



## **GAS WG**

# **2<sup>nd</sup> Status review on Transparency in the Mediterranean region and Monitoring of the MEDREG Guidelines of Good Practice (GGP) on Transparency**

**24<sup>th</sup> May 2015**

Med15-19GA-4.2a GAS

## 1 INTRODUCTION AND BACKGROUND

### 1.1 Aim of the document

The Association of Mediterranean Energy Regulators (MEDREG) has got among its general objectives “to promote the achievement of a consistent harmonized and investment-friendly regulatory framework aimed at providing the maximum benefits to energy consumers of the Mediterranean region”.

Since the beginning of the Association, Gas Working Group (GAS WG) has contributed to achieving this objective through the targets set in Gas WG Action Plans that are focused on three main lines of work: security of supply, third party access (TPA) and transparency. All these years the Gas working group has issued recommendations and requirements that could lead to the development of an integrated, competitive, secure and functioning gas market in the Mediterranean region, starting from the assessment of the current status of natural gas markets, of sector regulation in the MEDREG countries and its expected evolution.

To achieve this objective of developing an integrated gas market in the region in the long-run, one of the most important prerequisites is to ensure that all actors involved in the energy sector – Administrations, regulators (NRAs), transmission, LNG, and storage system operators, producers and suppliers and consumers – have easy-accessible and non-discriminatory access to all the information they need to perform their activities and fulfill their obligations. Therefore, transparency in the access to the information related to the gas system and the gas market is a key principle to be followed in every country in the region.

Regarding transparency issues, the GAS WG has released several reports. Firstly, the “Guidelines of Good Practice (GGP) on Transparency”, approved in November 2009 established a set of recommendations to be implemented on voluntary basis to ensure that transmission, LNG and storage system operators provide with the information that market players need on a fair and non-discriminatory basis. In 2011, “Status review on transparency in the Mediterranean region on the monitoring of MEDREG GGP on transparency” report analyses transparency status in the region through a monitoring of the guidelines and recommendations on transparency contained in the abovementioned GGP on Transparency report. In 2013, Gas WG developed a transparency database in order to collect, organize and make easily accessible all the relevant information on the gas markets in the Mediterranean countries regarding data on institutional framework, licensing procedures, gas interconnections, capacity and network codes.

The aim of this “2nd Status review on transparency in the Mediterranean region and monitoring of the GGP on transparency” report is to evaluate progress on transparency in the Mediterranean region since the first status review was developed in 2011.

## 1.2 Methodology and assumptions

To carry out the study and make easier the comparison exercise, the questionnaire circulated to collect information has been the same as the one circulated in 2011. The questionnaire consist of a set of questions on several categories to be addressed to NRAs, on whether the information on gas system and services referred in the GGP is currently available in the TSO/LSO/SSO websites, or elsewhere in other sources such as the NRA or competent Ministry website.

The questionnaire has been circulated to all MEDREG members by e-mail in May 2014. As a result of this process, it has been received feedback from 16 countries (see Table 1). The replies were compiled and a preliminary evaluation of responses and main findings were presented and discussed in the GAS WG meeting held the 30<sup>th</sup> September 2014 in Milan.

COUNTRIES		Responses	
		2011	2014
1	<i>Albania</i>	✓	✓
2	<i>Algeria</i>	✓	✓
3	<i>Bosnia-Herzegovina</i>	.	✓
4	<i>Croatia</i>	✓	✓
5	<i>Cyprus</i>	.	.
6	<i>Egypt</i>	.	✓
7	<i>France</i>	✓	✓
8	<i>FYR of Macedonia</i>	<i>No MEDREG member</i>	
9	<i>Greece</i>	.	✓
10	<i>Israel</i>	✓	✓
11	<i>Italy</i>	✓	✓
12	<i>Jordan</i>	✓	✓
13	<i>Lebanon</i>	<i>No MEDREG member</i>	
14	<i>Libya</i>	.	.
15	<i>Malta</i>	✓	✓
16	<i>Montenegro</i>	.	✓
17	<i>Morocco</i>	.	.
18	<i>Palestinian Territory</i>	.	.
19	<i>Portugal</i>	✓	✓
20	<i>Slovenia</i>	✓	.
21	<i>Spain</i>	✓	✓
22	<i>Syria</i>	<i>No MEDREG member</i>	
23	<i>Tunisia</i>	.	✓
24	<i>Turkey</i>	✓	✓
<b>Sum</b>		<b>12</b>	<b>16</b>

Table 1. Contributions received from MEDREG members in the 1<sup>st</sup> and 2<sup>nd</sup> status review on transparency in Med region

It must be pointed out that for those countries that have not replied to the questionnaire, information available in 2011 has not been updated and it has been used the information collected in 2011 to carry out the “Status review on transparency in the Mediterranean region on the monitoring of MEDREG GGP on transparency”.

### 1.3 Methodology, limitations and assumptions

On the **methodology**, it is necessary to explain that this investigation exercise, as in the case of the 1<sup>st</sup> status review, takes account of some background context facts, and is based on the following criteria, assumptions and limitations:

- This study takes into account the **different levels of market development** in the Mediterranean countries. In the region there are countries without gas consumption, or with gas consumption but no liberalized gas market or TPA. The GGP document takes into account different levels of market development and establishes two different degrees of priority (1 and 2), distinguishing between the information which should be published in all countries and the data that are only relevant in developed open markets.

It should also bear in mind, when interpreting the results and findings of this study, the variable degree of penetration of internet services and even the sometimes unequal economic development in Mediterranean countries, which is another factor that could lead to different amount of information available in the websites of these countries.

- It has been analyzed different aspects of transparency with regard sources of information, availability of information in English, information free of charge and easy and non-discriminatory access. In concrete, questions are based on the recommendations laid down in the GGP and are divided into three categories: system and services (15 questions), capacity situation and capacity-related information (8 questions) and other issues (3 questions).
- It is remarkable that increase in participation has enabled us to have more reliable data to develop this study. Contribution of NRAs is crucial to reach accurate results.
- Missing information from both MEDREG members and no MEDREG members has been taken from the information collected in 2011 to make the status review on transparency report. All the information and the sources (links) considered were taken from the webpages of the Government or Ministry, regulator, TSOs/LSOs/SSOs, DSOs or suppliers in the country. Other web sources – sometimes external to the country – were consulted as complementary, just for comparison or reference purposes.
- The study is carried out from a **“positive” perspective**. It intends to show the positive developments in information publication and disclosure in Mediterranean countries. It is not thought to focus on the unavailable information, or compare between countries, or “blaming” those operators not looking good in the picture. As a consequence, even when only some of the required information was found, the assessment of transparency in the country has been evaluated as positively as possible, but always also in a realistic way.
- Some **limitations** and **difficulties** have been faced when developing this study. First, not all countries have responded. Nevertheless, it is remarkable the increase in participation compared to the first status review moving from 12 to 16 replies. Second, some difficulties have been encountered due to language problems. Many websites do not have an English version – or only a general translation is available – and the identification of some items was not easy in those cases, existing some uncertainty due to a possible misinterpretation. And third, it has not been possible to assess the availability of information in some countries for the questions in section 2 (“Information on the capacity situation”). As these features can only be confirmed by the operators or regulators themselves, for the countries not having sent or confirmed the questionnaire the answer is uncertain or not known.

- In some other cases, the respondents have adopted **different criteria** when answering on the topics of the questionnaire, or have interpreted the questions in a slightly different way. In order to keep the findings coherent and obtaining consistent results, some slight adaptations have been made in some particular questions, in most cases standardizing the answers to the most positive assessment applied.
- Regarding **LNG (regasification) and Storage**, only countries which have these facilities were concerned when assessing the results of the survey. This is done in order to show more precise information about the level of transparency for such facilities, not existing in most of the countries.
- In the questions on the general description of system and facilities and technical capacities, those countries with **LNG production** (liquefaction) facilities are considered, and therefore some “yes” or “no” answers appear in these countries. The other questions, more related to market issues or TPA access to facilities, are marked in that case as “NA”, as these countries are considered as not concerned in that case (only countries with LNG regasification terminals are supposed to be targeted by those questions).
- As information that can be deduced from the replies to a questionnaire is limited, in the case of countries which situation has changed, mainly Croatia, Israel and Turkey, it would be desirable to count on short case studies to further explain changes happened since 2011.
- Lastly, some registered changes may be due to different criteria of the person responding the questionnaire. To avoid misleading between real changes and changes of understanding when answering, this issue has been confirmed with some regulators whose responses have changed.

## 2 PROGRESS IN TRANSPARENCY IN GAS MARKETS OF MEDITERRANEAN COUNTRIES

The aim of this document is to evaluate progress in transparency status of gas markets in the Mediterranean countries since 2011. To this end, a questionnaire containing the same questions than the one filled out in 2011 has been circulated to MEDREG members. Moreover, questionnaires completed in 2011 were circulated to members in order facilitate the preparation of responses and the detection of possible misunderstandings.

Questions contained in the questionnaire are grouped in three set of questions. In each one of the three categories, some items are identified as the most relevant data a system user should have access to, in order to be able to participate in the gas sector on a fair and non-discriminatory basis. In addition, for each item of information, a level of priority is assigned, indicating whether it should be published by any infrastructure operator in all countries, regardless of the degree of development of the national gas market (priority level 1), or if the item should be published by any infrastructure operator in those countries where there is a Third Party Access regime in place (priority level 2).

Situation regarding transparency is mainly the same than 2011 although some progress has been detected in some countries. No setbacks have been registered.

From the comparison of responses 2011 vs. 2014, it can be drawn the following conclusions.

Set of questions 1. Information on system and services (15 questions)

The items listed within this category are the following:

Priority Degree	Transparency requirement
1	a) a detailed description of the gas system of the TSO identifying all entry and exit points interconnecting its system with that of other TSOs, including maps, or a detailed description of the LNG and storage facilities operated by the LSO/SSO concerned, specifying the interconnection point with the transmission system;
2	b) detailed and comprehensive information about all services offered, the charges for these services and the penalties in case of over/under-utilization of the contracted capacity;
2	c) detailed and comprehensive information about the agents that can require access to the services offered, specifying licensing procedures and conditions to be an agent with TPA rights;
2	d) the different types of contracts available for the services offered and the contracting processes;
2	e) the flexibility and tolerance levels included in transportation and other services contracted, i.e. the balancing regime in place;
2	f) any flexibility offered in addition to point above and the corresponding charges;
2	g) as applicable, the network code and/or the main standard conditions outlining the rights and responsibilities for all users of the gas system of the TSO. This should at least include: <ul style="list-style-type: none"> <li>- programming and nomination procedures,</li> <li>- measurement and allocation procedures,</li> <li>- maintenance of the infrastructures,</li> <li>- operation of the system under both, normal and exceptional circumstances;</li> </ul>
2	h) in the case a network code doesn't exist yet, all the standard documents and procedures in relation to the use of the gas system of the TSO including definitions of key terms, which are being applied;
2	i) the capacity allocation, congestion management, anti-hoarding and reutilisation provisions;
2	j) the rules applicable for capacity trade on the secondary market;
1	k) gas quality and pressure requirements;

Three countries have shown some progress in transparency regarding the set of questions on information about system and services.

**Croatia** has informed on changes regarding storage information. In this sense, Croatia already fulfilled with the recommendations considered as priority one for storage in 2011. Since then, Croatia has moved forward regarding transparency and has granted TPA to storage facilities and it has been made available information on the different types of contracts and contracting processes, flexibility and tolerance levels.

In the case of **Israel**, new infrastructures of LNG has been developed since 2011 which were put into operation in 2013. Regarding transparency issues considered as priority one, Israel provides with detailed information on LNG facilities and on gas quality and pressure requirements. TPA to LNG facilities has not been granted so, in consequence, information on service offered, requirements to become agents or information on network codes are not available.

**Turkey** has presented changes with regard to transparency in storage facilities. Regarding transparency issues considered as priority one, detailed information on storage facilities and information on gas quality and pressure requirements it has been made publicly available. Regarding issues considered as priority two, there are also improvements in making available information and currently it is accessible information on all services offered, requirements to become agent and information about applicable network codes (programming and nomination procedures, allocation procedures, information on maintenance on infrastructures and operation of the system under normal and exceptional circumstances) as well as information on capacity allocation, congestion management, anti-hording and reutilization provision.

Set of questions 2. Information on capacity situation (8 questions)

The items listed within this category are the following:

Priority Degree	Transparency requirement	Transmission system	LNG infrastructures	Storages
<b>2. Information on the capacity situation</b>				
1	a) the maximum technical capacity (Million of m <sup>3</sup> /h or GWh/day);			
2	b) the total contracted firm and non-firm capacities (Million of m <sup>3</sup> /h or GWh/day);			
2	c) the available firm and non-firm capacities (Million of m <sup>3</sup> /h or GWh/day);			
	Is the previous information published for the current and following years, and on a yearly basis for the next five years?			
	Is the previous information updated on a quarterly basis?			
	Is the calculation of available capacities based on network modelling and flow simulations, taking into account all relevant operational parameters for an efficient and safe operation of the system?			
	Are the historical maximum and minimum monthly capacity utilisation rates and annual average flows at the above points published for the previous year, no later than 30th of January of the current year.?			
	Do the operators keep effective records of all capacity contracts and all other relevant information in relation to calculating and providing access to available capacities? (accessible for the relevant national authorities in case of needed)			

Regarding the set of questions about capacity situation it can be concluded that no changes have occurred since 2011. Although there are changes in the responses received in 2014 in comparison with the ones received in 2011, after checking replies with different regulators it can be concluded that all changes in responses are due to corrections of responses and not to real changes happened in disclosure of information.

Set of questions 3. Additional questions

Priority Degree	Transparency requirement
<b>3. Additional questions</b>	
The information is not only published in the national language but <b>also in English</b>	
The information is disclosed in a meaningful, quantitatively clear and <b>easily accessible way (on the internet)</b> and on a non-discriminatory basis	
The information is accessible <b>free of charge</b>	

Finally, some **additional general questions** were asked in the questionnaires to verify whether the information is not only published in the national language but also in English, if it is disclosed in a meaningful, quantitatively clear and easily accessible way and on a non-discriminatory basis, and if it is accessible free of charge.

There are improvements regarding the information published in English. **Algeria, Bosnia-Herzegovina, Croatia, Tunisia and Turkey** have increased the amount of information published in English. On the other hand, Jordan that published information only in local language in 2011, is currently also publishing information in English.

No changes has been registered regarding the other two items, namely, disclosure of information in a meaningful, quantitatively clear and easily accessible way and on a non-discriminatory basis and free of charge where almost all countries of the Mediterranean basin show good levels of compliance.

### 3 Main conclusions

- As a preliminary comment, it is remarkable that increase in participation and in involvement of the different countries in this kind of studies can be considered itself a step forward in transparency issues.
- Situation regarding transparency is mainly the same than 2011 although some progress has been detected in some countries. No setbacks have been registered.
- Taking into account that information gathered through a questionnaire do not allow to know in depth changes happened, it would be interesting to count on brief case studies explaining changes happened in their gas systems since 2011 from those countries where more changes have been detected, namely Croatia and Turkey in storage facilities and Israel in LNG.
- Progress in disclosure of information in English, beside national language/s, is a very positive finding of this 2<sup>nd</sup> status review. Nevertheless, further efforts should be made in this issue.
- Transparency and availability of information are linked to the degree of development of the gas market. The more developed a gas market is, in terms of penetration of gas consumption, openness and liberalization, the more information is found in most cases, and the higher the level of detail.
- Level of transparency is influenced by the existence of a legal obligation to publish information of the gas system and market. In the absence of such legal requirements, the compliance with Medreg GGP recommendations is voluntary and may depend on the own operators' interest and the capacity and powers of regulators to have an influence on their information disclosure policies.
- For the basic general transparency recommendations of MEDREG GGP Transparency, which do not depend on the level of development of the gas market, the result is in general positive.
- The basic transparency recommendations for network information to be disclosed in a meaningful, quantitatively clear and easily accessible way, and on a free and non-discriminatory basis, have been proved to be widely and almost unanimously accomplished, which is a very positive finding.

**ANNEX**  
**TEMPLATE QUESTIONNAIRE ON TRANSPARENCY**

**TRANSPARENCY STATUS - Monitoring of the compliance degree with GGP Transparency**

**COUNTRY**

**Instructions:**

Please fill this questionnaire by indicating **Y** (yes) **N** (not) or **NA** (not applicable) in the corresponding cells for transmission, LNG and Storage infrastructures (columns D, E and F).  
 In case of using the NA option for any requirement, please justify why that rule is not required.  
 In the last column (G) add the link to the website where the information is available. Add also any additional comment you consider relevant in this section.

Priority Degree	Transparency requirement	Transmission system LNG infrastructures Storages			Link to the website where this information is available/ Comments
<b>1. Information on system and services</b>					
1	a) a detailed description of the gas system of the TSO identifying all entry and exit points interconnecting its system with that of other TSOs, including maps, or a detailed description of the LNG and storage facilities operated by the LSO/SSO concerned, specifying the interconnection point with the transmission system;				Comments
					Link
2	b) detailed and comprehensive information about all services offered, the charges for these services and the penalties in case of over/under-utilization of the contracted capacity;				Comments
					Link
2	c) detailed and comprehensive information about the agents that can require access to the services offered, specifying licensing procedures and conditions to be an agent with TPA rights;				Comments
					Link
2	d) the different types of contracts available for the services offered and the contracting processes;				Comments
					Link
2	e) the flexibility and tolerance levels included in transportation and other services contracted, i.e. the balancing regime in place;				Comments
					Link
2	f) any flexibility offered in addition to point above and the corresponding charges;				Comments
					Link
2	g) as applicable, the network code and/or the main standard conditions outlining the rights and responsibilities for all users of the gas system of the TSO. This should at least include: - programming and nomination procedures, - measurement and allocation procedures, - maintenance of the infrastructures, - operation of the system under both, normal and exceptional circumstances;				Comments
					Link
2	h) in the case a network code doesn't exist yet, all the standard documents and procedures in relation to the use of the gas system of the TSO including definitions of key terms, which are being applied;				Comments
					Link
2	i) the capacity allocation, congestion management, anti-hoarding and reutilisation provisions;				Comments
					Link
2	j) the rules applicable for capacity trade on the secondary market;				Comments
					Link
1	k) gas quality and pressure requirements;				Comments
					Link

2. Information on the capacity situation						
1	a) the maximum technical capacity (Million of m3/h or GWh/day);				Link	Comments
2	b) the total contracted firm and non-firm capacities (Million of m3/h or GWh/day);				Link	Comments
2	c) the available firm and non-firm capacities (Million of m3/h or GWh/day);				Link	Comments
Is the previous information published for the current and following years, and on a yearly basis for the next five years?						
Is the previous information updated on a quarterly basis?						
Is the calculation of available capacities based on network modelling and flow simulations, taking into account all relevant operational parameters for an efficient and safe operation of the system?						
Are the historical maximum and minimum monthly capacity utilisation rates and annual average flows at the above points published for the previous year, no later than 30th of January of the current year.?						
Do the operators keep effective records of all capacity contracts and all other relevant information in relation to calculating and providing access to available capacities? (accessible for the relevant national authorities in case of needed)						
3. Additional questions						
The information is not only published in the national language but also in English						
The information is disclosed in a meaningful, quantitatively clear and easily accessible way (on the internet) and on a non-discriminatory basis						
The information is accessible free of charge						