



Regulatory Challenges for a Sustainable Gas Sector

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Background

- CEER consulted on Regulatory Challenges for a Sustainable Gas Sector, including the Madrid Forum tasks
 - Avoid unintended interactions between regulated and contestable activities
 - Cross-border and security of supply impacts of potential decommissioning of gas infrastructures
- Stakeholder workshop on 30 April
- Consultation process closed on 17 May → >70 responses





Structure of consultation document



Regulatory challenges for
renewable gases



Infrastructure Investments and
Regulation



Adapting the Gas Market
Design



Scope of Network Operator Activities

- Unbundling is a fundamental pillar for achieving the objective of a well-functioning internal gas market
 - Network operators shall act as neutral market facilitators
- CEP reinforces this concept
 - Network operators principally should not own, develop, manage or operate energy storage facilities and recharging points for EV
- Current legal framework for gas leaves some “grey areas”

CNG/LNG fueling infrastructure

- involvement of network operators not prohibited but
- case-by-case examination necessary to ensure that involvement is limited to the technical operation of the CNG/LNG fueling infrastructure

Power-to-gas infrastructure

- power-to-gas plants are usually classified as gas production plants and
- network operators may not operate any gas production plants

Scope of Network Operator Activities

- Involvement of network operators in new activities could be assessed based on a conceptual tool
- Basic logic of this tool is to categorise the range of activities
 - Core regulated TSO/DSO activity
 - Activity by TSO/DSO allowed under conditions and with justification
 - Competitive non TSO/DSO activity
- Activities under conditions should be subject to a special justification or CBA
 - Do they bring net benefits to future and/or existing customers?

Scope of Network Operator Activities

- Limited involvement of TSOs and DSOs may be beneficial to “kick-start” the development of new technologies
- Conditions should limit the level of engagement, e.g.
 - Up to a critical size (e.g. MW of installed capacity)
 - For a certain period of time
 - Subject to transparency requirements

CEER proposal

- The regulatory framework should be technology neutral but allow for flexibility in order to develop pilot and demonstration projects
- Apply similar provisions of the CEP regarding conditions under which an new activity may be performed by TSOs/DSOs

Potential Decommissioning of Gas Network Infrastructures

- Most NRAs do not see a reason to act in the near future
- At national levels, a range of tools to deal with reduced capacity in regulatory frameworks exist
 - No universal solution exists but a balanced and case-by-case approach is necessary
 - It is important to consider the repurposing of gas infrastructure
 - CEER work to be published until 2020 on stranded assets at DSO level



Potential Decommissioning of Gas Network Infrastructures

- At EU-level, cross-border coordination is important
 - Affected adjacent MS should have the possibility to demonstrate that an asset in the other MS has a benefit to them (e.g. for SoS)
 - Benefitting MS should be offered the possibility to cover a fair level of the costs to maintain the asset alive
- Building on existing processes
 - TYNDP process for planning changes in capacity levels
 - CBA and CBCA for sharing decommissioning costs

CEER proposal

- NRAs could consider designing regulatory tools to deal with the risk of stranded assets
- A coordinated EU framework for the decommissioning of cross-border assets might be needed



Preliminary summary

- Market shall be given priority to deliver on new non-regulated activities
 - If the market cannot deliver, regulated entities may be involved, but this needs to be subject to conditions
- On decommissioning, most NRAs do not see a reason to act in the near future
 - Use of existing processes for cross-border assets as no-regret measure
- Next steps:
 - Thorough evaluation of consultation responses
 - Next steps in coordination between CEER and ACER
 - Final results could be presented at the next Madrid Forum

