



Regional gas market co-operation
3.6.2020

Regional outage coordination and communication

- Regional gas system outages create harmful consequences to the market unless outages are well coordinated and communicated in good time before they are executed – regulation gives a minimum boundaries for TSO's but it is not enough to meet the requirements of our regional market.
- TSOs had a meeting in May to create clear process for an outage coordination. Aim is to
 - minimize market influence of outages by scheduling maintenance works efficiently.
 - provide as much transparency and predictability to the market as reasonable possible.

Gasgrid drives forward the following schematic approach for outage coordination and communication:

- **Tier 1:** Outages for near term period (i.e. year / gas year) – execution time is fixed on weekly level and influences of the outages are described with indicative capacity values. Plan communicated jointly well ahead.
- **Tier 2:** Outages for the selected following years – Execution time and exact influence are not clear but events are listed and communicated to the market.

On-going regional co-operation initiatives

- **Regional market development (started 2017)**

- Create as competitive market area as possible between Finland, Estonia, Latvia and Lithuania by facilitating competition, efficient use of infrastructure and high-level services to the market

- **Operations and Maintenance coordination (started spring 2019)**

- Create efficiency in infrastructure use, enhance security of supply and provide openness, timely information and better visibility for all market participants

- **Green gases co-operation (new)**

- Promote green gases by exchanging information and coordinating plans in areas of Guarantees of origin (green certificates) framework (scheme, IT solutions, potential for cross-border transfer); Works on Power-to-Gas solutions, activities with ENTSOG, EC

Regional gas market development

- **Four-TSO (of the Baltic countries and Finland) joint consultancy study in process to research the following questions:**
 - *“How does the removal of entry and exit tariffs on the Latvia-Lithuania border impact the flows, wholesale gas prices and consumer surplus in Finland, Estonia, Latvia and Lithuania in different gas price scenarios for 2022-2030?”*
 - *“Entry-point price harmonization and effects of possible discounts for entry points from non-third-country entry points: is there a rationale for such discounts, how do they impact wholesale gas prices in the area, and do they provide any additional impacts in different scenarios 2022-2030, and how should possible entry-point discounts be treated in the inter-TSO-compensation solution between the TSOs?”*
- **Status:** Modelling assumptions and first simulations under preparation, results on tariff study and outlook on tariff area development will be available by Q3/2020, TSOs to jointly communicate results
- **Goal of the study:** find understanding whether a solution for a four-country entry-tariff area and ITC-mechanism can be found

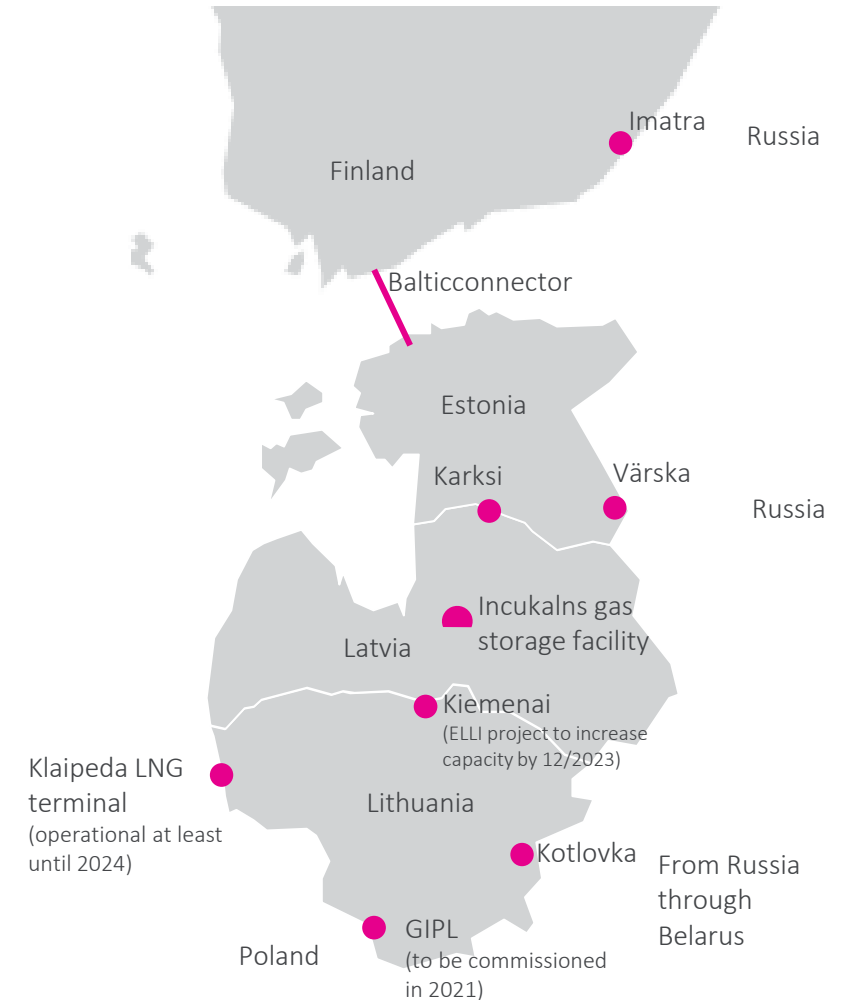
Regional gas market development (continued)

- TSOs have started evaluation to find the best model for **deepening integration** including operating models, system balancing, congestion management
 - Results available: Q3
 - Update of action plan for 2021 in Q4
- **No changes on regional market design expected for autumn 2020 or 2021 from TSO preparations**
 - NOTE! Balticconnector capacity allocation mechanism decisions from NRA expected during June



Regional outage coordination

- Regional gas system outages create harmful consequences to the market unless outages are well coordinated and communicated in good time before they are executed – regulation gives a minimum boundaries for TSO's, but it is not enough to meet the requirements of our regional market.
- TSOs had a meeting in May to create clear process for an outage coordination. Aim is to
 - minimize market influence of outages by scheduling maintenance works efficiently.
 - provide as much transparency and predictability to the market as reasonable possible.
- **Tier 1:** Outages for the next gas year and calendar year (i.e 1.10.2020 – 31.12.2021) – execution time is fixed on weekly level and influences of the outages are described with indicative capacity values.
- **Tier 2:** Outages for the next 2-5 gas years – Execution time and exact influence are not clear, but events are listed and communicated to the market.



Green gases

- TSOs have decided to establish a working group on **green gases**
- **Goal: Exchange information and coordinate plans** in areas of:
 - Guarantees of origin (green certificates) framework (scheme, IT solutions, potential for cross-border transfer);
 - Information sharing on works on Biomethane, Power-to-Gas solutions: analysis, planned projects, policy etc.
- Outcome or work group activities:
 - Avoidance of actions, and analysis duplication;
 - Sharing good practices
 - Harmonization of policies, rules, etc., incl implementation of RED II requirements
 - Potential common projects



Discussion

- Feedback on current regional market model
- Expectations towards regional co-operation initiatives and ongoing development work
- Key priorities from market point of view
- Expectations towards TSOs
- Other issues