

Third EU Energy Package: how to escape capacity deficit within 10YNDP in gas? A vision from the abroad

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Our vision is based on the centralized and thus coordinated between corresponding TSOs within the EU regular open seasons organized on roll-over basis. Such coordinated open seasons should establish a backbone of the regularly updated ten-year network development plans (10YNDPs). Organized on an annual or bi-annual basis, such open seasons should provide the market demand for new transportation capacity throughout the EU. Capacity booked by the shippers will provide adequate financial guarantees for TSOs to invest in developing transportation capacities adequate to booked demand of the shippers for them. So TSO should invest if/when open season results in new (incremental) booked capacity. Such coordinated procedure can be done only on the basis of strong coordination between the TSOs so that entry and exit capacities for each newly established regional zones (which according to the Third Package should be organized on an entry-exit basis) will correspond to each other and will not create a mismatch of entry-exit capacities. Such coordination should be achieved only on the basis of the inter-EU coordination based on centralized IT-based dispatching of gas flows in order to exclude appearance of contractual mismatches (when available transportation capacities will not be adequate to supply obligations of the shippers). This is needed in order to provide to market players long-term booking of the transportation capacities throughout a number of regional zones in order to create an opportunity for a long-distance gas transportation to a final consumer located in a distant regional zone. This will lead to a total liquidation of such phenomenon as “regular capacity deficit” and, in turn, will result in no need of organization of regular auctions on access to transportation capacities since if there is no deficit – there is no need in auction as one of the means of non-discriminative access to transportation capacities in deficit. Auctions as a mechanism of access to transportation capacities will be needed only through an interim period. During such period the newly established procedure based on multiple coordinated open seasons will totally diminish to zero capacity deficit of a systematic character. Approximate duration of such interim period will be equal to an averaged development time of new transportation capacities within the EU. In the worst-case scenario this can exceed 10 years (as of today, appr. 4 years of construction and up to 6-7 years of receiving corresponding permissions), but the earlier to start – the earlier to receive final result. Afterwards, auctions as a mean of access to transportation capacity will be needed only in cases of unexpected sharp supply-demand fluctuations, but not on a regular basis.