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Towards one European Gas quality

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Strategic EU Energy Review

- ★ Overview of the Energy Package presented on 10 January, Energy Council and European Parliament reactions

- ★ The action plan
 - Low carbon – renewables
 - Low carbon – nuclear
 - Low carbon – research and technology
 - Energy efficiency
 - External relations and solidarity
 - Priority Interconnection plan
 - Internal market in the energy package





Internal energy market I

Improve non-discriminatory access to networks through:

- ★ Better unbundling of transmission network (ownership or ISO)
- ★ Reinforced position and coordination of regulators (ERGEG+)
- ★ Increased coordination of TSOs (including investment), through GTE+





Internal energy Market II

- ★ Transparency
 - ★ Network information
 - ★ Price formation
- ★ Access to storage
 - ★ GGPSSO monitoring by ERGEG
- ★ Investment framework
 - ★ Gas import infrastructure
 - ★ Supply diversification
 - ★ Flexibility
- ★ Access to households
 - ★ DSO unbundling
 - ★ Customer protection
 - ★ Meter reading

- ★ → Impact Assessment





Cooperation of TSOs

- ★ **European Energy Market needs European transport system**
- ★ **National differences are too big to allow undiscriminatory EU network access**
- ★ **Re-enforcement of cooperation mechanisms is needed**
- ★ **Coordinated network planning**
- ★ **Coordinated operation through minimum standards**





Gas quality and the internal market

I

- ★ National markets with national specifications
- ★ Market integration means diversification of gas sources
- ★ Increase of import-dependency
- ★ Growing importance of LNG
- ★ Different gas sources = different gas qualities





Gas quality and the internal market II

- ★ **Security of Supply: Short-term flexibility**
- ★ **Security of Supply: Attractiveness of the market**
- ★ **Competition: Access to markets**





Gas quality & the internal market

★ MEP Vidal-Quadras in the draft report by the European Parliament on the ‘Prospects for the internal gas and electricity markets’:

“The Rapporteur is concerned mainly by the lack of harmonised standards regarding natural gas. This situation causes uncertainty in the market as companies do not know if the gas they buy in one field would be allowed access into the different national networks. The Commission should strongly look into this problem and find a solution in a timely manner.”





Common EU gas quality

- ★ **EASEE-gas agreed CBP's on gas quality at Interconnection points**
 - ★ **Inventory of gas quality agreements and practices at IP's in the EU**
 - ★ **Gas affects the whole chain from production to the burner tip**
- **Commission has asked CEN to draw up gas quality standards in summer 2006**





Towards common EU gas quality standards – Plan de Campagne

- ★ **Common gas market needs common operational standards**
- ★ **Analyse influence of gas quality on supply chain and appliances**
- ★ **Test safe and reliable functioning of (vulnerable) appliances**
- ★ **Goal: establish gas as a real commodity so that gas quality is not an issue in gas-supply**





Mandate to CEN - goal

- ★ **Create EU-wide standards for gas quality: broadest possible within reasonable costs**
- ★ **Cost Benefit Analyses to assess impact on**
 - ↪ **Gas supply chain**
 - ↪ **Industrial appliances**
 - ↪ **Household appliances**
- ★ **Effects on safety, efficiency and environment for household appliances**
 - ↪ **Need for EU-wide testing programme**





Effect on households

- ★ **Testing Programme by CEN**
- ★ **Inputs for Cost Benefit Analysis**
- ★ **CEN BT/WG 197 “Gas Quality” has published call for tender for Terms of Reference:**
 - ↪ a market study to understand the existing appliance populations,
 - ↪ the existing certification practises,
 - ↪ the existing installation and inspection rules,
 - ↪ the testing of appliances.





Effect on Industrial gas consumers

- ★ **Analyse the costs and benefits for:**
 - ↪ large industrial consumers;
 - ↪ gas appliance manufacturers;
- ★ **Of the following impacts:**
 - ↪ competition in the appliances market;
 - ↪ effect of changes in gas quality on existing appliances;
 - ↪ replacement/adjustment of appliances
- ★ **Based on gas quality requirements and gas flow scenarios**





Effect on supply chain

- ★ **Analyse the costs and benefits for:**

- ↪ TSO's;
- ↪ producers;
- ↪ shippers, traders and suppliers;

- ★ **Of the following impacts:**

- ↪ gas quality in gas price differences in different zones/MS;
- ↪ gas quality in security of supply and gas supply interruptions;
- ↪ treatment of gas & gas processing;

- ★ **Based on gas quality requirements and gas flow scenarios**





Planning

- ★ **Commission to launch CBA on supply chain in 2007**
- ★ **Commission to launch CBA on appliances in 2008**

At the same time:

- ★ **CEN's call for tender closes October 2007**
- ★ **obtain Commission agreement**
- ★ **3 years for testing programme**
- ★ **2 years for final definition of standards**





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**Thank you very much for your
attention!**

