

CEER

**Council of European
Energy Regulators**



Infrastructure challenges

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Context

- The objectives of decarbonization raise new questions on the future consumption of natural gas and the development of new gas sources
 - ▶ Demand: decrease is likely over the next decades
 - ▶ Supply: more injections at a decentralised level
- Developing green gas production could modify gas systems' architecture (with new roles for distribution)
 - ▶ Flows on existing infrastructures might decrease (depending on their location)
 - ▶ New developments could be needed to accommodate different flow patterns
- European Energy Regulators see the following dominant issues
 - ▶ The selection of investments will have to be stricter
 - ▶ The TYNDP gets even more importance
 - ▶ There may be stranded assets
 - ▶ Reduction in assets capacity may have cross-border consequences



Main regulatory challenges for infrastructure addressed

Long term planning and the governance of TYNDP

Coherence of EU legislation dealing with investment

Assessing the risk of stranded assets

Potential decommissioning of gas network infrastructures



The strategic importance of TYNDP development

- **Statements**
 - ▶ Uncertainties on the evolution of the gas sector in the long run, new investment decisions shall be carefully assessed
 - ▶ The TYNDP plays a crucial role in accurately reflecting the EU energy policy orientations
 - ▶ Long term scenarios building requires independence and neutrality
- **Proposals**
 - ▶ Stronger oversight by ACER and NRAs of ENTSOG TYNDPs, CBA methodology and underlying scenarios
 - ▶ Potential approval of the TYNDP
- **Stakeholders' reactions**
 - ▶ They see an important role for ACER and regulators, even beyond the existing legal provisions (except infrastructure operators)

PCI selection and regulation

- **Statements**

- ▶ The EU legislation lacks coherence as far as infrastructure is concerns
- ▶ PCI selection criteria are designed for natural gas

- **Proposals**

- ▶ Better coherence between the CAM NC incremental capacity approach for new investments (based on market tests) and the PCI process
- ▶ Introduce green gas development among the criteria for selecting PCIs

- **Stakeholders' reactions**

- ▶ In terms of PCIs, respondents largely support the inclusion of parameters relating to green gases.
- ▶ They are reluctant about cross-references between Regulation 347/2013 and the CAM network code.

Risk of stranded assets

- **Statements**

- ▶ Although it is not certain if and to what extent gas consumption will decrease, at least locally, some infrastructures could be less used
- ▶ Avoiding stranded assets starts with being prudent before launching new investments
- ▶ The possible decommissioning of gas infrastructures could have cross-border impacts

- **Proposals**

- ▶ NRAs may consider designing regulatory tools to deal with the risk of stranded assets.
- ▶ But touching upon tariffs and depreciation would be of last resort
- ▶ An efficient management of infrastructure is the responsibility of operators (bearing part of the risk)
- ▶ A coordinated framework for the decommissioning of cross-border assets should be implemented, similar to investment

- **Stakeholders' reactions**

- ▶ Respondents' views on stranded assets are mixed, many do not see it as a short term issue
- ▶ They agree that cross-border coordination is necessary when addressing capacity reductions
- ▶ Security of supply must be preserved



Thank you for your attention!

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