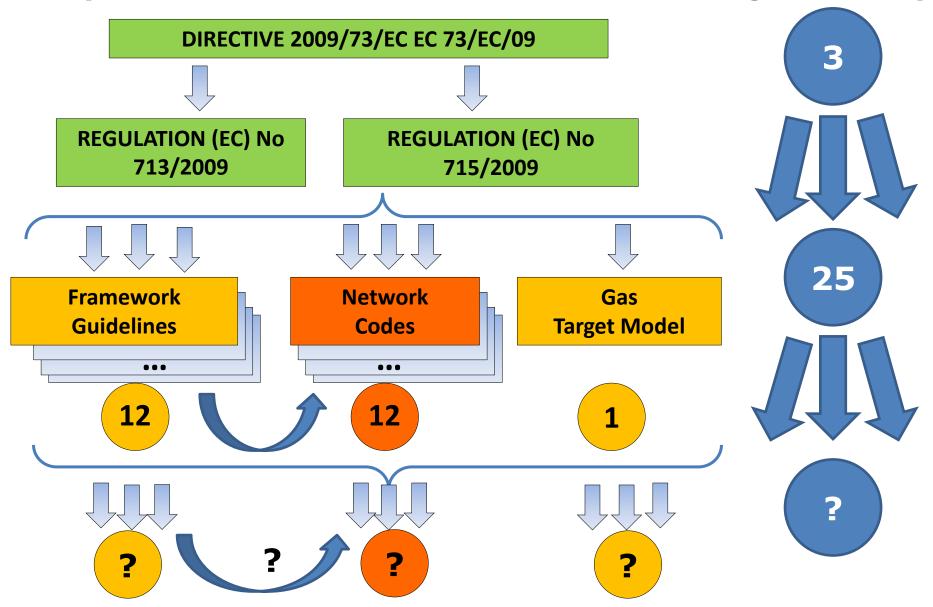
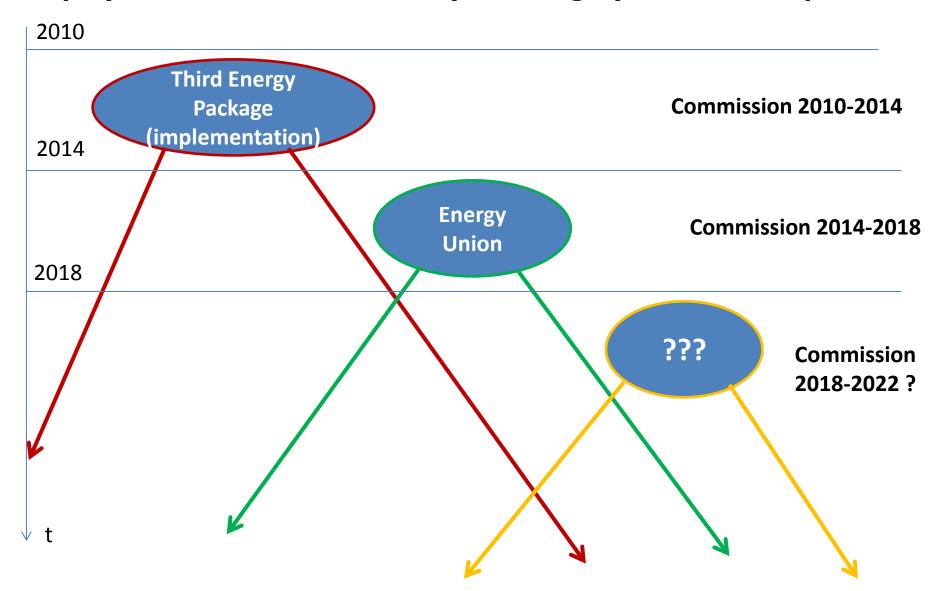
Remarks of A.Konoplyanik & A.Barnes on item 4 of the agenda, 26th Round Informal Consultations/19th WS2 GAC meeting

22.04.2016, E-Control, Vienna, Austria

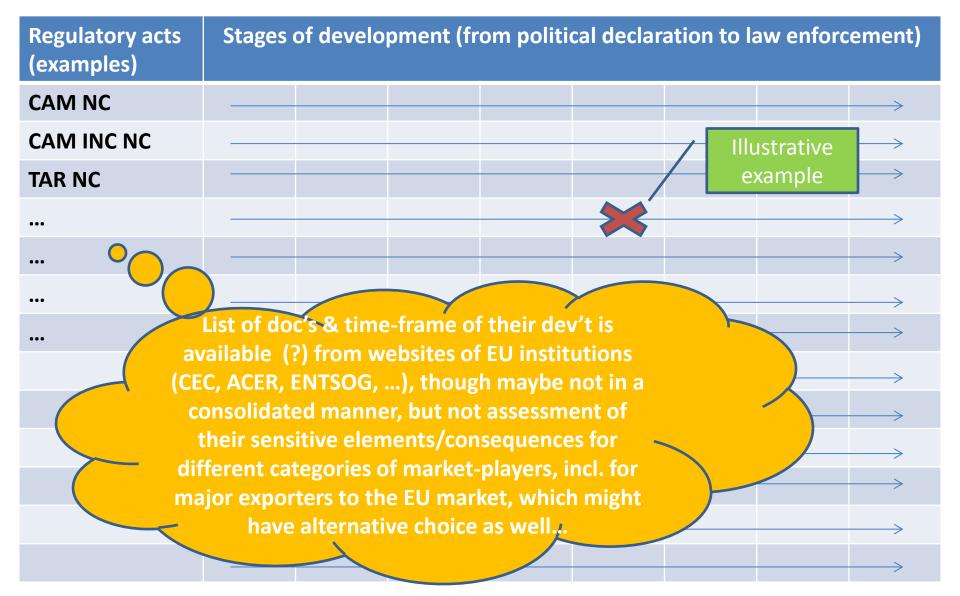
Third EU Energy Package & following doc's = increasing pyramid of regulatory documentation in order to implement TEP (for dev't of new architecture of internal EU gas market)



Development of EU Energy regulation: each new Commission adds its own regulatory "pyramid" – which multiply complexity of EU energy (gas) regulation, add new challenges & uncertainties for market players => demand for "Early Warning System" for all parties



Regulatory matrix (time-frame) (1)



Regulatory matrix (time-frame) (2)

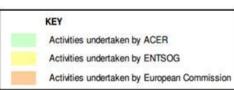
Status of Development of European Gas Network Codes

24 June 2013

Future dates are subject to change

Dates shown in italics are best approximations based on current understanding.

It has been necessary to 'round' some dates for the benefits of the diagram



Network Code / Guideline	Next Step	2012	2013	2014	2015	2016
		Mar Apr Jun Jun Jun Aug Sep Oct Nov Dec Jan	Feb Mar Apr Jun Jun Jun Jun Jun Sep Oct Nov	Jan Feb Mar Jun Jun Aug Sep Oct	Jan Feb Mar Apr May Jul Jul Sep Oct Nov Dec	Jan Feb Mar Apr May Jun Jun Jun Sep Sep Oot
Congestion Management Principles (CMP)	Implementation of CMP obligations for 1st October 2013	Comitology	Go Live	· · · · · · · · · · · · · · · · · · ·		GoLive
Capacity Allocation Mechanisms (CAM)	Post-Comitology	ACER G Review of Code ACER (du	Comitology iration unknown)		Go Live	
Balancing	Awaiting Final Approval by EC before going to Comitology	drafti ultati drafting	ER Review Comitolog	y	Go Live (?)	Go Live (?)
Interoperability & Data Exchange	Redraft of Network Code after public consultation	ACER Develops Framework Guidelines on Interoperability	Cons Ultatio n SOG Drafting Finalise drafting ACER Review	w (duration unknown)	Go Live (?)	
Tariffs	Awaiting Publication of the revised final ACER FG	ACER Develops Framework Guidelines on Tariffs	FG Extension	ENTSOG Drafting Initial drafting on ENTSOG Drafting Cons ultati on Finalise drafting	ACER Review Comitology (duration unknown)	

Current status of the given document at the given stage of its dev't (key points for consideration)

- Aim: Short description of current status of the document and key points for consideration:
 - For Network Users (and especially for Gazprom as NU which is an upstream producer and not just reseller/trader) – from EU Regulators perspective
 - For EU Regulators from NU view and especially from Gazprom view as an upstream producer and not just reseller/trader
- Regulatory matrix is needed to have a clear vision, at each stage of doc's dev't, of how much time the parties have in their disposal to address/solve the issue of mutual concern

Example from GAC/Consultations recent history (why Early Warning System is in mutual benefit)

- CAM NC dev't dilemma in 2009 (either/or):
 - EITHER: Option 1 = To go first for allocation of existing capacity mech'sms (based on offer of available physical capacity), then consider new/incremental capacity dev't mech'sms
 - OR: Option 2 = To go immediately for the mech'sms of allocation of existing & development of new/incremental capacity (based on assessment of demand for capacity)
- Option 1 was chosen based on the perception that:
 - Current utilization rate of existing capacity in EU is about 70% => No (major) new capacity will be needed => to concentrate first of mech'sms of allocation of existing (available physical) capacity => auction as the only competitive CAM
- When CAM INC turn came, auction was chosen as default mechanism:
 - introduction of the universality principle both for existing & new capacity (if auction is used in CAM NC, it SHALL (?) be used in CAM INC NC), but
 - auction is NOT an investment tool/instrument/mechanism =>
 - the whole story of CAM NC INC dev't is the story of conflict between economics (investment-friendly rules, no stranded assets, nondiscrimination of investors, no free-riders, etc.) & narrow vision of competitive rules (auction as default procedure, short-termism, etc.)