



EU Update

02 November 2023

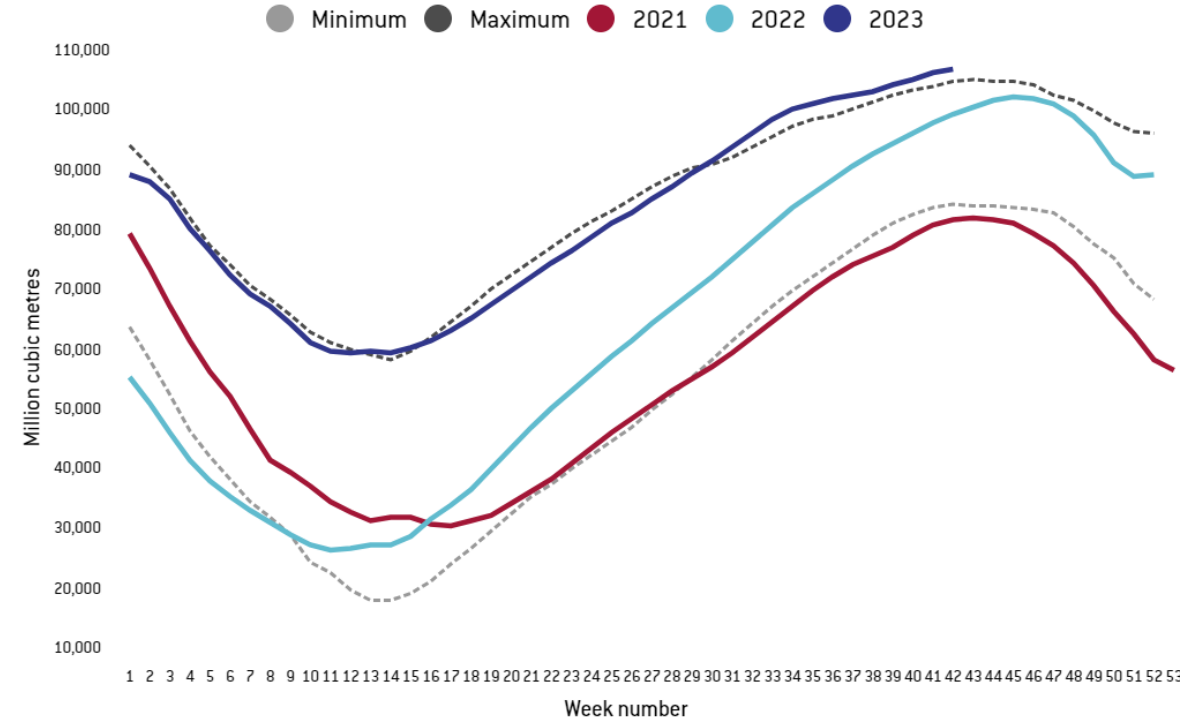
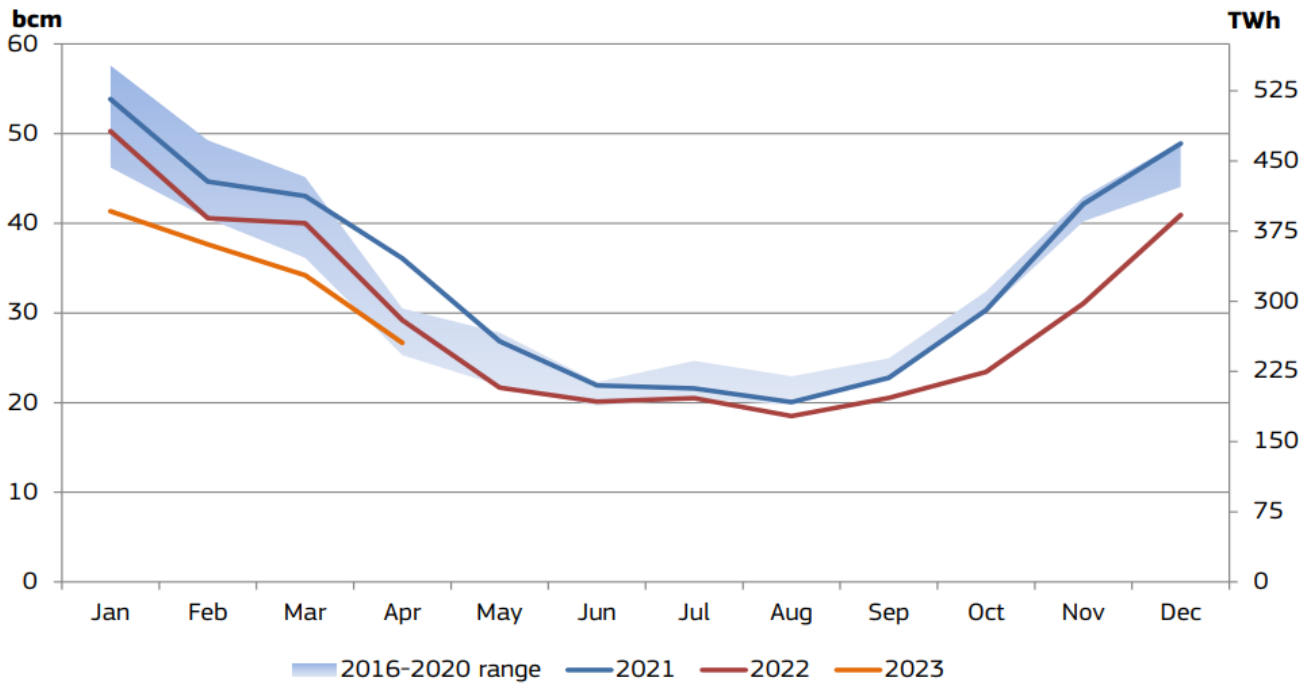


European activities within National Gas


- ✓ Monitoring of the European gas market and EU policies
- ✓ Membership to European organisations (e.g., GIE, European Hydrogen Backbone, GERG...)
- ✓ Secretariat of the EU-UK Joint gas TSOs Task Force
- ✓ Bi- or multi-lateral engagements with European stakeholders (for instance on the North Sea)

Security of supply status

EU Gas Storage facilities are **99%** full 



Source: AGSI: <https://agsi.gie.eu/#/>
 Note: Minimum and Maximum values are calculated from the period 2015-2020.

 EU gas consumption decreased by **13% yoy** (Q1 2023)

Source: Eurostat, extracted 4 July 2023 from data series nrg_cb_gasm. In the next edition of this report numbers might change retrospectively

Winter 2023/24

ENTSOG Winter Outlook

- Assumptions based on 3 scenarios
- **Reference winter:** No demand curtailment + final UGS filling level 10-56%
- **Cold Winter:** demand curtailment (from 2 to 20%) with final UGS filling level at 9%
- **Cold winter + demand reduction:** limited curtailment and final UGS filling level between 9% and 55%.
- Balticconnector: no immediate SoS risk
- Cooperation remains key

Winter Demand	RU supply	Storage Target	LNG Scenario	Demand curtailment	Final UGS filling level
Reference	Minimised	30%	Ref	No	32%
		30%	Low	No	22%
		Maximum	Ref	No	56%
	Disrupted	30%	Ref	No	32%
		30%	Low	No	10%
		Maximum	Ref	No	45%
Cold Winter	Minimised	30%	Ref	6% - 7%	9%
		30%	Low	17% - 18%	9%
		30%	Max	No	9%
	Disrupted	30%	Ref	9% - 12%	9%
		30%	Low	20% - 21%	9%
		30%	Max	2% - 7%	9%
Cold - 15%	Minimised	30%	Ref	No	32%
		30%	Low	2% - 3%	9%
		Maximum	Ref	No	39%
		Maximum	Max	No	55%
	Disrupted	30%	Ref	No	26%
		30%	Low	6% - 7%	9%
		30%	Max	No	32%
		Maximum	Max	No	44%

Source: ENTSOG

Crisis emergency responses: what's next?

- **Gas Storage Regulation**
 - > Assessment to be published by the Commission in February each year
 - > Filling obligations to end on 31 December 2025
- **Council Regulation on gas demand reduction target**
 - > Extension of the -15% voluntary target until 31 March 2024
- **Joint Purchasing & demand aggregation Mechanism**
 - > Third tender launched on 3 October 2023, open until March 2024
 - > Ongoing discussion to have a fourth tender open until 2029 (5-years long)
 - > Gas industry stakeholder raised concerns about a potential prolongation of AggregateEU
 - > the EC would like to use this mechanism for green hydrogen purchasing

Focus #1: EU Gas Package

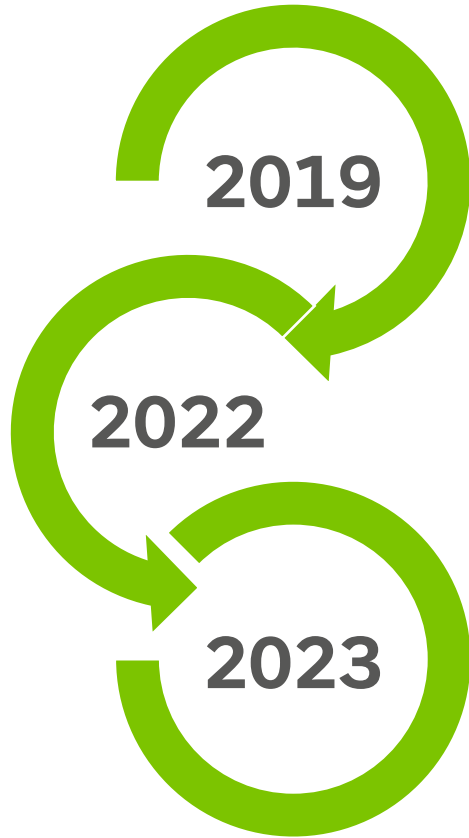


Relevant aspects from UK perspective:

Topic	Provision
Rules on interconnectors	New rules on hydrogen interconnector with third countries (operation, financing...)
Blending	Introduction of a blending thresholds at Ips (within the Union)
Tariff discounts	From 75% tariffs discount (for access to entry point from R&LC production and storage facilities) to full exemption at IP and entry/exit points with third countries
Certification of R&LC fuels	Introduction of an EU-wide certification scheme with a methodology to be developed via implementing acts
Network Codes and Guidelines	Updated rules to accommodate hydrogen – application to entry points from and exit points to third countries.

Focus #2: CAM NC revision

The Network Code on Capacity Allocation Mechanisms sets out how adjacent TSOs cooperate in order to facilitate capacity sales.



Issue raised by EFET via the FUNC Platform, pointing out the lack of efficiency for shippers in capacity booking at IPs. Counter-proposal made.

Public consultation launched by ENTSOG and ACER. Different views are collected

ENTSOG and ACER publish a series of solution addressing the issue:

- Introduce additional booking opportunities.
- Allow for advance booking of monthly and daily capacity products.
- Improve the efficiency of the allocation process
- Introduce more flexibility in the CAM rules

In October, ACER announced the revision of the CAM NC, with a public consultation running until January 2024

EU elections / political context

- **EU Work Programme 2024 published by the European Commission**
 - > European wind power Package (released last week)
 - > 2040 Climate Target (Q1 2024)
 - > Initiative on industrial carbon management
- **European elections from 6 to 9 June 2024**
 - > Climate ambitions and the energy transition should be intensively discussed
 - > The intentions of Mrs Von der Leyen are still unclear
 - > Key figures of the current Commission left/should leave
- **EU-UK cooperation perspectives**
 - > Energy is a key area of cooperation, involving both public and private parties
 - > Key challenges: secure energy supply and avoid regulatory divergences
 - > Revision of the EU-UK TCA implementation to be revised in 2026



Awareness: PRISMA Update

Short-Term Competition Algorithm Change

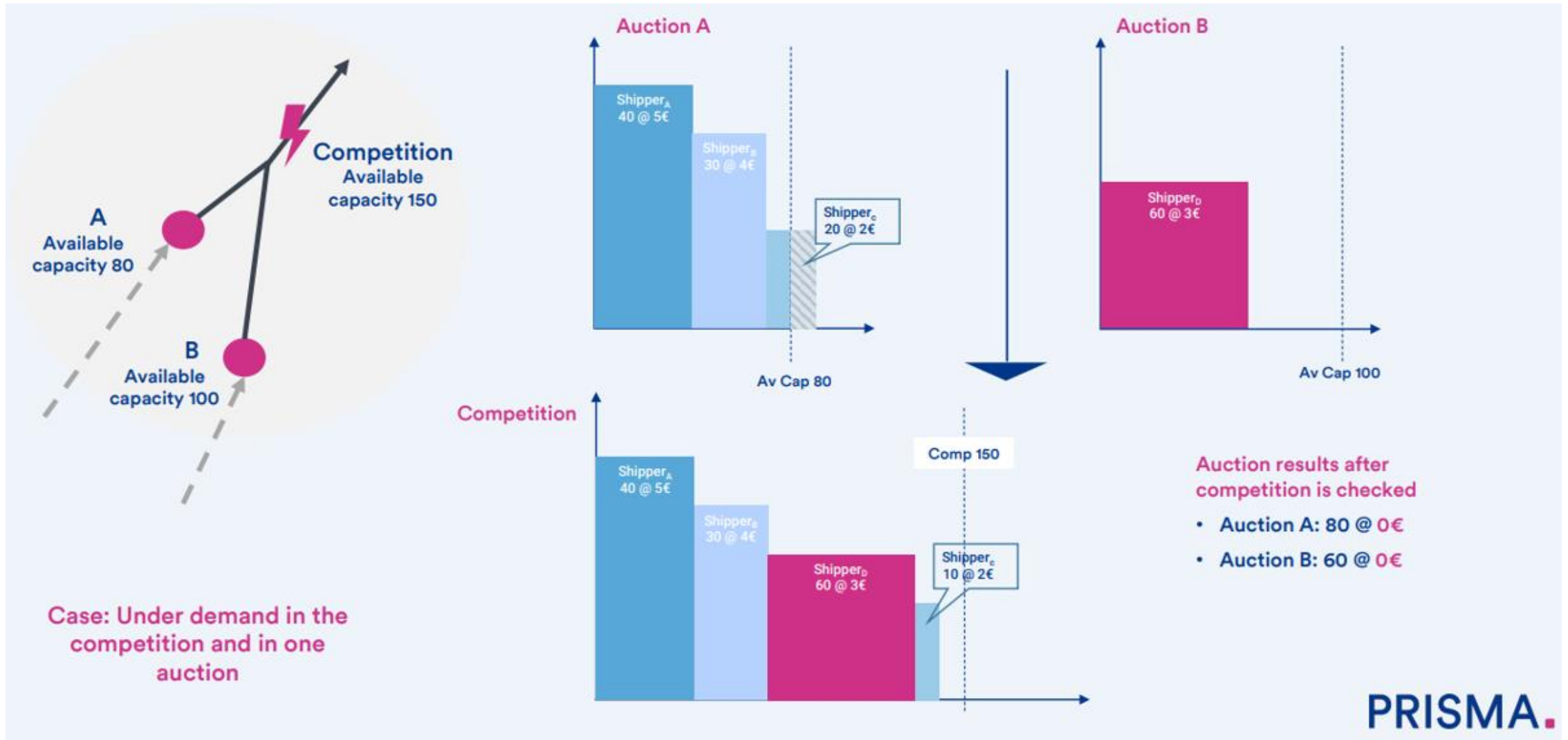
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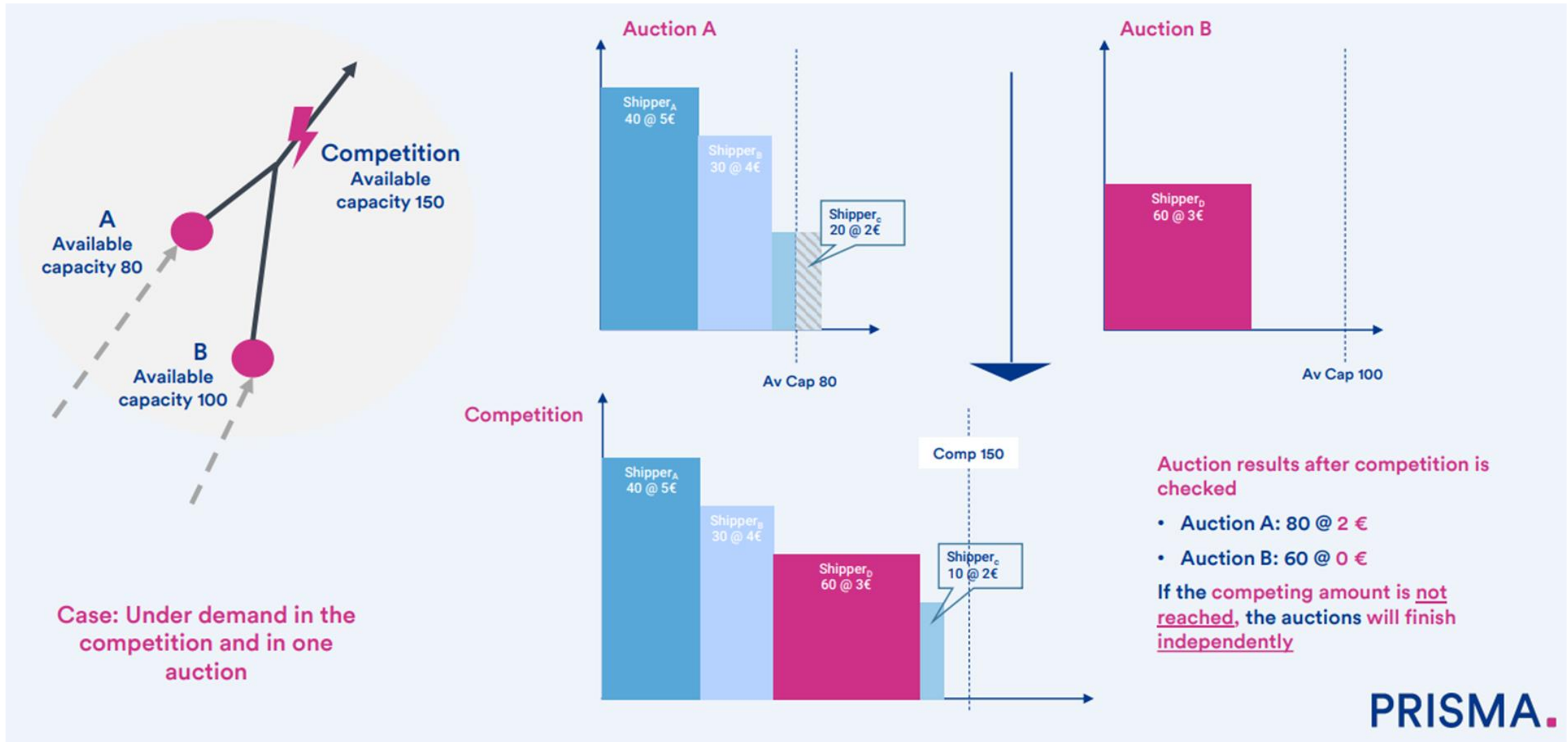
PRISMA Short-Term Competition Algorithm

- PRISMA is making a minor update to its Short-Term Competition Algorithm
- The updated uniform price algorithm will apply to competing auctions where an adjacent TSO is offering less capacity
- Under current scenario:
 - If a competing auction at an interconnector is over-demand for Auction A and under-demand for Auction B, a premium / surcharge is not applied where overall aggregate demand falls below total marketed capacity
- Under new scenario:
 - In the above instance, the premium / surcharge will be applied to Auction A due to aggregated over-demand

Current Process



Alternative Process



Next Steps

- If TSOs agree to the update, PRISMA has stated the change will be implemented shortly thereafter
- This algorithm change would then become standard across all TSO Interconnector Points
- Shippers would only pay the surcharge as entered at point of bid if the competing auction conditions are met
- Limited material impact expected – this change only comes into effect when offering less capacity than adjacent TSOs
 - Capacity limits at Bacton mean NGT rarely offers a competition scenario

Thank you

