

Infrastructure challenges

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Fostering energy markets, empowering **consumers**.

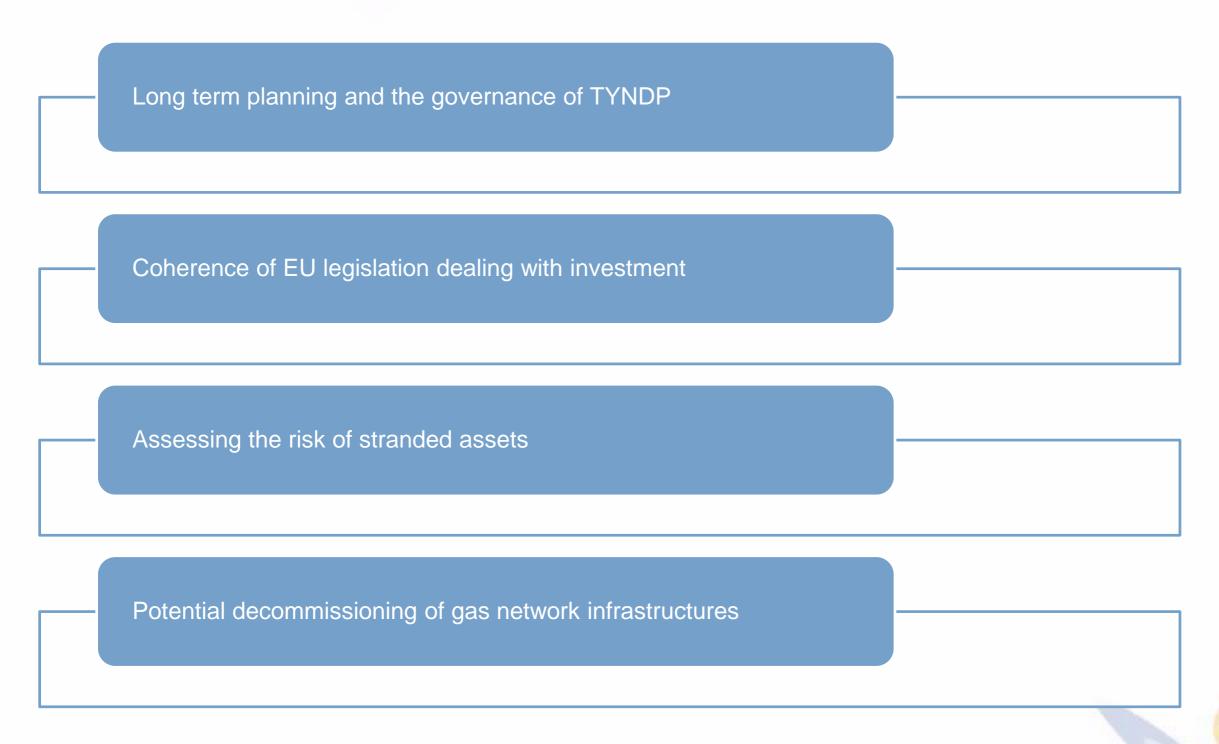


Context

- 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 accomodate 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





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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