakeholders.



Methodology for the impact analysis

- > ENTSOG has identified a list of policy issues related to the foreseen binding reference to the standard in the network code:
 - Scope of application
 - Implementation timing
 - Allowance for off-spec gas
 - Interaction with existing mechanisms in the INT NC for removal of gas quality related barriers
 - A-deviations (conflicts with national legislation)
 - Application of flexible limits contained in the standard (CO₂, O₂)
- > For each of the issues above different options can be considered.
- > Stakeholders will be requested to evaluate the impact of the standard in general and, in particular, the consequences of each option. What are the barriers for the application of the standard, based on factual evidence.
- > Based on the answers received, ENTSOG will present in September possible scenarios combining different options and will base the amendment draft on the one that appears to be the optimum one.



Possible scenarios



| Policy issue | Scenario 1: Whole chain implementation | Scenario 2: | Scenario 3 | Scenario 4: Voluntary adoption |
|--|--|-------------|------------|-----------------------------------|
| <i>Scope</i> | | | | |
| <i>Implementation timing</i> | | | | |
| <i>Allowance for off- spec gas</i> | | | | |
| <i>Interaction with INT NC</i> | | | | |
| <i>National specifications (A- deviations)</i> | | | | |
| <i>Flexible limits (O₂, CO₂, etc.)</i> | | | | |
| | | | | |



Policy issues



1. Scope

- > Scope of application of EN16726:2015: *This European standard specifies gas quality characteristics, parameters and their limits, for gases classified as group H that are to be transmitted, injected into and from storages, distributed and utilised. This European standard does not cover gases conveyed on isolated networks**.
- > Scope of INT NC: *This Regulation shall apply at interconnection points...* But it also applies to transmission networks (Article 18) and to entry and exit points to third countries subject to NRAs' decision.
- > Options considered:
 - **Whole chain:** same scope as EN16726. That starts at entry points.
 - **Transmission networks.**
 - **At IPS:** meaning connection points between two different TSOs and balancing zones.
 - **National application** on a voluntary basis.

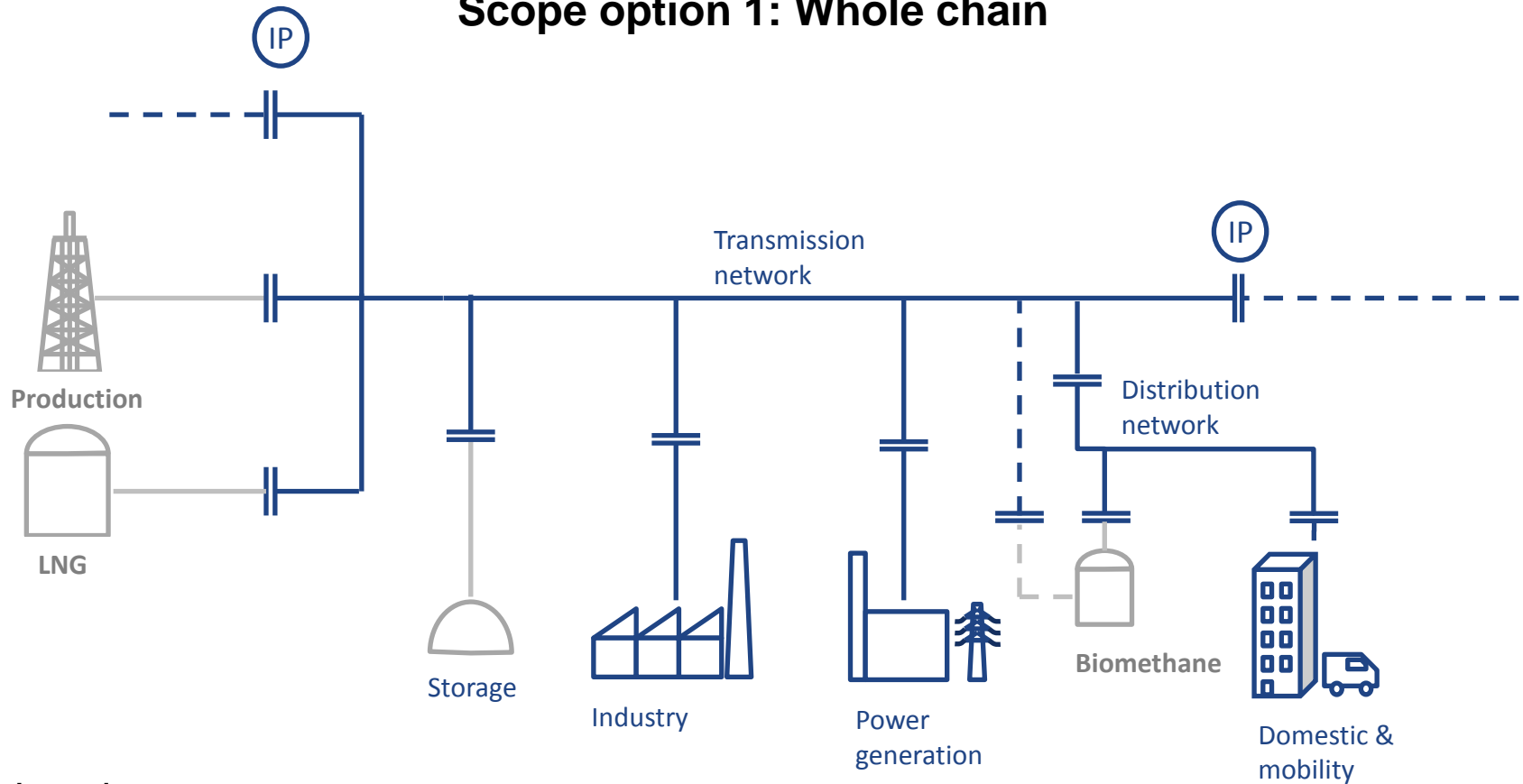
Note: all options could allow regional exceptions, see policy issue 2.

*network where transmission, distribution and utilisation of gas are combined and which is physically unconnected to other networks (EN16726)



Policy issues

Scope option 1: Whole chain

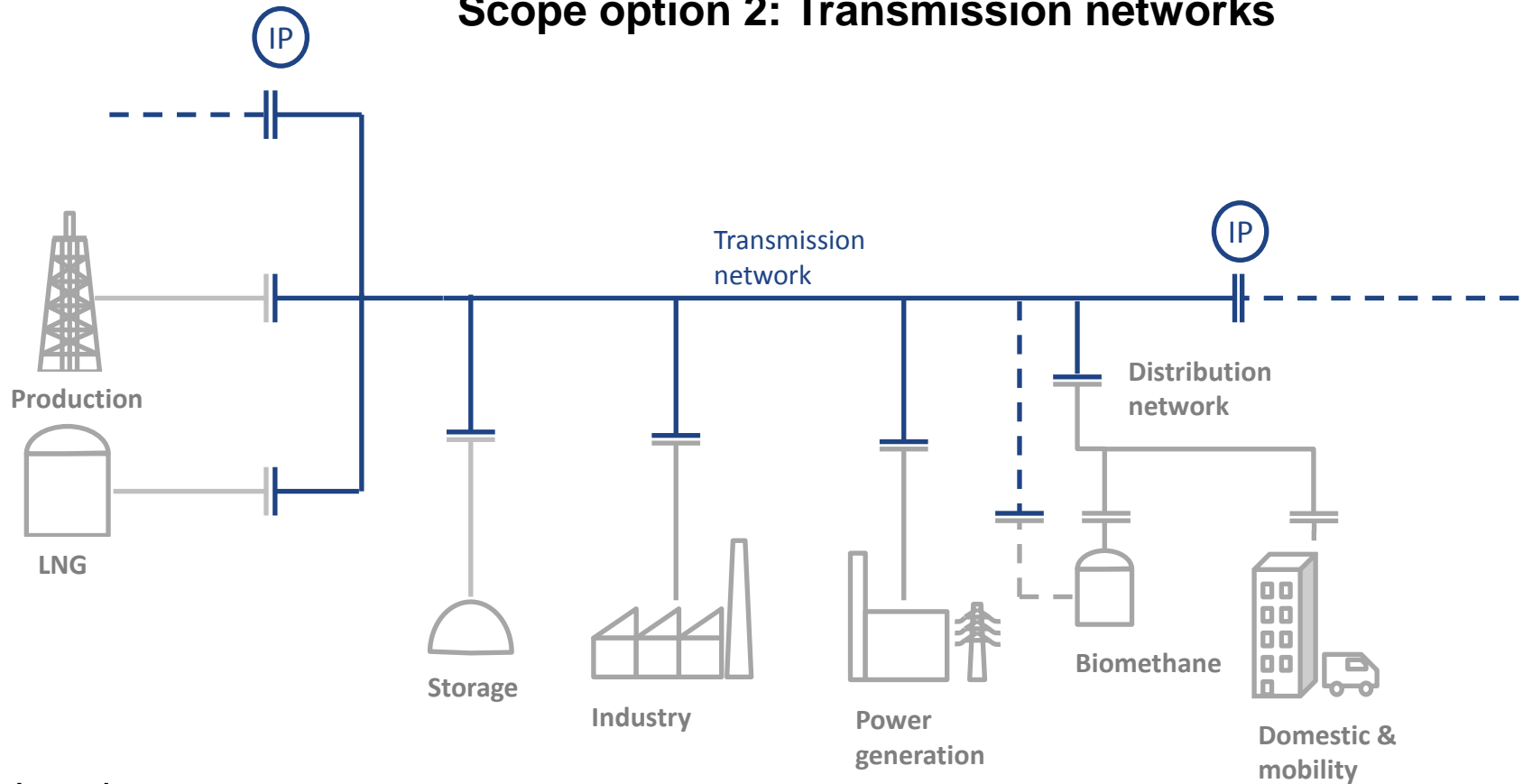


Legend:

In scope

Out of scope

Scope option 2: Transmission networks



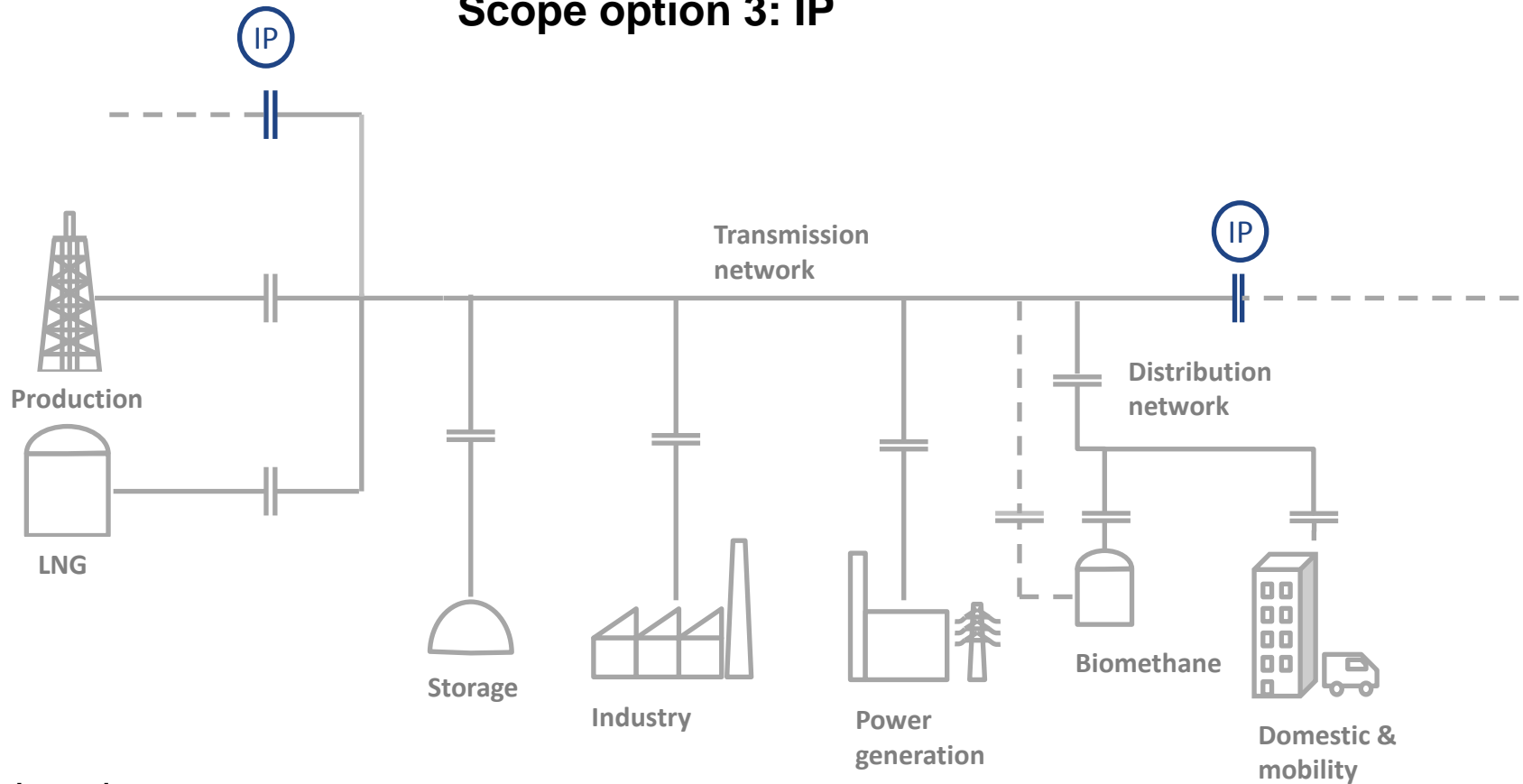
Legend:

In scope

Out of scope

Policy issues

Scope option 3: IP

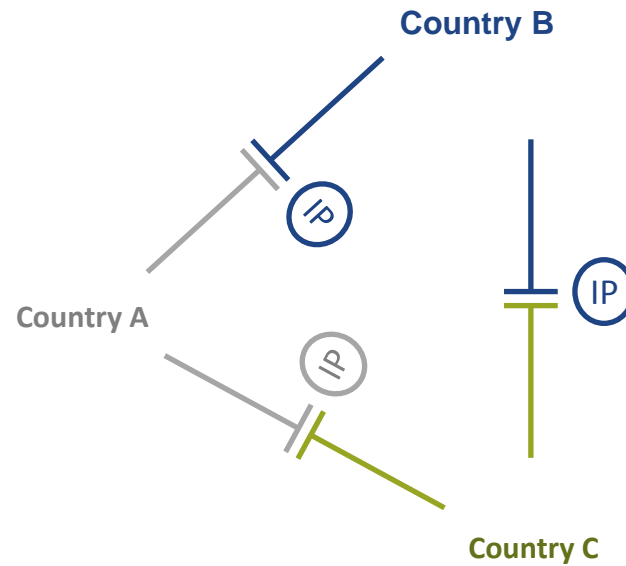


Legend:

In scope

Out of scope

Scope option 4: Voluntary adoption



Legend:

EN 16726

National spec A

National spec C



Policy issues



2. Implementation timing

- > It means the time required for the concerned parties to comply with the amendment to the Interoperability Network Code.
- > Options considered:
 - **Fixed** and equal for all countries and segments
 - **Flexible per segment of the chain**
 - **Flexible per regions**
 - As decided by **national authorities**



Policy issues



3. Allowance for off-spec gas

- > Mandate M/400: *The Commission hereby requests CEN to draw up standards that define the minimum range to be accepted for gas quality parameters for H-gas. [...] The goal is to define standards that are as wide as possible within reasonable costs”*
- > A first aspect of this issue is whether TSOs (or DSOs for gas injected directly to distribution networks) can refuse to accept gas that is within the limits of the standard.
- > Options considered:
 - Gas meeting the standard **shall be accepted** by infrastructure operators
 - Gas meeting the standard **may be refused** by infrastructure operators if national legislation sets stricter limits for the parameters contained in the standard
- > A second aspect is whether infrastructure operators can accept gas that is outside the standard
- > Options considered:
 - infrastructure operators **can't accept gas outside** the standard.
 - infrastructure operators **may agree less strict limits** than those of the standard.



Policy issues



4. Interaction with INT NC

- > The INT NC already provide mechanisms (Article 15) for the removal of gas quality related cross-border trade barriers that have been recognised by NRAs. Basically, the INT NC requires TSOs to carry out a joint cost benefit analysis and to submit a joint proposal to NRAs.
- > How should this process interact with the application of the CEN standard?
- > Options considered:
 - INT NC mechanisms **don't apply** after transition period, except for parameters not covered in the standard.
 - INT NC mechanisms are applied as **first option** when a barrier is found. If no agreement is reached, the CEN standard will be applied.
 - INT NC mechanisms should be the **only solution** applied.



Policy issues



5. A-deviations (conflicts with national legislation)

- > A-Deviations inform on conflicts between national legislation and European standards.
- > EN 16726 already includes A-deviations from several Member States. In addition, A-deviations can also be requested after publication.
- > Adoption of standards is voluntary. When there is an EU harmonisation legislation enforcing the standard, it is not clear whether national legislations should be amended to eliminate A-deviations.
- > Options considered:
 - A-deviations should be **withdrawn** after transition phase (implementation timing).
 - A-deviations should be **retained** unless otherwise decided by competent authority.



Policy issues



6. Flexible limits

- > For two parameters in the CEN standard (O_2 , CO_2) there is a base limit with the potential for a higher limit up to a cap.
- > Example (CO_2): *“At network entry points and interconnection points the mole fraction of carbon dioxide shall be no more than 2,5 %. However, where the gas can be demonstrated not to flow to installations sensitive to higher levels of carbon dioxide, e.g. underground storage systems, a higher limit of up to 4 % may be applied.”*
- > It is unclear who decides on flexible limits, how the decision is taken and for how long, what is the definition of a sensitive installation?
- > Options considered:
 - Network operators and concerned parties carry out an impact assessment demonstrating the limit that could be applied with involvement of the relevant national authorities.
 - Any other suggestion?

A green L-shaped graphic consisting of two solid rectangular blocks meeting at a corner.

Questions to be assessed

General questions

- > Are you aware of any cross-border trade barrier related to gas quality?
- > Is there any sector, region or circumstance whose specific conditions don't allow the application of the standard?
- > Is there any other policy issue you think it should be considered in addition to the ones already identified?

Questions to be assessed

Questions to be answered for each of the options on the identified policy issues

- > In terms of the impact of this given policy option for your segment, organisation or country please answer the following questions and provide evidence supporting your statements:
 - What benefits do you expect?
 - What negative impacts might this option have?
 - Are there any barriers to implement it?
 - How much would it cost to overcome them?
 - How long would it take?
 - Do you foresee any risk in terms of security of supply?
 - Do you foresee any impact in terms of price for your product(s)?
 - Is this given option doable?
 - Any other side effect?
- > Is there any other option that should be considered?



Phase I and II of the amendment process

Phase I: Preparation of the impact analysis

- > 22nd March 2016: public workshop on the list of issues
- > 2016: Apr-Jun: public consultation on the impact of the standard
- > **2016 30 June: Deadline for receiving stakeholders' analyses**
- > 2016 Jul-Oct: Prepare draft of impact analysis
- > 2016 Sep: Public workshop for presenting early findings and perhaps new questions

Phase II: Preparation of the draft amendment preparation

- > 2016 Oct: Preparation of amendment draft
- > 2016 Nov: Impact analysis and amendment draft approved by INT WG and BOARD
- > 2016 Dec: Impact analysis and amendment draft approved by GA

Phase III: Public consultation on the draft and submission

- > 2017 Jan-Feb: Public consultation on impact analysis and revised amendment draft
- > 2017 May-June: Approval of revised amendment draft by Board and GA.
- > 2017 Jun: Publication and submission
- > ACER and EC are involved along the process via trilateral meetings.



Thank You for Your Attention

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