

Eurogas Issues Management

Last updated: 11 February 2019

Issue:
Renewable Energy

Priority: Amber



Type of initiative:
'Recast' legislation – Renewable Energy Directive ("RED II")

EU objective

Ease the integration of renewables in the electricity sector, boost renewables in the heating and cooling sector, decarbonise the transport sector, better inform and empower consumers, and make sure the EU's binding renewable energy target is achieved on time.

Eurogas position - Key messages

Gas enables renewable energy deployment, particularly in providing much needed energy storage. It also can be renewable itself. As a whole, gaseous energy and its associated networks can play a critical role in the decarbonisation of Europe's energy mix.

Policy asks

- Equal treatment for different types of renewable energy
- Using a holistic approach to energy policy, which is necessary to unlock opportunities of an integrated energy system across borders and energy types
- Maintain MS flexibility with respect to measures and targets (including heating and cooling).
- Treat bio-methane as an immature technology

RED II remains a live issue for Eurogas beyond the adoption of the CEP due to the implementation of renewable gas Guarantees of Origin and due to links to policy decisions in the future Gas Package.

A Eurogas Board position ('wish list') on the future Gas Package, planned by DG ENER for publication by the new Commission in 2020, was adopted at the June GA. The wish list includes a binding EU target for renewable and decarbonised gas.

Eurogas activities

Accomplished:

- 19 July: meeting with DG Energy Director Borchardt to present the Eurogas wish list
- 11 June: New Eurogas Board position on the gas package ('wish list') adopted
- 28 May: meeting about the scenarios study with DG Energy Director Borchardt
- 3 May: Scenarios study launch with Brussels stakeholders
- 13 February: Meeting of the Eurogas Temporary Working Group on Renewable Gas
- 26 January: Meeting between Commission VP Sefcovic and Klaus Schaefer
- 19 January: Meeting with the Bulgarian Presidency
- 15 January: Letter sent to MEPs with voting recommendations
- 15 January: Co-signed a letter with EBA and Hydrogen Europe prior to the RED II plenary vote
- 12 January: Lunch with energy attachés
- 2017 Annual Conference on Renewable Gas with record attendance and participation from Commission and EP

Further Eurogas work is ongoing to define the target's obligated parties, timeframe and level.

State of play

Trilogue negotiations are closed. REDII will come into effect in 2021.

It sets a binding renewable energy target for the EU for 2030 of 32% with an upwards revision clause by 2023.

Assessment

The EU renewables target adopted in RED II to provide the framework within which Eurogas can make a case for an EU target for renewable and decarbonised gas.

Key Stakeholders

Commission:

- Dominique Ristori, Director-General, DG ENER
- Mechthild Wörnsdörfer, Director for Renewables, Research and Innovation, Energy Efficiency, DG ENER
- Paula Abreu Marques, Renewables and CCS policy

European Parliament rapporteurs + shadow rapporteurs:

Mr José Blanco López (S&D, ES) (rapporteur)
Mr Seán Kelly (EPP, IE)
Mr Hans-Olaf Henkel (ECR, DE)
Mr Fredrick Federley (ALDE, SE)
Ms Paloma López Bermejo (GUE/NGL, ES)
Mr Claude Turmes (Greens/EFA, LU)
Mr Dario Tamburrano (EFDD, IT)
Mr Nicolas Bay (ENF, FR)

Council: Energy WG / Environment WG

Others:

IOGP, GIE, Marcogaz, GERG, NGVA, EBA, Hydrogen Europe, Solar Power Europe, Wind Europe, Geode, Cedec, CEER and others

- Joint animation together with EBA, Hydrogen Europe, GIE, GERG, GEODE, CEDEC

Ongoing/planned:

- Maintaining a dialogue with the three institutions toward the definition of a future Gas Package.
- Meetings with DG Climate, other Commission officers about the Eurogas wish list proposals.

Contacts

Eurogas Committees/Task

Forces in charge:

- STC: Andrea Galieti
- DIST: Eva Hennig
- 2030 WG: Valeria Palmisano (Chair) & Sara Molinero (Vice-Chair)

Secretariat contacts:

- STC: **James Watson**
- DIST: Nicolas Jensen

Political/legislative process

Commission proposal:

Released as part of the Clean Energy Package on 30 November 2016.

European Parliament:

Vote in plenary: 17 January 2018

Council:

Energy Council: 11 June

General Approach: 18 December 2017

Trilogue: ongoing. Negotiations started 27 January.

Negotiations completed in 2018

Eurogas Issues Management

Last updated: 11 February 2019

Issue:
Gas Package

Priority: Green



Type of initiative: future legislative package (details tbc)

EU objective

The European Commission intends to prepare a gas package to address new opportunities and issues in relation to natural, renewable and decarbonised gas. The Commission has indicated that the package will address:

1. Sector integration
2. Renewable and decarbonised gas
3. Future gas market regulation, including mirroring.

Eurogas position

Key messages

Eurogas asks the Commission to address the potential role and needs of the gas sector in light of EU policy priorities and the Clean Energy Package.

Policy asks

- The Commission to develop an EU-level sector integration vision
- Obligation for joint gas/electricity infrastructure planning to take an integrated system view
- Widen the scope of the European assessment for life-cycle GHG emissions and GHG avoidance cost and publish results
- Introduce an EU target for renewable and decarbonised gases
- Develop a European blueprint for Guarantees of Origin (GOs)
- Open the European GO scheme to non-EU certificates and carbon offset products
- The Commission to conduct a study on the market potential for cost-effective exploitation of different forms of r-gas and d-gas
- Further develop the European framework for r-gas and d-gas support schemes
- Market design to enable r-gas and d-gas to reach maturity and deployment at scale, and to be integrated into the wholesale market

Eurogas activities

Accomplished:

- January 2019 meetings with the EC and EP to explore the receptiveness of the stakeholders to our core positions
- October 2018 and ongoing: communications activities on 'wish list' points.
- October: updated 'wish list' adopted by Board, including full position on wholesale market design.
- July: 'Wish list' discussion paper shared to the Commission in July.
- June: 'Wish list' discussion paper adopted by Board.

Ongoing/planned:

- Skeleton for position paper presented to STC in February
- Study on 2050 to be launched
- November 2018 and ongoing: Deeper content work to fill out 'wish list' policy asks.

Contacts

Eurogas Committee/Task

Force in charge:

- **STC: Andrea Galieti**
- RMC: Malte Nyenhuis
- DIST: Eva Hennig
- WMC: Giusi Squicciarini

Secretariat contacts:

- Quantify the advantages of biogas/biomethane in terms of reducing agricultural methane emissions
- Favour gasification and digestion over the incineration of waste
- Enable the development of carbon capture and storage value chains
- Definition of the roles and responsibilities of market participants
- Policy-makers to be open to smart and flexible gas solutions both in relation to retail and distribution
- Ensure appropriate processes for gas customer empowerment and customer communication processes
- Phase out price regulation
- Wholesale market design: regulatory framework for transmission and storage infrastructure; review of governance for implementation, enforcement and assessment of competition beyond formal compliance to rules
- DSO Entity: Have an entity for electricity and an entity for gas
- The Commission to recognise in the TYNDP process the important role of gas DSOs in managing flexibility

State of play

The Commission is currently consulting (Madrid Forum) and carrying out studies (consultancies). Work on the Gas Package is expected to accelerate in January 2019, following the conclusion of the CEP electricity market trilogues.

A Eurogas Board position ('wish list') of preliminary ideas and discussion points was adopted at the June GA. Next steps to deepen the analysis and policy positions were agreed as strategic priorities by the Board in October.

Assessment

The Gas package process is at an early stage. Eurogas is in a position to be proactive in helping the Commission to shape the priorities of the package and its contribution to establishing the long-term future role of natural, renewable and decarbonised gas.

Key Stakeholders

Commission:

- DG Energy, Directorate B

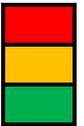
- STC: James Watson
- DIST: Nicolas Jensen
- RMC: Margot Loudon

Eurogas Issues Management

Last updated: 22 January 2019

Issue:
Energy Market Design (Retail)

Priority: Orange



Type of initiative:
The new Electricity Directive

EU objective

Policy on the retail market is evolving with a new framework envisaged in the **CEP in the** context of the Energy Union. **A primary piece of legislation is the new Electricity Directive** linking issues of customer empowerment with the new opportunities offered by technological advances and anchored in climate change policy, and an evolving role for DSOs.

Eurogas position

Key messages

- Gas is a key element in a cost-efficient, secure and affordable low-carbon energy system.
- Its flexibility helps to back up and store electricity from renewable sources – both in centralised and decentralised systems.
- Because of similarities some retail market regulation should be **aligned between electricity and gas, other should reflect differences.**

Policy asks

Eurogas objectives involve a multi-pronged approach:

- The essential role of gas in the energy mix should be acknowledged.
- On the supply side, essential customer-related requirements should eventually **be aligned** in future gas recast legislation.
- Interests of gas DSOs should **be taken into consideration** in the planned new regulatory and institutional structures.

State of play

The recast Electricity Market Directive revisits a number of areas of common interest in retail, market prices, notably the identification of vulnerable customers and energy poor, billing, product comparison tools. **Elements requiring alignment** will be addressed when current primary gas legislation is reviewed.

Eurogas activities

Accomplished:

- Letter to influence trilogue discussions sent to trilogue parties. Follow-up actions with **MEPs and Austrian Presidency.**
- Preparation of minor amendments
- Submission of Eurogas views on aspects of Electricity Legislation in relation to the mirroring Exercise (17NO128).
- Participation in “mirroring” workshop on 22 February **2017** with the Commission and other stakeholders.
- Responded to CEER’s consultations on market metrics.
- Response to the consultation on a Fitness Check of consumer related legislation.
- Contacts with DG ENER throughout 2016 and 2017. Contacts with DG JUST.

Ongoing/planned:

- **Assessment of final Directive and accompanying parts of the CEP, with closer analysis of elements that may be aligned or at least taken into consideration in an eventual gas package.**

The Directive was agreed in December, and its publication is awaited.

Assessment

Although a number of points on the framework covering customers were resolved satisfactorily, improving the original proposal, others were not. Especially it was disappointing that provisions on billing and billing information, contracts etc. have ended up much more prescriptive. Most of these will not await the gas package in order to be aligned. Member States will likely transpose the Directive impacting on electricity and gas at the same time. Other aspects of the Directive such as the overall balanced approach to new tasks and responsibilities for DSOs should provide food for thought also in the evolving gas market. It remains to be seen how a new DSO entity for electricity will work out in practice, as this will be relevant to the handing of gas.

Key Stakeholders

Now that the proposal is adopted, emphasis shifts to implementation and enforcement with the Commission and regulators as key parties

Commission:

- Dominique Ristori, Director-General, DG ENER
- Klaus-Dieter Borchardt, Director - Internal Energy Market, DG ENER
- Florian Ermacora, Head of Unit - Wholesale markets; electricity and gas, DG ENER

CEER

- Andrew Ebrill, Secretary General
- Co-Chairs of the Customers and Retail Markets Working Group - Anne Vadasz Nilsson, Christina Veigl from Austria
- Chair Gas Group – Clara Poletti

Contacts

Eurogas Committee/Working Group in charge:

- Retail Market Committee (RMC) – Chair: Malte Nyenhuis – BDEW
- Distribution Operators Committee (DIST) – Chair: Eva Hennig – Thüga AG

Secretariat contacts:

- Margot Loudon (RMC)
- Nicolas Jensen (DIST)

Timing of political/legislative process

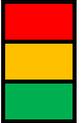
Transposition should be completed by 31 December 2020.

Eurogas Issues Management

Last updated: 22 January 2019

Issue:
A New Deal for Consumers (Retail)

Priority: Orange



Type of initiative:
Amendments to current Directive on consumer protection and a new proposed Directive on collective interests

EU objective

The aim is to strengthen and reinforce protection of the economic interests of consumers, taking into account the impact of digitalisation. The proposal for enforcement and modernisation of the consumer protection rules (**Refit Directive**) updates and revises four current Directives. The new Directive on collective interests will have more teeth than the current Injunctions Directive that it replaces, and may be seen in the context of the dieselgate aftermath to promote possibilities for collective actions against companies.

Eurogas position

Key messages

Starting points:

- There is already significant protection of consumer interests in dedicated energy legislation and the horizontal approach should not seek to go beyond that, or be incompatible with existing legislation.
- Over-prescriptive regulation could introduce barriers in a fast-evolving market.
- Measures to change the collective actions framework should be proportionate to the objectives. The proposals could facilitate too readily more and more complex class actions.

State of play

IMCO **adopted its** draft report on the enforcement and modernisation proposals **on 22 January and gave a mandate for negotiations with the Council**. The main Committee responsible for the collective interest Directive Legal Affairs (JURI) **adopted its report in December and already gave its negotiation mandate**.

Assessment

The IMCO report includes several points in line with Eurogas concerns and proposed welcome improvements.

Eurogas activities

Accomplished:

- **Further contacts with IMCO EPP MEPs on REFIT Directive.**
- Position agreed in RMC, and sent to the IMCO and JURI rapporteurs and shadows on the proposals.

Ongoing planned

- Assessment of activity on amendments and agreed actions.

Contacts

Eurogas Committee/Working Group in charge:

- Retail Market Committee (RMC) – Chair: Malte Nyenhuis – BDEW

Secretariat contacts:

- Margot Loudon

Timing of political/legislative process

Commission proposal: issued 11 April

European Parliament

Amendments to the **REFIT Directive** report were tabled at the beginning of October. Discussion took place in 10-11 October meeting **and the vote was 22 January 2019**. The draft report on collective interests Directive was published 12 October. The

The proposed agreed amendment affecting doorstep selling was more onerous than the original proposal. On the other hand, it was helpful that the objective of ensuring customers were not subject to “persistent and unwanted solicitations” would now be hedged by conditions relating to such restrictions. This is a better than hoped-for compromise, in line with our representation to the EPP. The Collective Interests Directive shows some improvements on the original*.

Key Stakeholders

Commission:

- DG JUST
- Anna Collucci – DG ENER

European Parliament rapporteurs + shadow rapporteurs:

- Collective Redress :
JURI
Rapporteur : Didier Geoffroy, EPP, FR
Shadows : Mady Delvaux – S&D, LU
Jens Rohde – ALDE, DK
Kostas Chrysogonos – GUE/NGL, GR
Heidi Hautala – Greens/EFA, FI
Laura Ferrara – EFDD, IT

In IMCO the rapporteur is Dennis de Jong – GUE/NGL, NL.

- Enforcement and Modernisation :
IMCO
Rapporteur : Daniel Dalton – ECR, UK
Shadows : Pascal Arimont – EEP, BE
Evelyne Gebhardt – S&D, DE
Jasenko Selimović – ALDE, SE
Martin Schirdewan – GUE/NGL, DE
Julia Reda – Greens/EFA, DE
Marco Zullo – EFDD, IT
Marcus Pretzell – ENF, DE

Council: Energy WG

CEER:

- Andrew Ebrill, Secretary General
- Co-Chairs of the Customers and Retail Markets Working Group - Anne Vadasz Nilsson, Christina Veigl from Austria
- Chair Gas Group – Clara Poletti

deadline for amendments was 5 November and it was adopted in December.

Council

Although the Presidency is discussing general principles, no substantial progress and certainly no trilogue are expected before the EP elections. The next Parliament could pick up the work done.

* However, input to Eurelectric from its members has resulted in a different analysis, no concerns on the Refit Directive, but fears that the Collective Interests Directive could lead to abusive litigation.

Eurogas Issues Management

Last updated: 4 February 2019

Issue:

New Internal Gas Market related legislation (Wholesale)

Priority: Yellow



Type of initiative:

Study: Quo Vadis gas market regulatory framework

EU objective

The EU's objective is to assess if, aside from small adjustments to the codes, amendments to the primary gas market legislation may be needed to maximise overall EU welfare. The outcome is that we may see discussions on "recasting" the wholesale aspects of the Third Package Gas legislation in the future, going beyond the so-called "mirroring" points derived from the current electricity market design. However, notwithstanding the launch of the study, main indications suggest that this Commission has no appetite for a radical change to the market, and any concrete proposals would be for decision by the next Commission.

Eurogas position

Key messages

- The gas wholesale market is continuing to show steady improvement, but it is timely to carry out a study to assess if the underlying model is capable of adapting to future developments.
- The objective should be to achieve a well-functioning market to maximise EU welfare, with a supportive, well-designed regulatory framework reflecting real market needs.
- Gas will remain essential to the energy market and the gas system will remain crucial for decarbonisation pathways.

Policy asks

In relation to the Quo Vadis Study;

- Focus on assessing the regulatory framework necessary to deliver an effective market but identify more strategic aspects as parameters.
- Examine the current tariffs entry/exit model, covering analysis of the radical alternatives identified in the Terms of Reference, and identifying their advantages

Eurogas activities

Accomplished:

- **Meeting with the European Commission on 13 December to discuss the studies**
- Meeting with the Austrian Presidency on 24 September to discuss Eurogas positioning
- Meeting with Zsuzsanna Szeles on 13 September to discuss Madrid Forum input
- Input to draft final of the 2050 infrastructure study sent on 11 September
- Given input to follow-up Commission studies which touch upon wholesale market design
- Eurogas met with Klaus-Dieter Borchardt on 18 January
- Comments sent to the Commission on the final available draft of Quo Vadis on 12 January
- Participation in December workshop.
- Intervention in the Madrid Forum.
- Comments on first EY/REKK working document, planned scenarios and modelling methodology.
- Contact with consultant (REKK).

and disadvantages, but also considering more discretionary, targeted and incremental approaches.

- Consider among wider parameters the readiness of the networks to carry a range of gases in the future.

State of play

Following the comments sent to the last available draft open for feedback on 12 January, Quo Vadis was finally published on 16 March. A new reform option was included and deemed a no-regret option: a capacity-commodity release option to facilitate liquidity building in foreclosed markets.

Follow-up, if decided, would most likely be in the context of any wider review of gas market design currently foreseen for the next Commission. These proposals could now be published by the European Commission during the spring of 2020 according to officials in the European Commission.

The Commission is working on a variety of new studies to prepare the ground for the next Commission. A study on the Role of Gas Infrastructure to fulfil the EU's 2050 decarbonisation objectives through storylines has been finalised, underlining the crucial role of gas infrastructure towards fulfilling decarbonisation objectives.

During the Madrid Forum, the Commission announced several studies on the internal market, looking at "Enhancing liquidity by combined gas and capacity release programmes", "Distortive effects of non - harmonised tariffs", "Licencing and regulatory Requirements", "Tailor made regulation", "Regulatory framework for LNG terminals". **Eurogas will articulate positions so as to feed into the Commission studies during the process.**

Moreover, CEER is preparing a consultation following their FROG work and aiming to address remaining issues in terms of gas market and renewable/decarbonised gas developments. It should be published in March/April.

Assessment

As stakeholders and members have differing views on the extent of any current/future problems to be addressed and on some of the assumptions, there is little appetite for solutions that could be too disruptive to the current well-functioning market aspects. A proposal to focus on voluntary short-term capacity release, up to a certain threshold and taking into account the potential impact on the market, was validated by the Eurogas Board in October and presented in Madrid alongside Eurogas positioning on other market issues.

- Participation in 30 January workshop - intervention.
- Initial input in the Madrid Forum.
- Response to the open consultation on the Consultants' discussion papers.

Ongoing/planned:

- Planned engagement on the several internal market studies announced by the Commission

Contacts

Eurogas Committee/Working Group in charge:

- Wholesale Market Committee (WMC) – Chair: Giuseppina Squicciarini

Secretariat contacts:

- Nicolas Jensen

Key Stakeholders

Commission:

- Dominique Ristori, Director-General, DG ENER
- Klaus-Dieter Borchardt, Director - Internal Energy Market, DG ENER
- Florian Ermacora, Head of Unit - Wholesale markets; electricity and gas, DG ENER

Eurogas Issues Management

Last updated: 4 February 2019

Issue:
Energy Market Design (Wholesale)

Priority: Yellow



Type of initiative:
Proposed 'Recast' legislation – Wholesale Electricity Market

EU objective

Within the context of the Energy Union, the Commission, after various consultations, aims to recast the Directive on common rules for the electricity internal market and the Regulation. This recast legislation forms the core of the 'Clean Energy for All Europeans' Package, and aims to adapt the current market rules to new market realities, important aspects of which concern enhanced electricity market performance, improved operational fundamentals and cross-border co-operation, and customer empowerment. The regulation on risk-preparedness replaces the existing electricity Security of Electricity Supply Directive and requires an EU-wide resource adequacy assessment and coordinated risk preparedness plans.

Eurogas position

Key messages

- Gas is a key element in a cost-efficient, secure and affordable low-carbon energy system.
- Its flexibility helps to back up and store electricity from renewable sources – both in centralised and decentralised systems.
- Gas provides ideal conditions for capacity mechanisms (CRMs) if they are needed to secure electricity supply.

Policy asks

- Eurogas favours a market-driven approach, which supports affordable prices, appropriate signals for long-term capacity investments, efficient power generation and lower emissions.
- Any future energy market design should consider the role gas can play as a fuel that is market-oriented, flexible and able to work in partnership with renewables.
- CRMs should not distort the market.

Eurogas activities

Accomplished:

- Meeting with the Austrian Presidency on 24 September to discuss Eurogas positioning
- Meeting with MEP assistants in August to remind them about Eurogas views on the Market Design proposals
- Meeting between Commission VP Šefčovič and Klaus Schäfer on 26 January
- Meeting with the Bulgarian Presidency on 19 January
- Letter sent to MEPs with voting recommendations on 15 January
- Lunch organised with the energy attachés on 12 January
- Detailed analysis of the proposals and development of amendment proposals.
- Bilateral meeting with MEPs
- Participation in Clean Power Coalition supporting the 550 gr. CO₂/kWh limit.
- Amendments on CEP prepared and sent.
- Secretary General's meeting with rapporteur Kariņš.
- Attendance in the ACER/CEER 23-24 January Conference.
- Input to the Commission's public consultation on Energy Market Design.
- Comments on DG COMP's preliminary findings of the Capacity Mechanisms Sector Inquiry.
- Further high-level input to the COM prior to the publication of the Market Design proposal.
- Contacts with EP to submit comments to the own initiative report on Energy Market Design.

State of play

Assessment

Next steps will include a mirroring exercise to assess the suitability of applying similar measures in a future gas package

Key Stakeholders

Commission – DG ENER:

- Dominique Ristori, Director-General
- Klaus-Dieter Borchardt, Director - Internal Energy Market
- Florian Ermacora, Head of Unit - Wholesale markets; electricity and gas

European Parliament rapporteurs + shadow rapporteurs:

ITRE

- Rapporteur: Krišjānis Kariņš (EPP, LV)
- Shadows: Martina Werner (S&D, DE), Zdzisław Krasnodębski (ECR, PL); Kaja Kallas (ALDE, EE); Cornelia Ernst (GUE, DE); Claude Turmes (The Greens/EFA, LU); Dario Tamburrano (EFDD, IT); Barbara Kappel (ENF, AT)

ENVI

- Rapporteur: Pavel Poc (S&D, CZ)

- Contacts with DG ENER throughout 2016.
- Letters to Vice-President Maroš Šefčovič.
- Participation of the VP in the Eurogas Annual Conference.
- Meeting with Commissioner Arias Cañete.
- Press release: 30 November.
- European Parliament Magazine: Thought-leader article in Dec 2016.

Ongoing/planned:

- Inclusion of Eurogas position in communication activities.

Contacts

Eurogas Committee/Working Group in charge:

- Capacity Mechanisms Working Group (CapMech WG), lead committee
Chair: Nina Scholz - Uniper

Secretariat contacts:

- Margot Loudon (CapMech, Retail Market Committee)
- Nicolas Jensen (DIST/WMC)

Timing of political/legislative process

Commission proposal:
30 November 2016

European Parliament
Draft report: 10-11 July

Deadline for amendments: 15 September

Vote in committee: 21 February

Vote in plenary: Not yet known

Council

A general approach was agreed upon on 18 December

Trilogue: The Austrian **Presidency concluded the trilogues on the regulation and directive proposals in December**

Eurogas Issues Management

Last updated: 4 February 2019



Issue:
Gas DSO issues

Priority: Red

Type of initiative:
Proposed legislation and ongoing regulatory activity

EU objective

The Clean Energy for All Package does not presently contain any gas DSOs issues per se. However, a number of electricity DSO provisions are quite relevant for gas.

Eurogas position

Key messages

- Gas is a key element in a cost-efficient, secure and affordable low-carbon energy system.
- Its flexibility helps to back up and store electricity from renewable sources – both in centralised and decentralised systems.
- Because of similarities as well as differences, retail market regulation – as regards both customers and DSOs - needs to consider gas and electricity in parallel.

Policy asks

- From the distribution perspective, the interests of gas DSOs need to be brought into the future design of energy markets and be an integral part of the planned new regulatory and institutional structures. To this end relevant parts of the recast Electricity Directive and Regulation should be mirrored in the equivalent gas legislation.

State of play

- Over the summer of 2017 DG ENER decided to combine the mirroring of electricity legislation with a possible legislative follow-up to the Quo Vadis study.
- With this in mind, Eurogas presented amendments to MEPs on the Electricity Regulation aiming to achieve the consultation of gas-DSOs on relevant matters and anticipating the creation of a gas DSO entity
- The consultative bodies attached to the EU electricity DSO entity could give a first opportunity for gas DSOs to participate by giving input. The next stage will be for a more comprehensive entity or work stream for gas in an EU DSO entity.
- It has since been communicated that the Commission

Eurogas activities

Accomplished:

- **Meeting with the Commission on 5 December to discuss DIST issues**
- Presentation at the Madrid Forum on the role of DSOs in developing renewable gas and remaining barriers
- Attendance of the Citizen's Energy Forum on 20-21 September
- Meeting with the Austrian Presidency on 24 September to discuss Eurogas positioning
- Meeting with MEP assistants in August to remind them of Eurogas' position on the DSO entity
- Organisation of a balancing workshop with CEDEC, GEODE, ENTSOG and ACER on 12 June
- Presentation at the Copenhagen Infrastructure Forum
- Workshop organised with the Energy Community on exchanging best practices on metering and renewable gas
- Monthly meetings have been set up between ENTSOG and DIST
- Public launch on 27 February of multi-association paper on flexibility
- Meeting between Commission VP Šefčovič and Klaus Schaefer on 26 January
- Meeting with the Bulgarian Presidency on 19 January
- Eurogas met with Klaus-Dieter Borchardt on 18 January
- Meeting with DG ENER Unit for gas wholesale on 16 January
- Lunch organised with the energy

intends to present a gas package in 2020. The legislative proposals therein may address gas market reform, technological support to renewable gas technologies and development of renewable gas production. Providing

- DG ENER has finalised a study on the role of intra-EU infrastructure leading to 2050, focused on the TSO level to which Eurogas provided input as a member of the sounding board. (See Infrastructure Issues on outcome.)
- A similar study for the DSO level, focusing on sector-coupling was launched in September. Eurogas will be part of the sounding board which will meet for the first time on 21 Nov.
- Another study on Security of Supply and innovation and the role of regulation in incentivising this at the TSO level is also underway.
- At the Madrid Forum, Director Borchardt signalled willingness to engage with gas DSOs on the entity as the Electricity Market Design file will soon be closed down. **CEER is preparing a consultation following their FROG work and aiming to address remaining issues in terms of gas market and renewable/decarbonised gas developments. It should be published in March/April.**

Assessment

Gas DSO issues need to be communicated in an articulate way to the Commission and the EP.

In their 18 January general approach, the Council of the EU has outlined a working structure for the DSO entity for electricity to have a strategic advisory group and establish expert group, which could allow, temporarily, for a limited voice for gas DSOs. The final form which the electricity DSO entity will take, and thereby what opportunities for input will be given to gas, will depend on trilogue negotiations taking into account that the Council and the Parliament make the same proposal with regards to the governance of the entity.

The 2020 gas package should provide further opportunities.

Key Stakeholders

Commission:

- KD Borchardt, Director - Internal Energy Market, DG ENER; F. Ermacora, Head of Unit - Wholesale markets; electricity & gas, DG ENER; A. Colucci, Head of Unit - Retail markets; electricity & gas, DG ENER; Zsuzsanna Szeles DG ENER

European Parliament rapporteurs + shadow rapporteurs:

- ITRE Rapporteur: Krišjānis Kariņš (EPP, LV)
- ITRE Shadows: M. Werner– (S&D, DE) ; Z. Krasnodębski– (ECR, PL); K. Kallas– (ALDE, EE); C. Ernst– (GUE/NGL, DE); C. Turmes– (Verts/ALE, LU); D. Tamburrano– (EFDD, IT); B. Kappel– (ENF, AT)

Council: Energy WG

Others: GEODE, CEDEC, Eurelectric, EDSO for Smart Grids, ENTSO-G, Smart Grids TF and especially EG3 participants, CEER

attachés on 12 January

- Brochure on the gas DSOs' role in the Energy Transition.
- Input together with the STUC to joint ENTSO-G and -E public consultation on their joint TYNDP scenarios.
- Meeting with COM DG AGRI to present the ambition for biomethane in France and Ireland.
- Participation in the COM's European Bioeconomy Strategy and Action Plan Info Day on 16/11.

Ongoing/planned:

- Participation on the sounding board of the Commission's sector coupling study
- Continuous engagement between TSOs and DSOs at the national level to strengthen the TYNDP

Contacts

Eurogas Committee/Working Group in charge:

- Distribution Operators Committee (DIST)
 - Chair: Ms Eva Hennig – Thüga AG
 - Vice-chairs: Mr Guillaume Virmaux – GRDF

Secretariat contacts:

- Nicolas Jensen (DIST)

Timing of political/legislative process

Commission proposal:

- Clean Energy Package (including electricity market design proposal): 30 November

European Parliament

- Draft report: 15-16 June
- Deadline for amendments: 15 September
- Vote in committee: 21 February
- Vote in plenary: will follow a trilogue agreement

Council

A general approach was agreed upon on 18 December

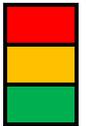
Trilogue: The electricity market design file has been finalised and closed down by the Austrian Presidency. An exercise on mirroring will be undertaken in the coming months.

Eurogas Issues Management

Last updated: 4 February 2019

Issue:
Infrastructure Issues

Priority: Yellow



Type of initiative:
Implementation

EU objective

The legislative framework is not foreseen to change, and the focus is on implementation through improving existing approaches and instruments, notably PCIs, and on delivering better regional cooperation on projects. A highly relevant input to this is the required delivery, every two years, by ENTSOG of Ten Year Network Development (TYND) Plans and their advice on Cost-Benefit Analysis (CBA) methodology.

Eurogas position

- As far as possible projects should be market-driven and socialisation of costs kept to a minimum, where justified e.g. in the interest of supply security.
- The implementation of the framework legislative proposals to promote infrastructure, including associated funding possibilities, should not unduly distort the market.
- It is important to take into account the interest of private players as opposed to regulated business.
- A strong gas network is required to underpin an affordable and efficient transition to a low-carbon energy system.

Policy asks

- Implementation should be in line with the principles of the current legislation.
- The PCI process should be more transparent about the assumptions and methodology used to assess projects.

State of play

On 24 November 2017, the European Commission published its third list of PCIs. Out of 173 projects, 53 PCIs are gas projects. Moreover, for the first time, four PCIs are aimed at the cross-border development of infrastructure

Eurogas activities

Accomplished:

- Planned meeting with the Austrian Presidency on 24 September to discuss Eurogas positioning
- Input throughout the 2050 infrastructure study and to the draft final was submitted
- Input to the 2020 joint ENTSGE-ENTSGOG TYNDP scenarios was submitted
- Presentation in two sessions at Copenhagen Infrastructure Forum
- Attendance of ENTSGOG preparatory workshop for next TYNDP
- Setting up of monthly coordination meeting between DIST and ENTSGOG with regards to DSO/TSO issues
- Presentation of Primes scenario study to ENTSGOG and sharing R-Gas ambitions from Eurogas member countries.
- Response to the consultation on the joint ENTSGOs scenarios.
- Response to evaluation of TEN-E.
- Response to ENTSGOG's consultation on Cost-Benefit Analysis methodology
- Attendance at Copenhagen Infrastructure Forum.
- Attendance and Panel contributions in Commission-organised workshops most recently high-level roundtable on the role of gas in the energy mix.
- Bilateral meetings with ENTSGOG, and involvement in the Stakeholder Joint

to transport CO₂ with a view to developing Carbon Capture and Storage or Utilisation (CCS/CCU). Coordination meetings with ENTSOG take place on a monthly basis.

The 2050 infrastructure study launched by the Commission in December was finalised, underlining the crucial role of gas infrastructure for the energy transition, but also opening the way to discussions on the impact of potentially lower utilisation and impact of new gases on infrastructure.

During the Madrid Forum, the Commission announced several studies on the internal market, looking at “Enhancing liquidity by combined gas and capacity release programmes”, “Distortive effects of non - harmonised tariffs”, “Licencing and regulatory Requirements”, “Tailor made regulation”, “Regulatory framework for LNG terminals”. These would inform the work on a potential impact assessment and legislative proposal to upgrade the internal market for gas. **CEER is preparing a consultation following their FROG work and aiming to address remaining issues in terms of gas market and renewable/decarbonised gas developments. It should be published in March/April.**

Assessment

Infrastructure planning is to a significant extent mired in the uncertainties about future market demand for gas. Implementation of particular projects is pursued through the regional groupings. This could be positive for gas market development, but there is concern that in some cases politics may trump economics, especially in the PCI process, in which the basis of decisions lacks transparency, and this trend is not welcome. The dialogue between the ENTSOs on future energy market scenarios is welcome, but some improvements are required, especially to ensure that they take adequate account of the potential of renewable and decarbonised gas. Consultation with DSOs is a case in point.

Adequate participation and monitoring of Commission studies to convey the crucial role of gas infrastructure in the energy transition will be crucial.

Discussions on the role of gas infrastructure, whether as stand-alone or support for renewable electricity, will remain crucial with regard to ensuring a cost-efficient energy transition. Discussions on the role of storage and potential reform of the framework underpinning storage may become increasingly pressing considering advocacy from certain stakeholders.

Working Sessions and other workshops when possible.

- Response to ENTSO-E’s consultation on its next TYNDP.

Ongoing/planned:

- Participation of Eurogas in the sounding board of the sectoral coupling study is planned with the first meeting schedule for 21 November
- Regular liaison meeting with ENTSOG
- Consultation on its TYNDP

Contacts

Eurogas Committee/Working Group in charge:

- Wholesale Market Committee (WMC) – Chair: Giuseppina Squicciarini
- Distribution Committee (DIST) - Chair: Eva Hennig, Thüga

Secretariat contacts:

- Nicolas Jensen

Key Stakeholders

Commission:

- Dominique Ristori, Director-General, DG ENER
- Klaus-Dieter Borchardt, Director - Internal Energy Market, DG ENER
- Catharina Sikow-Magny, Head of Unit - Networks and Regional Initiatives, DG ENER

ACER:

- Alberto Pototschnig, Director
- Dennis Hesseling, Head of the Gas Department

Eurogas Issues Management

Last updated: 4 February 2019

Issue:

Energy Supply Security (Gas)

Priority: Yellow



Type of initiative:

A new Regulation on the security of gas supply

EU objective

The Commission had an obligation to review by December 2014 at the latest the current Gas Supply Security Regulation and where appropriate, recommend improvements (N°994/2010 Art. 14). This action took on a new urgency and much higher policy profile in the light of events in Ukraine and their aftermath. The focus of all the institutions has been on identifying and/or developing short and medium/long term security tools.

Eurogas position

Key messages

- A market-driven approach to enhance security of supply is essential, and non-market mechanisms should be fully justified before their introduction as a last resort.
- Ways should be found of enhancing regional cooperation, where this offers more efficiency than national solutions, but these should optimise flexible approaches of market dynamics and not be unduly rigid.
- A prerequisite of the solidarity mechanism and other aspects of regional cooperation is a full and transparent implementation of existing rules on gas supply security in each Member State.

Policy asks

- The security of gas supply issue should not be used as an argument to switch from gas use in the market, notably the heating market.
- The balanced approach advocated by the Council on contract transparency, although not wholly acceptable, should be maintained.
- The pared down and more flexible approach on regional cooperation reflected in the Council's work should be maintained.

Eurogas activities

Accomplished:

- Input during the Madrid Forum on 16/17 October
- Participation in an FTI/GSE workshop on storage on 4 October
- Participation in an FSR workshop on storage on 6 July
- Inputs to study on LNG and storage strategy.
- Letter to Maltese Presidency and other contacts setting out our views.
- Preparation of written positions, and delivery of main points in the Gas Coordination Group, the Madrid Forum and other meetings.
- Bilateral meetings with Commission representatives, Slovakian Presidency, MEPs/assistants, and written inputs.
- Amendments sent to the Rapporteur and co-Rapporteurs up to and including on the ITRE Compromise Amendments.

Ongoing/planned:

- Following implementation through the Gas Coordination Group.

Contacts

Eurogas Committee/Working Group in

State of play

The new Regulation is adopted and came into force on 11 November.

Additionally, although a study was prepared on LNG and storage strategy, the Commission has clarified that no further measures are currently planned.

The Commission has published its non-binding guidelines for regional cooperation by risk group in case the solidarity mechanism is activated, which Member States largely followed. A policy officer was designated for each group to provide a point of contact within the Commission.

The ENTSOG presented disruption simulations and offered help in providing tools for regional groupings to assess their preparedness to risk.

On the 18 February meeting of Gas Coordination Group, ACER announced two studies, one on the value of lost load for electricity which has been finalised and one on the cost of disruption of gas, **finalised in November 2018**.

The last GCG of 2018, which took place on 19 October, showcased the progress in the implementation of the SoS regulation, but also the huge challenge ahead. Indeed, with regard to compensation, some Member States made proposals on how to tackle this question. Nevertheless the question of responsibility, contracting and calculation of cost of compensation were still very vague. In this respect, stakeholders and Member States alike raised concerns to the Commission on how to implement compensation and solidarity.

Assessment

For the most part the compromises reached in the trilogue are acceptable. It is a matter of concern, however, that in the final agreed text the information exchange requires that natural gas undertakings have to notify contracts with the same supplier or its affiliates equivalent to 28 percent or more. This is highly intrusive in commercial business.

It is satisfactory that no rushed approach will be taken on LNG and storage issues, and questions raised will mature in the wider context of a possible future review of gas market design. The latter could now take the form of a legislative package to be published in 2020.

ACER studies on the cost of disruption will be monitored and the debates on SoS going forward.

charge:

- Strategy Committee (STC) – Chair: Andrea Galieti (ENGIE)
- Wholesale Market Committee (WMC) – Chair: Giuseppina Squicciarini

Secretariat contacts:

- Margot Loudon (RMC)
- Nicolas Jensen (DIST; WMC)

Timing of political/legislative process

European Parliament

Vote in plenary: 12 September 2017

Council

Trilogue: February → May

Adoption: June

Key Stakeholders

Commission:

- Dominique Ristori, Director-General, DG ENER
- Klaus-Dieter Borchardt, Director - Internal Energy Market, DG ENER
- Stefan Moser, Head of Unit - Security of Supply, DG ENER

European Parliament rapporteurs + shadow rapporteurs:

- Jerzy Buzek (EPP – P.) – Chair ITRE
- Theresa Griffin (S&D)
- Edward Czesak (ECR)
- Pavel Telicka (ALDE)
- Claude Turmes (Greens)
- Xabier Benito Ziluaga (GUE/NGL)
- Dario Tamburrano (EFDD)
- Barbara Kappel (ENF)

Council:

Maltese Presidency: Clive Gerada, Robert Portelli

Eurogas Issues Management

Last updated: 4 February 2019

Issue:
Gas Directive

Priority: Red



Type of initiative:
Proposal for modification

EU objective

To extend the scope of the Gas Directive to pipelines to and from third countries.

Eurogas position

Key messages:

The proposal raises a number of significant questions. These should be addressed in a full impact assessment and stakeholder consultation before the legislative process is continued.

Policy asks:

It should be ensured that a modification of the Gas Directive does not increase investment uncertainty **or security of supply**, thus jeopardising gas supplies through existing pipelines and creating unnecessary obstacles to pipelines that are not yet in operation.

State of play

The Commission (EC) issued its proposal on 08/11/2017 after the Council rejected a mandate to the EC to negotiate the conditions for the Nord Stream 2 pipeline with Russia on behalf of the EU. The rejection was based on the opinion of the Council legal service that the Gas Directive did not apply to pipelines from third countries. The EC issued the proposal accompanied only by a Staff Working Document, arguing that an impact assessment is not necessary because the proposal is merely a legal clarification and already widely applied in practice. Nevertheless, the EC launched a consultation after the publication of the proposal. About 30 replies were given of which one third was almost exclusively from Polish organisations and supportive of the proposal. Two thirds of the replies were from a mix of organisations and

Eurogas activities

Accomplished:

- **Eurogas press release on the Romanian Presidency proposal of Council position on the revision of the Gas Directive**
- Conversations with Austrian and Romanian officials
- Eurogas lunch with Energy Attachés on 25/05
- Eurogas position paper
- Voting recommendations to the EP
- Meeting between VP Sečovic and Klaus Schäfer on 26/01
- Meeting with the Bulgarian Presidency on 19/01
- Meeting with DG ENER Director on 18/01
- Meetings with MEPs + Assistants
- Eurogas lunch with Energy Attachés on 12/01
- Letter sent to MEPs + Energy Attachés
- Participation in hearings at the EP, EESC and CoR

Ongoing/planned:

- **Depending on developments**
- Eurogas participation in a meeting on future gas demand, related to the EC-RU-UA trilogue on 26/09 (presentation of the PRIMES study)
- Meeting with Austrian ministerial representatives in Vienna on 24/09

critical of the proposal.

The European Parliament complied with the EC's request for a fast procedure and scheduled a vote in the ITRE Committee for 21 February. However, Eurogas et al. pointed out the significant potential repercussions of the proposal and several MEPs from DE, AT, IT, GR, FI and BG achieved the postponement of the vote until 21/03 in favour of a hearing scheduled for 21/02. 142 amendments were submitted. These were diverse in calling for an impact assessment and deleting the main parts of the proposal on the one hand, and strengthening the proposal on the other hand by putting various short time limits on derogations and making them subject to EC approval. Compromise amendments only reigned in attempts to take the EC's proposals to extremes. Further opinions by the Council's legal service caused some debate, but the report, which is supportive of the EC's proposal, and a mandate to ITRE to start a trilogue with the Council and EC were adopted.

In the Council, most central and Eastern European countries oppose Nord Stream 2 and support the proposal. Even the German Chancellor Angela Merkel, although Germany is otherwise opposed to the proposal, has acknowledged the political nature of Nord Stream 2 and the need for assurances that transit through Ukraine will continue. At the same time, the EC struggles to keep a trilogue going with RU and UA. Although existing and planned Mediterranean pipelines are, in principle, also affected by the proposal, Italy and Spain have received assurances from the EC and are less inclined to oppose the Directive entirely. The two additional legal opinions confirmed that application of the Directive to the Exclusive Economic Zone (EEZ) would be incompatible with the United Nations Convention on the Law of the Sea (UNCLOS) and that Member States' sovereignty would be reduced. The BG Presidency text of 2018/1 proposed inter alia not to apply the Directive to the EEZ and to give greater flexibility to Member States for granting derogations. Consultation and discussion under the Austrian Presidency **showed divergence of positions which could be bridged following a proposal by the Romanian presidency. A decision on whether to open trilogues is expected during a COREPER meeting on Friday 8 February.**

Assessment

Current discussion in the Council based on a Romanian presidency proposal could lead to a compromise position on the side of the Council opening the way to trilogues

Eurogas Committee/Working Group:
Temporary Working Group on the Gas Directive

Secretariat:
James Watson
~~Nicolas Jensen~~

Timing of political/legislative process

Commission:
Proposal issued: 08/11/17
Stakeholder consultation: 06/12/17-31/01/18

Council:
Discussions under way

European Parliament:
Draft Report issued: 07/12/17
Amendments published: 26/01/18
Hearing: 21/02/18
Vote in committee: 21/03/18

Key Stakeholders

Commission:
Maroš Šefčovič, Vice-President
Miguel Arias Cañete, Commissioner
DG ENER:
Dominique Ristori, Director-General,
Klaus-Dieter Borchard, Director for
Internal Energy Market, DG ENER
Florian Ermacora, Head of Unit
Wholesale Markets; electricity and gas

European Parliament rapporteur + shadow rapporteurs:
Jerzy Buzek (EPP, PL), rapporteur
Dan Nica (S&D, RO)
Morten Helveg Petersen (ALDE, DK)
Claude Turmes (Greens/EFA, LU)
Zdzisław Krasnodębski (ECR, PL)
Neoklis Sylikiotis (GUE/NGL, GR)
Dario Tamburrano (EFDD/IT)
Barbara Kappel (ENF, AT)

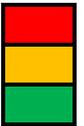
Council: Energy WG
Others: IOGP

Eurogas Issues Management

Last updated: 11 January 2019

Issue:
Gas Advocacy

Priority: Red



Type of initiative:
Eurogas own initiative

EU objective

Promoting and raising awareness of the role of gas (natural, decarbonised and renewable) in the energy transition and future energy mix vis-à-vis Brussels stakeholders in the short, medium and long term.

Eurogas position

Key messages

- Gas is a key element in a cost-efficient, secure and affordable low-carbon energy system.
- Its flexibility helps to back up and store electricity from renewable sources – both in centralised and decentralised systems.
- Gas has a key role to play in the Energy Union and in the EU's long-term energy and climate objectives.

State of play

Following the restructuring of committees in December 2017, a Gas Advocacy Working Group has been established within the Strategy Committee. It focuses on advocacy and communications activities drawing attention to the advantages of gas and its role in the EU energy mix. It will aim to increase Eurogas' credibility and enhance the reflection of its positions on key energy topics in the legislative process or political discussion. The Group will develop communications campaigns based on stakeholder mapping, and engage in social media, visual materials and social events. Among other issues, the Group will follow the Union-for-the-Mediterranean Platform on Gas and EU-Russia relations and will use the Scenario study.

The group has developed a narrative for Eurogas, a set of advocacy messages on key topics (continuous development), a list of stakeholders for external outreach,

Eurogas activities

Accomplished:

- Communications and advocacy work plan 2019-20 developed
- Narrative for gas developed
- Media engagement for new Secretary General
- In 2018: COP24 engagement (December, through GasNaturally), CEE conference (October), EUSEW (June), COREPER lunch (May), scenario study promotion, Annual Conference (March), website restructuring

Ongoing/planned:

- Eurogas Annual Conference 2019
- Promotion of the Eurogas narrative through video and brochure

Contacts

Eurogas Committee/Working Group in charge:

- Andrea Galieti (STC)
- WG Gas Advocacy:
Anton Buijs, Chair
Wouter Koopman, Vice-Chair



as well as a policy tracker, all aimed at advancing Eurogas advocacy efforts ahead of main legislative developments.

Key Stakeholders

- EU Institutions
- Think-tanks
- NGOs
- Academia
- Media
- Consultancies
- Industry peers
- Associations

Secretariat contact:

- Marina Demidova (Eurogas)
- **Felicia Mester (Eurogas)**