

Evolving the German gas market

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Open Grid Europe – Who we are?!

Open Grid Europe – Who we are?!

Open Grid Europe in brief...

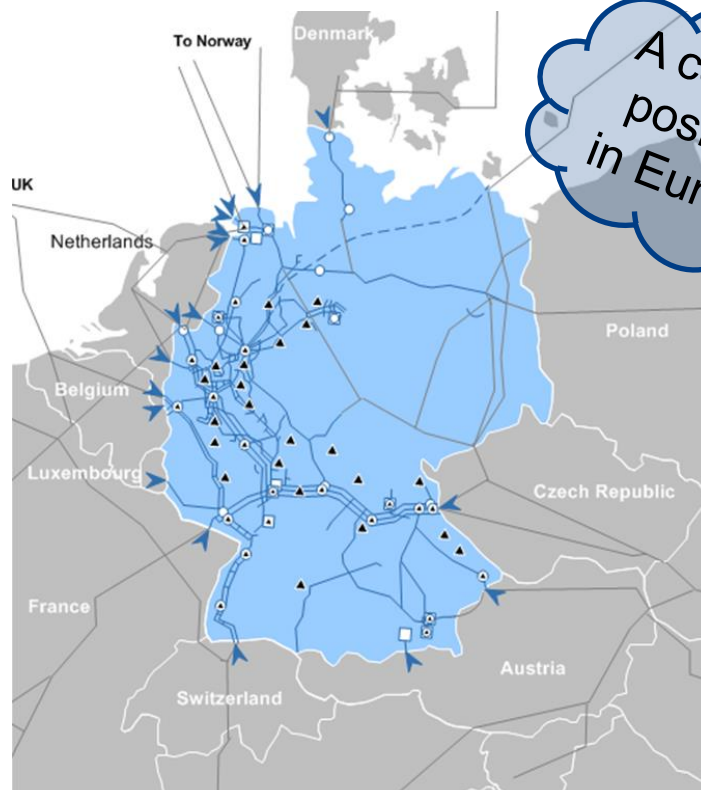
- Established in 2004 as E.ON Gastransport → 2010 renamed Open Grid Europe
- One of Germany's leading gas transmission system operators
- Sole responsibility for the operation, control, expansion and marketing of the gas grid
- Some 1,450 employees
- Head office: Essen, Germany
- Customers: over 450 German and international
 - a) TSOs/DSOs
 - b) municipal utilities
 - c) industrial customers
 - d) gas traders



Open Grid Europe – Who we are?!

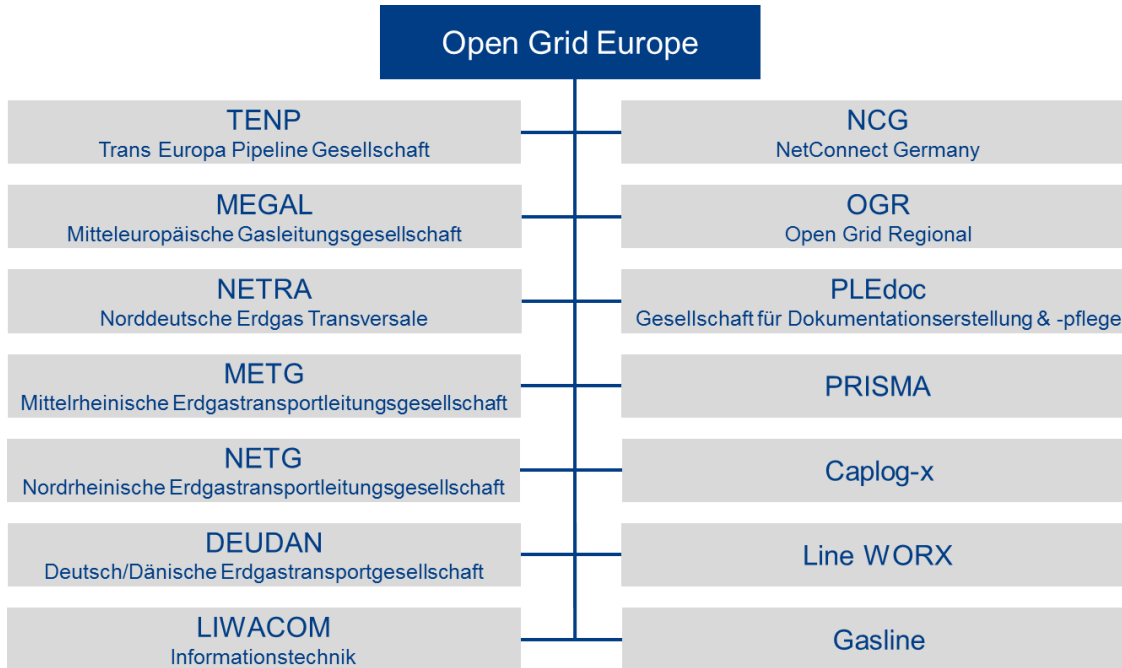
The pipeline system

- Approx. 12,000 km of gas pipelines
- 27 compressor stations housing 97 compressor units
- 17 border crossing points
- Approx. 1,100 exit points
- Annual exit volume: approx. 700 TWh
- Two types of gas shipped:
 - a) H-gas
 - b) L-gas



Open Grid Europe – Who we are?!

Affiliated companies



Open Grid Europe – Who we are?!

	DEUDAN	MEGAL	METG	NETG	NETRA	TENP	ZEELINK
Full Name	Deutsch/Dänische Erdgastransport-Gesellschaft	Mittel-Europäische Gasleitungsgesellschaft	Mittelrheinische Erdgas-transportleitungs-gesellschaft	Nordrheinische Erdgas-transport- leitungs- gesellschaft	Netra GmbH Norddeutsche Erdgas Transversale	Trans Europa Naturgas Pipeline- Gesellschaft	
Grid Footprint							
Grid Length	110km	1,095km	427km	288km	343km	1,000km	~ 215 km
Share-holder Structure (% approx.)	• OGE (25%) • Gasunie (75%)	• OGE (51%) • GRTgaz (49%)	• OGE (100%)	• OGE (50%) • Thyssengas (50%)	• OGE (41%) • Gasunie (29%) • Jordgas (31%)	• OGE (51%) • Fluxys (49%)	• OGE (75%) • Thyssengas (25%)

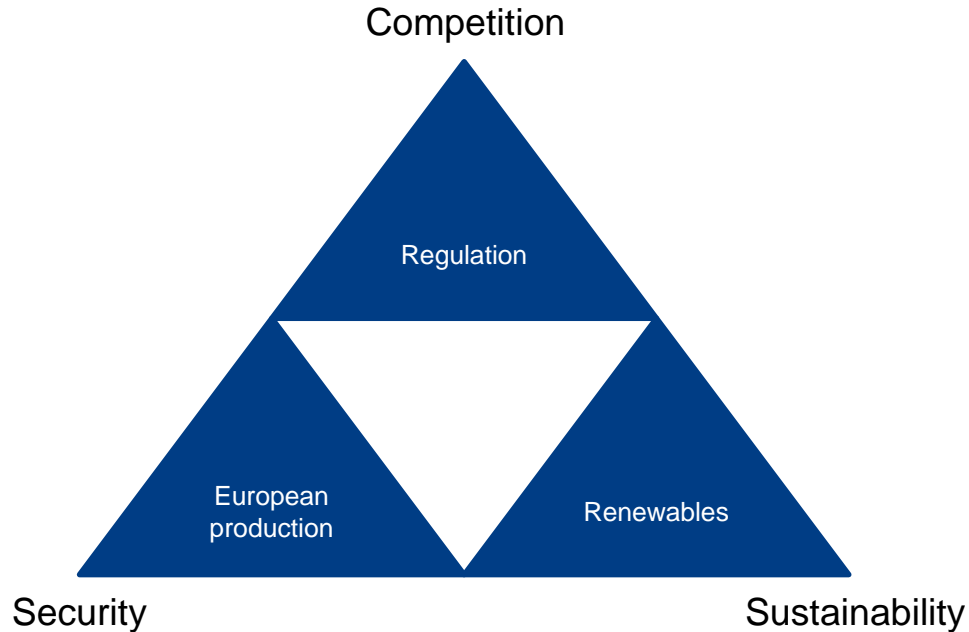


Evolution of the regulatory framework

A German perspective

Evolution of the regulatory framework – A German perspective

Regulatory change and its drivers



Evolution of the regulatory framework – A German perspective

Political will: Regulation

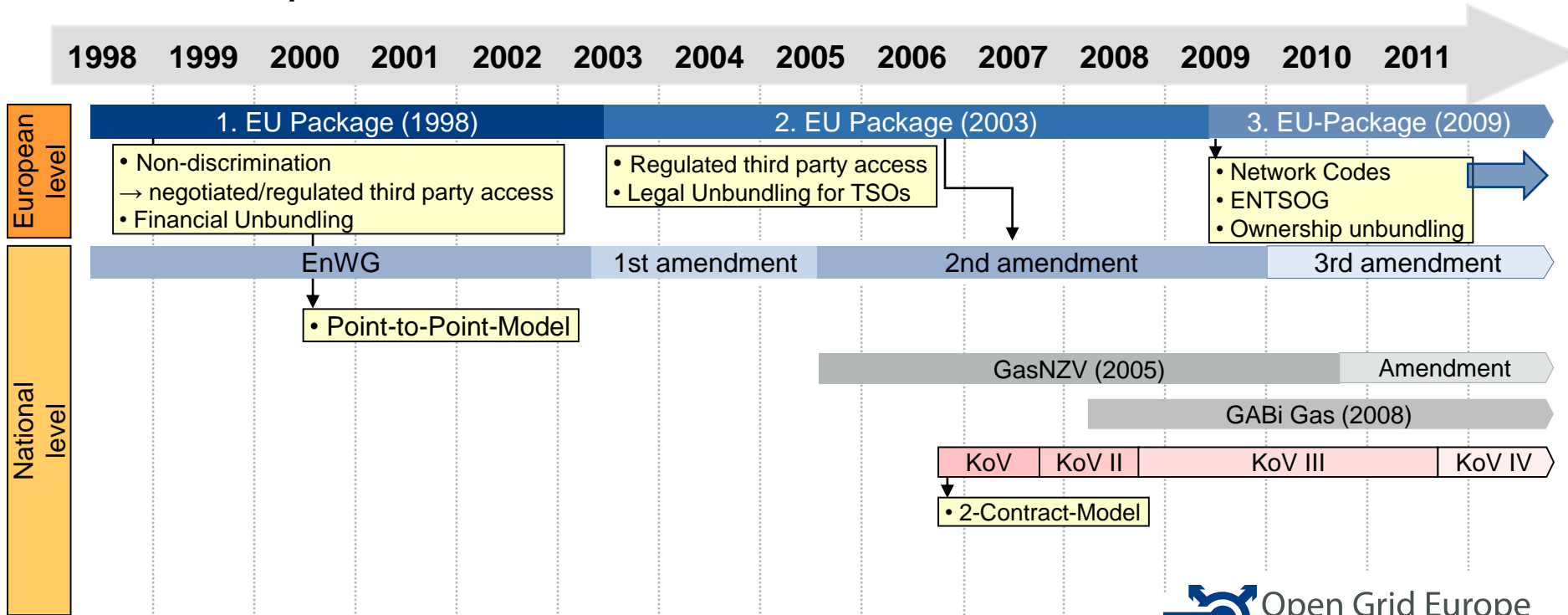
- EU packages 1-3: responsible for restructuring the energy sector
- Within Germany the NRA (BNetzA) is in charge for regulatory oversight
- Regulation covers:
 1. Removal of trade barriers
 2. Harmonization of norms and standards
 3. Fully operational market → as though competition of natural monopoly
 - a) Unbundling
 - b) Non-discriminatory grid access
 - c) etc.



▶ Realization of the European internal market

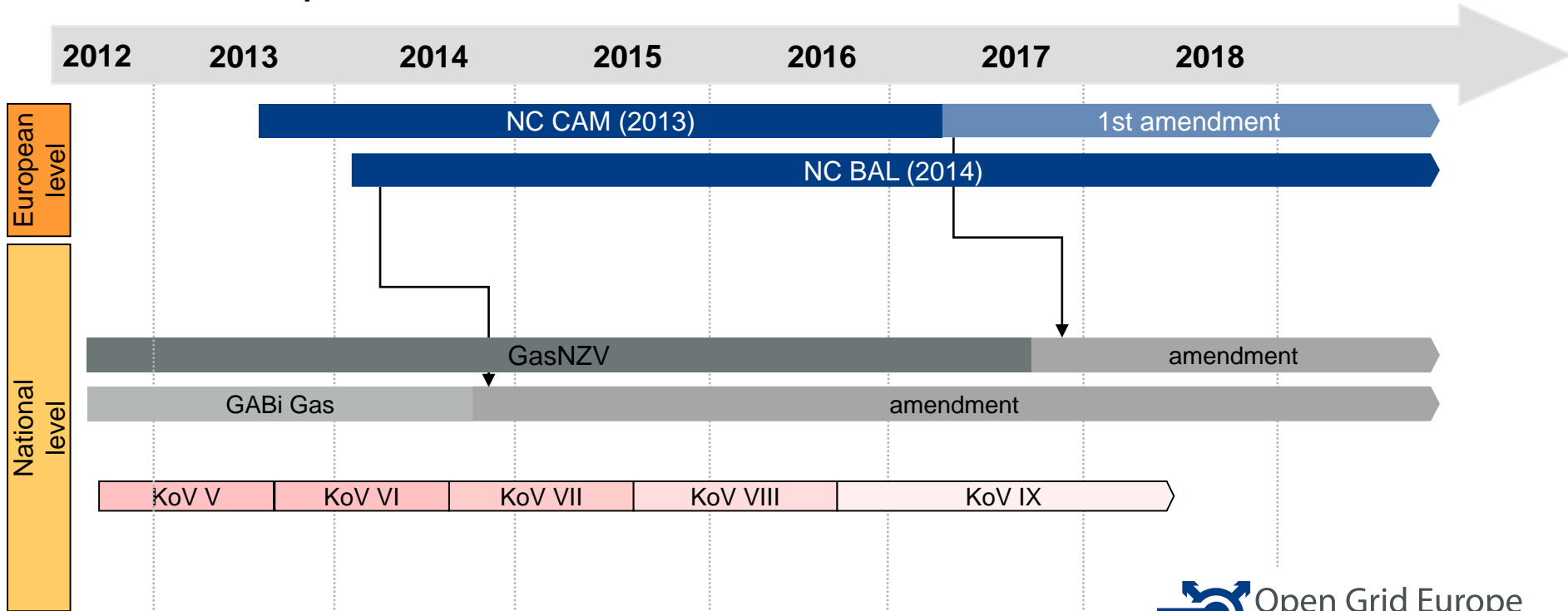
Evolution of the regulatory framework – A German perspective

Historical development...



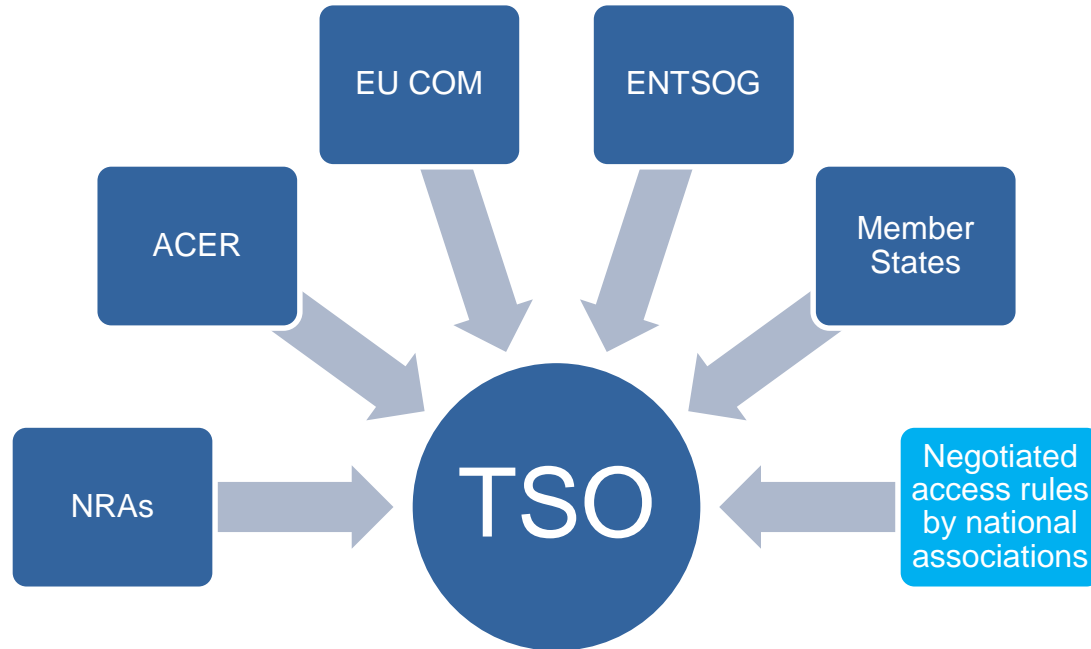
Evolution of the regulatory framework – A German perspective

...and the current process leads to...



Evolution of the regulatory framework – A German perspective

...the governance structure under the 3rd energy package



Regulatory requirements in detail

Regulatory requirements in detail

German Energy Act (EnWG)

- Non-discriminatory network access
 - Particularly 2 contract model
- Publication of conditions and tariffs (online)
- Design of the access rules for networks
 - a) Grid operators offer entry- and exit-capacities
 - b) Shippers only need one entry and one exit contract
 - c) Mandatory cooperation between network operators



Federal Ministry
for Economic Affairs
and Energy

▶ Legal basis for network access

Regulatory requirements in detail

Gas Grid Access Ordinance (GasNZV)

- Principles for allocation of entry- and exit-capacity
- Balancing
 - a) Grid operators offer entry- and exit-capacities
 - b) Shippers only need one entry and one exit contract
 - c) Mandatory cooperation between network operators
- Single booking platform
- Auctions
- Reduction of market areas until 2022



Federal Ministry
for Economic Affairs
and Energy

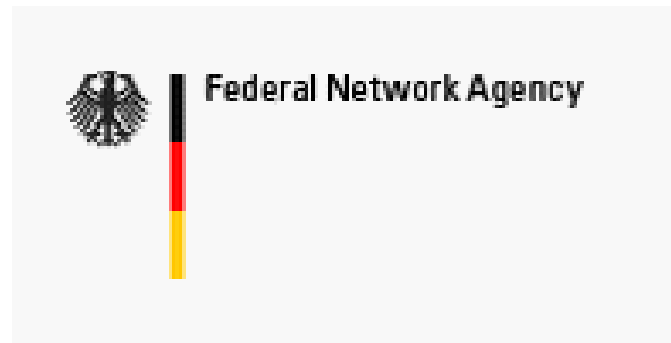
2 Contract
Model

▶ Basic provisions

Regulatory requirements in detail

Basic model for balancing energy and rules in the Gas sector (GABi Gas)

- Daily balancing
- Structuring of the gas network is area of responsibility for market area managers
- Balancing energy settlement
- Control energy
 - Procurement in behalf of TSOs
 - Levy for financing purposes
- Within day obligations
- Information provisions

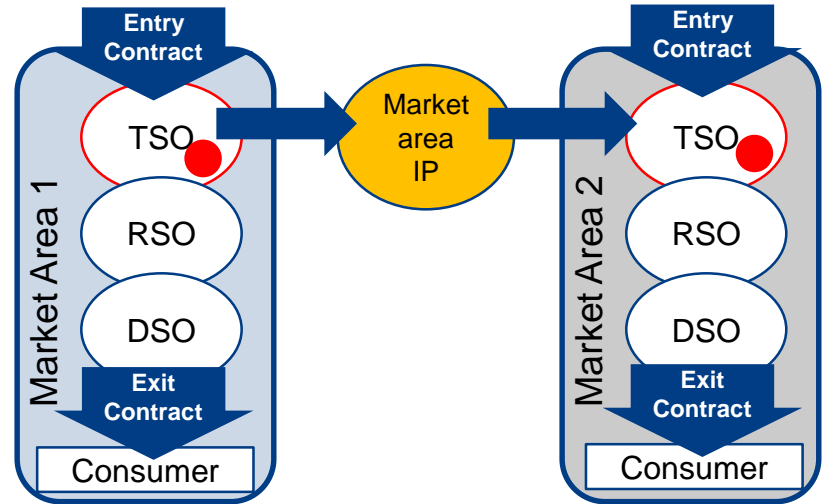


Regulatory requirements in detail

Excursus

Excursus on market areas (1/2)

- Connection of different networks
- Allocation of endconsumers to one market area
- 2 contract model applicable within one market area
- VTP: Trading of gas independent from capacity
- One market area manager per market area

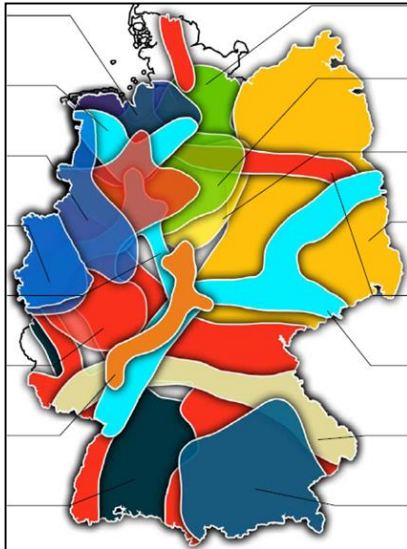


▶ Provision to implement 1 market area in Germany

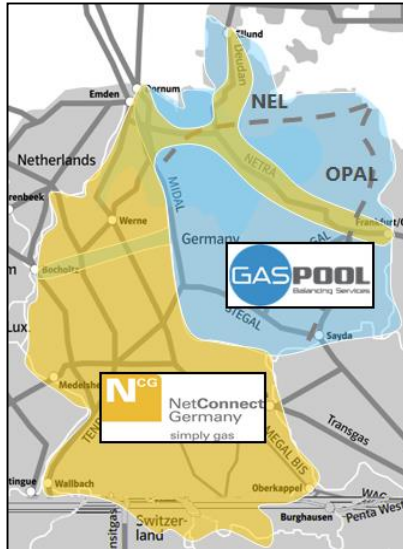
Regulatory requirements in detail

Excursus

Excursus on market areas (2/2)



2006
19 market areas



2011
2 market areas



10/2021
1 market area

Regulatory requirements in detail

Network Code on Capacity Allocation Management (NC CAM)

- Standard capacity products
 - Strict definition of auction algorithm
 - a) Long term capacity: ascending clock auction
 - b) Short term capacity: uniform price auction
 - Bundling of capacity products
 - Booking platforms (mandatory)
-
- Harmonization of GT&Cs within the EU
 - Process for incremental capacities



Regulatory requirements in detail

Network Code on Balancing (NC BAL)

- Nomination procedure
- Control energy procurement
- Daily imbalance charges (balancing energy)
- Within day obligations
 - a) Structuring of entries and exits within one gas day
 - b) Decision to be taken by NRA

- Information Provision

▶ Establishment of a robust **short term** market

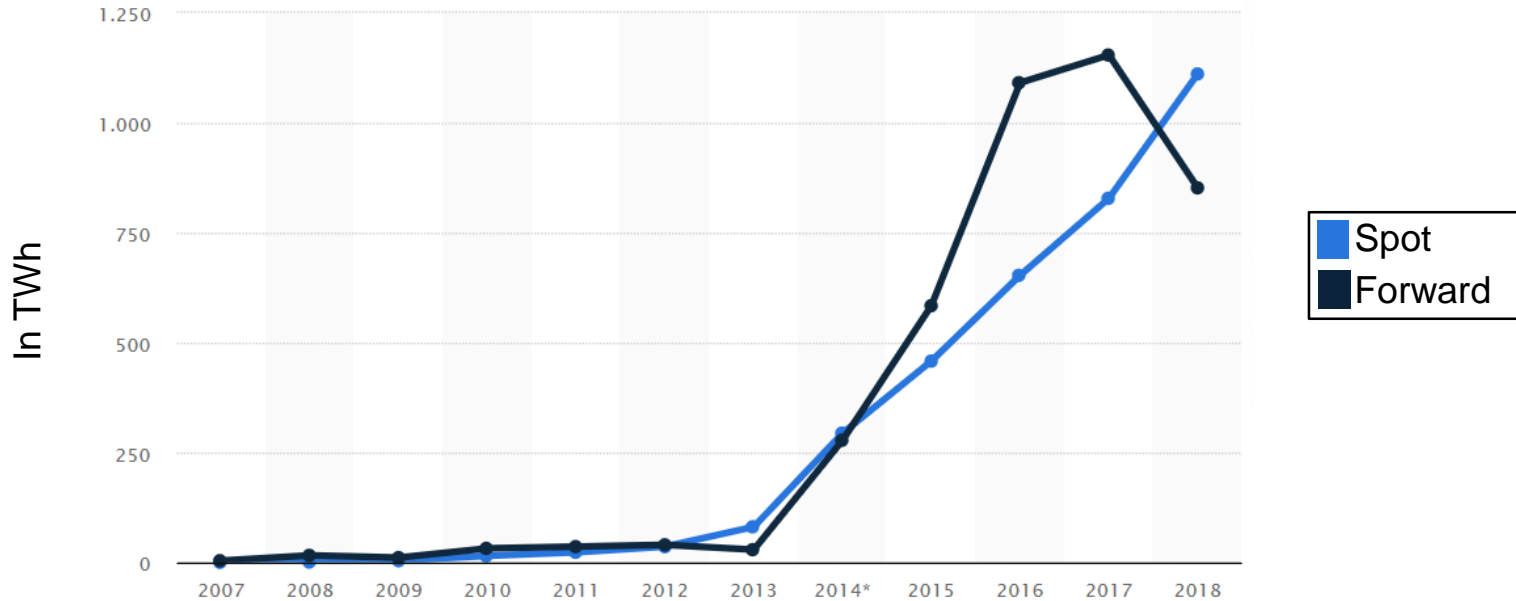


Evaluation

An effect monitoring

Evaluation – An effect monitoring

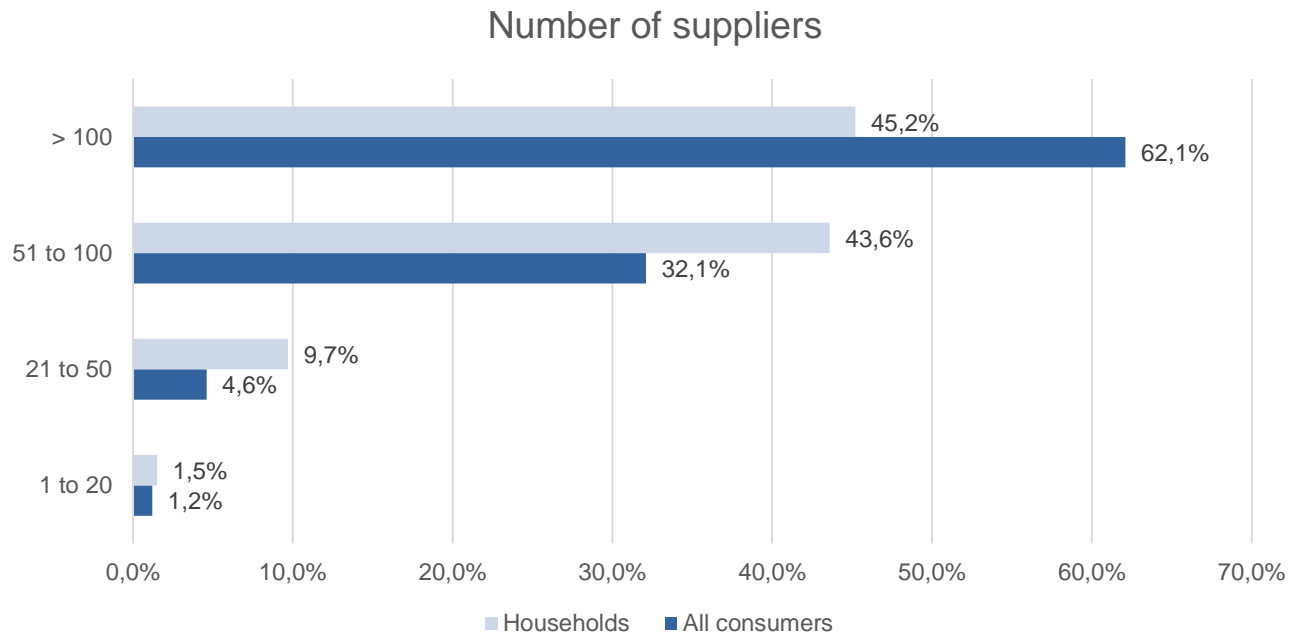
Development of wholesale market trade volumes



Source: EEX, 04/2019

▶ Constant gain in liquidity

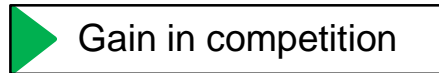
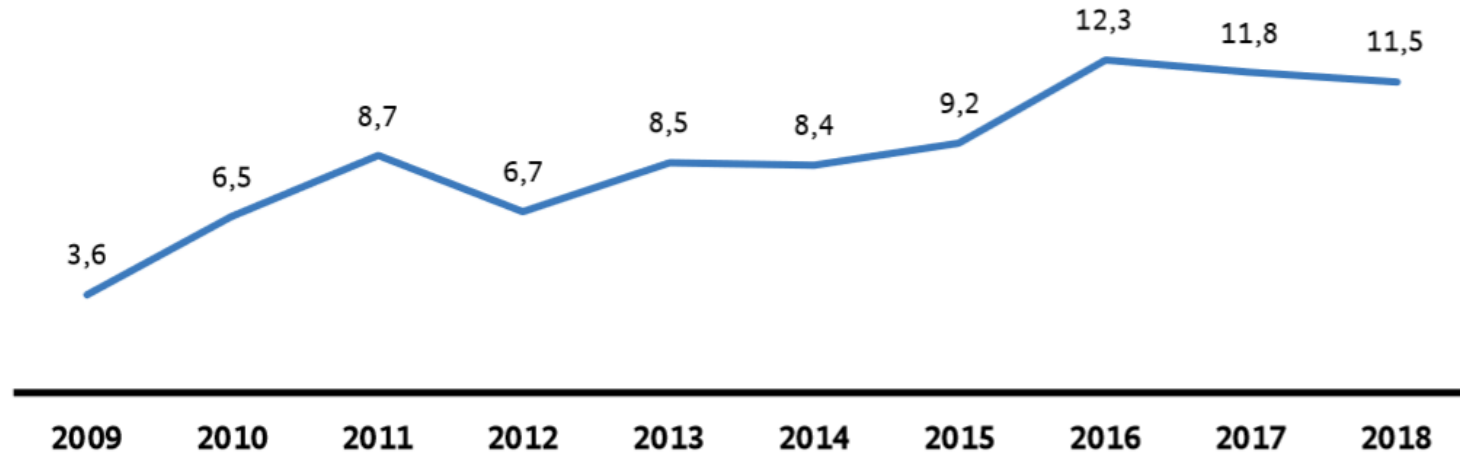
A great number of suppliers can lead to...



Source: BNetzA, Monitoring report (2019)

Evaluation – An effect monitoring

... supplier changes of households



Source: BNetzA, Monitoring report (2019)

Thank you very much!

Дякую за увагу