



Central Eastern Europe Gas Regional Investment Plan 2017 Public Consultation Report

After a conjoint effort, the Transmission System Operators (TSOs) of Central Eastern Europe region released their Gas Regional Investment Plan 2017 (CEE GRIP 2017) on May 19, 2017. The document is available on ENTSOG website as well as on websites of involved TSOs.

The CEE GRIP 2017 publication was announced by ENTSOG press release (Brussels, May 19, 2017, PR0132-17) and involved TSOs informed directly relevant stakeholders from their country about publication of the CEE GRIP 2017, opening of the public consultation and possibility to register to a workshop.

With the CEE GRIP 2017 release, all stakeholders were encouraged to provide comments and/or remarks within the public consultation process which was open from May 19 till June 9, 2017.

All concerned stakeholders were also invited to participate in a workshop, which was scheduled to take place on June 20, 2017 in Prague. The deadline for the workshop registration was set to be June 9, 2017.

All remarks along with relevant comments on the CEE GRIP 2017 and registration requests for the workshop should have been sent in English to Zuzana Procházková (ceegrip@net4gas.cz).

This edition of the CEE GRIP was coordinated by NET4GAS, s.r.o. (the gas TSO in the Czech Republic).

I. Public Consultation

The CEE GRIP public consultation was open from May 19 till June 9, 2017. The CEE GRIP coordinator received remarks from two stakeholders, when one stakeholder sent supplementary comments also after official deadline. The coordinator was informed in advance of this fact.

Company/organization name:	Contact person	Country	Remarks received on
Energy Regulatory Office	Peter Ištoňa	Czech Republic	June 9, 2017
PGNiG S.A.	Dorota Mosakowska	Poland	June 9, 2017
PGNiG S.A.	Krzysztof Fal	Poland	June 12, 2017

After June 12, 2017 the CEE GRIP coordinator did not received any other remarks on the CEE GRIP 2017.

A. Received Comments, Remarks and Settlement

The following are the received comments and remarks from the public consultation along with their settlements:

Organisation and contact details	
Company/organization name:	Energy Regulatory Office
Contact person:	Peter Ištoňa
Comments/remarks received on:	June 9, 2017

Received comments/remarks to the CEE GRIP 2017

Sequential number of investment	TYNDP 2017 Project code	Sheet in GRIP CEE 2017 project data (Annex A)	Enter Data field	Enter TYNDP 2017 Data	Enter Data corrected by NRA	Comments / remarks on data corrected / or project
1	TRA-N-136	Main information	Comissioning year	2019	2020*	according the latest data of NDP; *unofficial information indicates additional postponement to year 2022.
2	TRA-N-919	Main information				According the latest information from TSO side. TSO will withdraw from this project due to loss of interest on capacities from shippers side.
3	TRA-N-135	Transmission Projects	Compressor Power	2	0	According the latest data of NDP, additional compressor power is not indicated .
4	TRA-N-752	Main information	Comissioning year	2020	2021	According the latest data of NDP the commisioning of second stage of project is expected in 2021.
6	TRA-N-133	Main information				Based on the survey results, there is no sufficient demand for transmission capacity between the Czech Republic and Austria. ERU has fundamental objections against the inclusion of this project in TYNDP and the NDP.**
7	TRA-N-135	Main information				Based on the survey results, there is no sufficient demand for transmission capacity between the Czech Republic and Austria. ERU has fundamental objections against the inclusion of this project in TYNDP and the NDP.**

** Regarding to justification, ERÚ refers to the justification contained in its comments on TYNDP of Czech Republic 2017-2026 in public consultation process.

Settlement

The remarks from the Energy Regulatory Office are related to the CEE GRIP 2017 Annex A. The Annex A: Infrastructure Projects is extract of the Community-wide Ten-Year Network Development Plan 2017 (hereinafter also TYNDP) Annex A and consists of only projects which geographically belongs to the Central Eastern Europe region. Due to the fact that the CEE GRIP 2017 Annex A is just extract of the TYNDP 2017 Annex A, it presents the same projects' information as was published in the TYNDP 2017 (final version of the TYNDP 2017 was published at the ENTSOG webpage on April 28, 2017).

The CEE GRIP 2017 is the first edition which is fully based on a harmonised data set, as was used for developing the TYNDP 2017. It ensures consistency between these two reports. Since the CEE GRIP 2017 was published after the TYNDP 2017, where the projects status reflects the situation as of May 2016, the contributing TSOs in the CEE GRIP took the opportunity to present the updated commissioning years of the infrastructure projects planned in this region. These updates are presented in the CEE GRIP chapter 2: Infrastructure Projects in the CEE Region.

All received remarks from the Energy Regulatory Office are related to the projects which belongs to the one project promoter, NET4GAS, s.r.o. The effected project promoter prepared following settlement of received remarks:

Sequential number of investment	TYNDP 2017 Project code	Sheet in GRIP CEE 2017 project data (Annex A)	Enter Data field	Enter TYNDP 2017 Data	Enter Data corrected by NRA	Comments / remarks on data corrected / or project	Project promoter's comment
1	TRA-N-136	Main information	Commissioning year	2019	2020*	according to the latest data of NDP; *unofficial information indicates additional postponement to year 2022.	Chapter 2, Table 2.5: Updated expected commissioning year of project TRA-N-136 is 2022.
2	TRA-N-919	Main information				According to the latest information from TSO side. TSO will withdraw from this project due to loss of interest on capacities from shippers side.	Chapter 2, Table 2.5: The project TRA-N-919 is cancelled.
3	TRA-N-135	Transmission Projects	Compressor Power	2	0	According to the latest data of NDP, additional compressor power is not indicated.	Chapter 2, Table 2.5: The project is on hold. However if the project will be realized the additional compressor power in range 2-5 MW is planned.
4	TRA-N-752	Main information	Commissioning year	2020	2021	According to the latest data of NDP the commissioning of second stage of project is expected in 2021.	Chapter 2, Table 2.5: The expected commissioning year of the first stage is still 2019. The commissioning year of the second stage is currently updated to 2021.
6	TRA-N-133	Main information				Based on the survey results, there is no sufficient demand for transmission capacity between the Czech Republic and Austria. ERU has fundamental objections against the inclusion of this project in TYNDP and the NDP.**	The project is jointly planned by Czech TSO (NET4GAS, s.r.o.) and Austrian TSO (GAS CONNECT AUSTRIA GmbH; ENTSOG ID TRA-N-021). The project is an element of the Priority Corridor North-South Gas Interconnections in Central Eastern and South Eastern Europe, part of the effective 2nd PCI list (project no. 6.4) and in the State Energy Concept of the Czech Republic, developed by the Ministry of Industry and Trade and approved by the Government, the project is mentioned in order to support the Czech energy targets/priorities. The targets of the project is mainly the market integration and fostering competition at the Czech and Austria gas markets when positive effects on the gas prices at the respective gas markets are expected.
7	TRA-N-135	Main information				Based on the survey results, there is no sufficient demand for transmission capacity between the Czech Republic and Austria. ERU has fundamental objections against the inclusion of this project in TYNDP and the NDP.**	The project reacts on market interest for a connection of the Czech and Austrian transmission systems which appeared some years ago, however a specific market survey for this project has not been performed yet. The project development is currently on hold because of the development of alternatives.

** Regarding to justification, ERU refers to the justification contained in its comments on TYNDP of Czech Republic 2017-2026 in public consultation process.

Organisation and contact details	
Company/organization name:	PGNiG S.A.
Contact person:	Dorota Mosakowska
Remarks received on:	June 9, 2017

Received comments/remarks to the CEE GRIP 2017

Dear Sirs,

Please find below ours comments to CEE GRIP 2017:

1. In order to develop liquidity of trade among neighbouring markets, it is necessary to provide physical export capacity from Poland corresponding to the import capacity at the GCP and at the Cieszyn point, at a constant rate throughout the entire gas year. Regarding the project „TRA - N - 273 Poland - Czech Republic interconnection (PL section)” on page 25 of the CEE GRIP, for which the expected launch year was moved from 2019 to 2022, we point out the need to start up reverse capacity on the existing Czech Republic delivery point to Poland with capacity corresponding to existing capacity in the basic direction.

This is particularly important in case of potential problems and delaying the implementation of the mentioned project TRA-N-273. Moreover, in regard to the TRA-N-814 "Upgrade IP Deutschneudorf and Lasow" project mentioned on page 23 of the CEE GRIP, the physical reverse from Poland to Germany at the Lasów point should be allowed at the level corresponding to the export capacity in the basic direction.

2. The capacities of IM Wierzchowice and GIM Kawerna presented in the assumptions for the CEE GRIP Regional N-1 analysis for the years 2020 and 2025 do not take into account the planned and ongoing development of the transmission system, which will result in increased capacities of these gas storages in specified periods.

Z poważaniem / Best Regards,

Dorota Mosakowska

Z-ca Dyrektora Departamentu Logistyki i Rozliczeń

Oddział Obrotu Hurtowego

Settlement

1. The first part of the remarks received from the company PGNiG SA are related to the specific projects which belongs to the two projects promotes – GAZ-SYSTEM S.A. and ONTRAS Gastransport GmbH; indirectly, also NET4GAS, s.r.o. is involved through the project TRA-N-136 Poland-Czech Republic Interconnection (CZ), which is mirror project to project TRA-N-273. The effected project promoters prepared following settlement of the received remarks:
 - a) Establishing the reverse flow at IP Cieszyn/Český Těšín was analysed from the technical and economic perspective by GAS-SYSTEM S.A. and NET4GAS, s.r.o. The results of joint studies showed that such a measure is economically not feasible. Therefore, the commissioning of a new cross-border interconnection between Poland and the Czech Republic (the projects TRA-N-273 and TRA-N-136) is the most efficient way to create a large transportation corridor between both systems. This will contribute to enhanced cross-border trading, including as mentioned in the PGNiG remark by allowing shippers to transport gas in the direction from Poland to the Czech Republic and possibly other countries in the CEE region. The commissioning of the project was postponed to 2022 based on the Memorandum of Understanding that was signed by the Polish and the Czech prime ministers on 12 December 2016. The enhancement of capacities at the Polish-Czech border is also evaluated by both TSOs as part of the incremental process based on the network code on capacity allocation mechanisms.
 - b) Regarding the capacity increase at the GCP GAZ-SYSTEM/ONTRAS
TRA-N-814 aims at providing physical flow for the GCP GAZ-SYSTEM/ONTRAS in the direction GASPOOL entry. For the time being, the two grid operators plan to offer common technical capacity (based on the increase of the physical flow at the station Lasów – off-take at the ONTRAS grid) at the level of approximately half of the corresponding exit capacity from GASPOOL to Poland. GAZ-SYSTEM and ONTRAS are currently in discussions about the technical details. Moreover, this planned capacity enhancement is also evaluated within the incremental capacity process 2017, conducted by the two companies.
2. As a main rule the CEE GRIP 2017 (including the regional N-1 analysis) takes into account the input data on existing infrastructure and planned investment projects that was submitted to the TYNDP 2017. The dataset is accessible in the Annex C to the CEE GRIP 2017 and relevant annexes to the TYNDP 2017. As ENTSOG was not informed by the project promoter about the developments in IM Wierzchowice and GIM Kawerna, the TYNDP 2017 and the CEE GRIP 2017 do not reflect increased capacities resulting from implementation of these projects.

Organisation and contact details	
Company/organization name:	PGNiG S.A.
Contact person:	Krzysztof Fal
Remarks received on:	June 12, 2017

Received comments/remarks to the CEE GRIP 2017



PGNiG position on the Central Europe Gas Investment plan 2017

- Level of development of gas markets among the EU is varied and therefore there is no “one size fits all” solution. Investment plan for the CEE region should be adjusted to situation of this region. The CEE region is facing significant problems with domination of single supplier. This market situation makes regional gas markets more vulnerable to disruptions of gas supply resulting from the abuse of dominant position, and is blocking potential of this gas market.
- Since diversification of supply sources should be considered as one of main drivers for infrastructure development all possible sources should be thoroughly analysed for their potential.
- Current data lead to distorted view – they don’t take into account how project will influence competition on both EU and regional gas markets as well as the security of gas supply. Some projects need to be considered as providing more added value for integration of the Internal Gas Market than the others. In particular, sources of supply diversification infrastructure such as connection between Norwegian Continental Shelf and Poland through Danish transmission system or PL-UA connection should be considered as crucial as these projects enhance diversification of supply sources. According to Eurostat data, in 2014 the CEE region in 67% was dependent on supplies from single source. Further integration requires new infrastructure projects which will bring diversification for CEE markets. Otherwise, instead of boosting competition, further integration will jeopardize competition in the European market and other achievement of the Energy Union.
- The CEE region, due to expiration of the long-term contracts in 2020s, is facing great opportunity to decrease its level of dependence on the single supplier. However, enhancing development of the regional gas markets requires new infrastructure providing affordable gas from independent sources.
- New supply sources will release full potential of gas on these markets. We are expecting increased utilization of gas in the electricity mix (particularly as RES backup; moreover gas should play key role in the process of grid integration of RES) and in the road

transport. Given above, all assumptions concerning decrease of gas demand in the region should be considered as incorrect.

- There is no explanation for taking into account only the green revolution scenario from the TYNDP. In our opinion, infrastructure needs should be examined under all scenarios specified in the TYNDP.
- The world LNG market gives Member States great opportunity to diversify their portfolio. Global LNG prices are decreasing, and in consequence LNG will be competing with piped gas. Specifically, it provides more flexibility than natural gas from pipelines and therefore is enabling Member States to adjust their supplies to actual needs. However, in process of ensuring reliable gas supply to the CEE region, it is needed to ensure synergy between piped gas and LNG. Therefore, new investments shouldn't be limited only to investments in the LNG or pipeline infrastructure.
- In our opinion, extension of the LNG Terminal in Swinoujscie (TYNDP Project code LNG – N – 272) and construction of the NCS – Poland Pipeline (including Baltic Pipe project; (TRA-N-271, TRA-N-428, TRA-N-780) will give an opportunity to boost development of this market. These projects will provide to Member States from the CEE region access to affordable gas and to flexible contracts addressing all specific needs of particular Member State. Additionally, LNG Terminals gives an opportunity to buy gas in spot transaction with bargain price.
- New sources of diversified gas will enhance development of regional gas market and will enable further integration of these region with rest of the EU. Moreover, higher utilization of gas will contribute to climate targets. Particularly, gas should play key role in process of increasing share of the RES in the energy mix of Member States from the CEE region. Higher utilization of gas in the road and marine transport will help Member States to decrease GHG produced by transport.
- The CEE region should avoid projects strengthening position of dominant supplier to this region. Particularly, Nord Stream 2 (TRA-F-937) and its accompanying projects should be considered as harmful for region and therefore, these project shouldn't be considered during works on the infrastructure development plan. First of all, Russia cannot be considered as reliable supplier – since Polish accession to the EU there was number of unjustified gas disruptions with political, not technical purposes. For example, when Member States from the CEE region decided to transmit gas to Ukraine, during dispute between Naftohaz and Gazprom, disruptions in gas flow to these countries occurred.
- Moreover, Gazprom has been abusing its dominant position in the CEE region for years by introducing illegal clauses to gas contracts with undertakings from this region or by selling gas for higher prices than for the Northern/Western Europe.

Settlement

The TSOs involved in the CEE GRIP 2017 appreciate the feedback received from PGNiG SA. It will be taken into consideration in the development process of the next CEE GRIP edition.

The assessment of the infrastructure resilience in the CEE region was done for all demand scenarios which were used in the TYNDP 2017 (i.e. Blue Transition, Green Evolution, EU Green Revolution demand scenarios) – all results can be found in the Annex B to the CEE GRIP 2017. The CEE GRIP 2017 (and the previous editions) provides analyses focussing on specific regional matters of supply, demand and infrastructure. It provides a specific regional view with a focus on the impact of a number of different scenarios on potential future gas infrastructure needs in the CEE region. This covers, among other things, the implications and risks resulting from supply disruptions from the eastern direction and dependency on a single gas supplier. The evaluation of individual planned projects is not part of the CEE GRIP.

II. Workshop

The workshop was scheduled to take place on June 20, 2017 in Prague. The deadline for the workshop registration was set to June 9, 2017. By the deadline the CEE GRIP coordinator has received 8 registration requests for the workshop from subjects listed below (of which 3 registrations are from involved TSOs). One registration was received after the deadline.

Company/organization name:	Country	Participant name
eustream, a.s.	Slovakia	Andrea Seková
Plinacro, d.o.o.	Croatia	Elizabeta Hribar
GAZ-SYSTEM S.A.	Poland	Artur Woźniak
PGNiG S.A.	Poland	Krzysztof Fal
Energy Regulatory Office	Czech Republic	Martin Svoboda
Ministry of Foreign Affairs of the Czech Republic	Czech Republic	Magdaléna Stanzelová
Ministry of Industry and Trade	Czech Republic	Martin Pejřimovský
Consultant to Nord Stream 2 AG	Switzerland	Ralf Dickel
MET Holding AG ^{*)}	Switzerland	<i>contact person:</i> Ivchev Kamen

^{*)} Registered after the deadline.

Due to the registration of a small number of participants on the workshop, it was decided that the workshop will not take place, as it would be inefficient. The registered participants were informed about the decision via email on June 12, 2017 and were offered an alternative opportunity to send any follow-up questions/remarks, which they wished to raise and discussed at the workshop via ceegrip@net4gas.cz. The registered participants were also informed that the obtained remarks, together with their settlements will be the part of this consultation report and that they will be made public on the ENTSOG's website. The appointed deadline for these additional remarks was set to be June 20, 2017.

The CEE GRIP coordinator did not receive any other comments or remarks which are listed above in chapter A: Received Comments, Remarks and Settlement.

III. Closing of the Public Consultation Process

Comments and remarks received during the public consultation and workshop will be taken into account for the preparation of the next CEE GRIP edition and are part of this CEE GRIP 2017 Public Consultation Report, which is available at the ENTSOG webpage.