Empowering Mediterranean regulators for a common energy future.

Gas Working Group (GAS WG)

Guidelines of Good Practice On Third Party Access in The Mediterranean Region

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FINAL VERSION

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About MEDREG

MEDREG is the Association of Mediterranean Energy Regulators, bringing together 25 regulators from 21 countries, spanning the European Union, the Balkans and North Africa.

Mediterranean regulators work together to promote greater harmonization of the regional energy markets and legislations, seeking progressive market integration in the Euro-Mediterranean basin.

Through constant cooperation and information exchange among members, MEDREG aims at fostering consumers' rights, energy efficiency, infrastructure investment and development, based on secure, safe, cost-effective and environmentally sustainable energy systems.

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Executive Summary

Mediterranean gas markets are rapidly changing and so are the rules that govern them. Third Party Access (TPA) to the gas networks is particularly relevant to ensure that optimal gas penetration is ensured and market liberalization is accomplished. In this context, MEDREG developed a set of recommendations on TPA in 2014 and it is closely monitoring their application in the countries of the region. This document provides the state-of-play for 2018, including some insights on future steps to further expand this analysis.

This report follows a first monitoring of compliance with the MEDREG good practices held in 2015 and benefits from an increased rate of response of MEDREG countries to the related questionnaire. Overall, MEDREG countries seem to be slowly but steadily closing their regulatory gaps in terms of TPA, albeit some difference remains, notably concerning the issuing of transparent rules and the development of anti-hoarding mechanisms.

To develop the questionnaire for this report, MEDREG defined several expected actions that its member countries should comply with and categorized them in three different levels of priority based on the detected situation of countries. Priority 1 includes recommendations considered as applicable to all MEDREG countries. Priority 2 includes recommendations considered as applicable to MEDREG countries where a TPA regime is in place but further actions may be necessary. Priority 3 includes recommendations considered as applicable to MEDREG countries with more developed gas markets, in terms of penetration of gas consumption, openness and liberalization.

The analysis of the trends for each of these priority levels provided relevant information, among which:

- 51% of the respondents has taken steps toward the determination of a timetable/roadmap for gradual market opening and national rules to facilitate the entrance of new suppliers. Some countries are also establishing or have established auctions, short duration contracts and related tariffs.
- 62% of the respondents has a role in fixing or approving tariffs and the related methodologies, while 57% reported that TPA rules in their countries are published in a transparent manner and include provision against discrimination of the operators.
- 76% of the respondents reported that their countries have progressed towards functional unbundling of the regulator and that they have the power to set an appropriate regulatory environment for the activities related to regulated TPA.
- 57% of the respondents state that they implemented TPA rules concerning access to transmission, distribution and LNG import terminals; (interoperability between adjacent TSOs; procedures for the organization of access to storage facilities and linepack; availability of unbundled TPA services for access to pipelines and LNG facilities and ancillary services; availability of unbundled services to storage facilities.

In the future updates of this analysis, smaller thematic monitoring approaches on a rolling basis will be considered in order to deepen each subject and identify further tools for improving the interoperability of TPA procedures throughout the region.

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1. Scope & Objectives

The Association of the Mediterranean Regulators for Electricity and Gas (MEDREG), set up in 2006 as a working group and in 2007 as a non-profit association, aims "*to promote the achievement of a consistent compatible and investment-friendly regulatory framework which will be providing maximum benefits to energy consumers of the Mediterranean region*".

In November 2013, the 16th General Assembly approved the "Guidelines of Good Practice on Third Party Access in the Mediterranean region" (hereinafter MEDREG GGP TPA). The document was based on successive assessments of the gas markets in the Mediterranean region (2011-2013) in terms of gas penetration, market liberalization and existence of Third Party Access (TPA) rules to infrastructures. The MEDREG GGP TPA concludes that "*given the disparity of situations in the region, at the beginning it would be difficult to comply with all of the recommendations as markets are progressively developing*".

MEDREG GGP TPA define a number of actions categorized in three priority levels, depending on the level of development of the respective natural gas markets:

- Priority 1 includes recommendations considered as applicable to all MEDREG countries level. Such recommendations include for example the development of a timetable for gradual market opening (where such an opening is still pending), functional independence of the supply business of vertically integrated companies, provision of easy and non-discriminatory access to transmission systems, gas storages and LNG terminals and the publication of TPA rules in an individual document or as part of the Network Code, following proper consultation with network users.
- Priority 2 includes recommendations considered as applicable to MEDREG countries where a TPA regime is in place but further actions may be necessary. Such recommendations include for example the establishment of rules and mechanisms that facilitate the entrance of new suppliers and promote market opening (e.g. gas release auctions, short duration contracts and tariffs), the implementation of objective, transparent and non-discriminatory TPA rules, the approval of TPA rules, tariff methodologies and tariffs by the national regulators (NRAs), the development of balancing rules at interconnection points and the establishment of congestion management mechanisms. Further recommendations in this priority level include the assignment of further responsibilities to NRAs such as becoming competent entities for dispute settlement and for ensuring quality of service.
- Priority 3 includes recommendations considered as applicable to MEDREG countries with more developed gas markets, in terms of penetration of gas consumption, openness and liberalization. Recommendations under this priority foresee certification of the TSO, more advanced access rules for storages including regulatory mechanisms for the treatment of linepack, entry/exit capacity allocation and tariffs, harmonization of the capacity allocation mechanisms and congestion management procedure between MEDREG countries and the establishment of Use-it-or-Lose-it and gas release programmes.

Following the approval of the MEDREG GGP TPA, a first attempt to monitor compliance to the different priority levels described above took place in 2015. Participation in this first monitoring exercise was unfortunately limited. Only eight countries, Croatia, France, Greece, Italy, Jordan, Portugal, Spain and Turkey responded to the questionnaire on time and their responses were included in the 2015 Monitoring Report approved by the 20th General Assembly. Five more

countries sent responses, however only one (Egypt) out of the five respondents (Albania, Bosnia-Herzegovina, Egypt, Montenegro and Palestine) has access to gas.

Results reported here stem from a new survey ran in 2018 with aim to update the 2015 findings and increase the 2015 participation levels. Data collection at the levels reported in this here is a result of intense communication and effective cooperation among the MEDREG Gas Group members. It is noted that Croatia who participated in the 2015 assessment did not provide an update to its 2015 input so that values reported here correspond to the 2015 submission.

A total of 15 responses were received, **Error! Reference source not found.**. Out of these, 11 responses came from MEDREG Members with access to gas while 3 responses were provided by MEDREG Members that do not yet have gas infrastructure and supply (Albania, Lebanon and Malta).

#	Countries	Answer received	Observations
1.	Albania	x	No infrastructure for natural gas transmission, distribution or supply
2.	Algeria	x	No LNG and storage
3.	Bosnia-Herzegovina	-	Data not Available
4.	Croatia	x	-
5.	Cyprus	-	No infrastructure for natural gas transmission, distribution or supply
6.	Egypt	x	-
7.	France	x	-
8.	Greece	x	-
9.	Israel	x	-
10.	Italy	x	-
11.	Jordan	x	-
12.	Lebanon	x	No infrastructure for natural gas distribution or supply
13.	Libya	-	Data not available
14.	Malta	x	No infrastructure for natural gas transmission, distribution or supply
15.	Montenegro	-	No infrastructure for natural gas for transmission, distribution and supply
16.	Morocco	-	No regulatory authority for gas
17.	Palestine	-	No regulatory authority for gas
18.	Portugal	x	-
19.	Slovenia	x	No LNG
20.	Spain	x	-
21.	Tunisia	-	No regulatory authority for gas
22.	Turkey	x	-
TOTAL 2018 responses		15	-

Table 1. Contributions received from the MEDREG countries

2. Monitoring compliance with the MEDREG Guidelines of Good Practice on Third Party Access in the Mediterranean region

The MEDREG GGP TPA focus on: market opening, unbundling, TPA to infrastructures, network code and TPA rules, tariffs, methodologies for capacity allocation and congestion management procedures (CMP), balancing, anti-hording mechanisms, quality of service and dispute settlement. A total of 38 Good Practice Guidelines were included in the MEDREG GGP TPA.

The survey and this monitoring report follow the MEDREG GGP TPA in structure. For each guideline provided in the MEDREG GGP TPA, a respective question was included in the survey and responses were collected separately for each GGP. Results findings reported here are also reported separately by GGP. Reference is made to countries that comply with the GGP and countries that are found to diverge from the GGP. Comments provided by MEDREG Members are also presented to enhance understanding on the particular situation in each country.

This section follows the thematically structuring of the MEDREG GGP TPA.

2.1. Market opening

Third party access and market opening are interrelated topics. An “open energy market” brings down all legal or administrative barriers for companies to enter the market and supply gas to consumers. Third party access rules to infrastructure are a necessary pre-requisite for achieving market opening. On the other hand, in the context of an open market, consumers can freely select their supplier and have the right to receive gas at reasonable, clearly comparable and transparent prices.

The first group of recommendations provided in the MEDREG GGP TPA (GGP1 and GGP2) relate to the existence of a timetable/roadmap for gradual market opening and the existence of national rules to facilitate the entrance of new suppliers. A third recommendation (GGP3) is related to gas release auctions, short duration contracts and respective tariffs are mechanisms that can promote market opening as they can create conditions for the entrance of new players and promote liquidity. Results are presented below.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP1	1	Is there a timetable/roadmap for gradual market opening, in order to achieve full market opening (meaning, inter alia, that all gas consumers are eligible for choosing supplier in their country)?
Yes		9 (Croatia, France, Greece, Israel, Italy, Jordan, Portugal, Slovenia, Turkey)
No		4 (Albania, Algeria, Egypt, Lebanon)
Yes/No		--
N/A		2 (Malta, Spain)

Comments received in relation to Question GGP1:

Croatia: All the gas consumers are eligible for choosing gas supplier.

Egypt: The Egyptian gas market is a new market, and the responsible authority is still working in the organizational phase of the regulator. There is no finalized product for a gradual market opening; however, the responsible authority is working with the World Bank and consultants (Quality Energy Developments Consulting Limited, and MJM Energy Limited and METAS Energy Limited) concerning this transition.

France: The market opening has been achieved.

Greece: All gas consumers are eligible as of the beginning of 2018. The Greek roadmap (Government Gazette B' 59/18.01.2018) foresees the creation of an organized wholesale market in 2019.

Israel: The market opening has already been implemented.

Italy: All consumers are already free to choose their supplier.

Lebanon: At the moment, Lebanon has no infrastructure for natural gas distribution nor supply. Only one pipeline is currently in place between Homs in Syria and Tripoli in Lebanon to run the gas turbines in Beddawi. Unfortunately, the natural gas is distributed only for less than a year, due to the shortage in Egyptian Gas in 2009.

Portugal: The market opening is complete. Therefore, all consumers are eligible and can choose their own supplier. A roadmap is also defined to end the regulated end-users' tariffs that presently are residual accounting for less than 2% of total demand. More information about the prices and contractual conditions of natural gas suppliers are available at ERSE's web page.

Slovenia: The market is 100% open.

Spain: The Spanish market has already been liberalized. When gradual market opening was in process, there were tools used such as timetables/roadmaps for gradual opening, gas release actions, etc. Nowadays all consumers are eligible.

Turkey: The EMRA Board determines the eligibility threshold every year until all the customers are eligible customers. Currently, residential customers that have an annual consumption above 75.000 Sm^3 are eligible customers, as well as all non-residential customers.

General remarks in relation to GGP1: Among the 15 countries[1] that were included in this study, eight **(9)** countries **(60%)** responded that a timetable/roadmap for gradual market opening has been developed and adhered to. Countries providing a positive response include Croatia, France, Greece, Israel, Italy, Jordan, Portugal, Slovenia and Turkey. As a new development, it is noted that all gas consumers in Greece became eligible as of 01.01.2018. Negative and N/A responses were provided by Albania, Lebanon and Malta as these countries do not have access to gas. N/A response was also provided by and Spain – both countries have completed actions in relation to market opening. Algeria and Egypt also gave a negative response to this question. Egypt noted that the Egyptian gas market is a new market, and the responsible authority is still working in the organizational phase of the regulator.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP2	2	Are there national rules in place that facilitate the entrance of new suppliers?
Yes		9 (Croatia, Egypt, France, Greece, Israel, Italy, Portugal, Spain, Turkey)
No		5 (Albania, Algeria, Jordan, Lebanon, Slovenia)
Yes/No		--
N/A		1 (Malta)

Comments received in relation to Question GGP2:

Croatia: Entrance of new supplier in Croatian gas market is regulated by the "Energy law" and "Gas market act".

Egypt: The Egyptian gas market is a new market, and the responsible authority is still working in the organizational phase of the regulator. There is no finalized product for a gradual market opening; however, the responsible authority is working with the World Bank and consultants (Quality Energy Developments Consulting Limited, and MJM Energy Limited and METAS Energy Limited) concerning this transition.

Greece: The entrance of suppliers is free. RAE issues supply licenses (around 40 supply licenses have been issued so far).

Lebanon: At the moment, Lebanon has no infrastructure for natural gas distribution nor supply. Only one pipeline is currently in place between Homs in Syria and Tripoli in Lebanon to run the gas turbines in Beddawi. Unfortunately, the natural gas is distributed only for less than a year, due to the shortage in Egyptian Gas in 2009.

Portugal: The entrance of new suppliers is facilitated according to the related directive and its national transposition rules.

Turkey: Natural gas market law, natural gas market licensing by-law, natural gas market by-law and natural gas transmission network code have several articles compliant with EU regulations guaranteeing entrance of new suppliers.

General remarks in relation to GGP2: Nine **(9)** countries **(60%)** responded that national rules that facilitate the entrance of new suppliers are in place. Countries providing a positive response include Croatia, Egypt, France, Greece, Israel, Italy, Portugal, Spain, and Turkey. Negative and N/A responses were provided by Albania, Lebanon and Malta as these countries do not have access to gas. Algeria and Jordan also responded negatively to this question. The Slovenian response is interpreted as "there are no specific measures for new entrants", as the market is open to all suppliers according to EU legislation.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP3	2	Are there in place mechanisms to promote market opening, such as gas release auctions, short duration contracts and tariffs?
Yes		6 (Croatia, France, Greece, Italy, Portugal, Turkey)
No		6 (Albania, Algeria, Egypt, Israel, Jordan, Lebanon)
Yes/No		--
N/A		3 (Malta, Slovenia, Spain*)

Comments received in relation to Question GGP3:

Croatia: Transmission system capacity is offered on yearly, monthly and daily basis. Moreover, the tariffs are determined to correspond to that offer. Quarterly and within-daily capacity and tariffs will be implemented by the coming years.

Egypt: The Egyptian gas market is a new market, and the responsible authority is still working in the organizational phase of the regulator. There is no finalized product for a gradual market opening; however, the responsible authority is working with the World Bank and consultants (Quality Energy Developments Consulting Limited, and MJM Energy Limited and METAS Energy Limited) concerning this transition.

Greece: In the framework of a commitments decision by the Greek Competition Authority, in coordination with RAE, the incumbent supplier so long as its market share remains above 60%, has to supply 17% (2018) of its annual long-term contract quantities through electronic auctions (the percentage will be gradually increased to 18% of annual long-term contract quantities in 2019 and 20% in 2020). The auction reserve price reflects real cost and is monitored by RAE. Pursuant to art. 125 Law 4549/2018 (Government Gazette A' 105/14.06.2018) a similar obligation of conducting electronic auctions of up to 20% of annual long-term contract quantities based on a decision taken by RAE was introduced also for any other supplier with a market share above 40% until 2020 (not yet implemented). Short-duration contracts and tariffs are also foreseen, up to daily and, recently, also intra-day products.

Israel: The natural gas sector in Israel is an open market and therefore there is no need for any mechanisms to promote market opening.

Italy: Italian Regulator has set a specific cap for the national gas supplier.

Lebanon: At the moment, Lebanon has no infrastructure for natural gas distribution nor supply. Only one pipeline is currently in place between Homs in Syria and Tripoli in Lebanon to run the gas turbines in Beddawi. Unfortunately, the natural gas is distributed only for less than a year, due to the shortage in Egyptian Gas in 2009.

Portugal: The competent authority for the natural gas tariffs approval is ERSE. ERSE has approved the natural gas tariffs for 2018-2019, providing different pricing options, including short usage network access tariffs.

***Spain:** The Spanish market has already been liberalized. When gradual market opening was in process, there were tools used such as timetables/roadmaps for gradual opening, gas release actions, etc. Nowadays all consumers are eligible.

Turkey: The obligation of decreasing the incumbent's share is enshrined in the natural gas market law. Gas release auctions have been carried out before and are planned for the future.

General remarks in relation to GGP3: Six **(6)** MEDREG Members acknowledged that mechanisms to promote market opening are in place in their respective countries. Countries providing a positive response include Croatia, France, Greece, Italy, Portugal, and Turkey. Negative and N/A responses were provided by Albania, Lebanon and Malta as these countries do not have access to gas. Algeria, Egypt, Israel and Jordan also responded negatively to this question. We note that the EU legal framework provides of the allocation of short-term capacity in the form of standardized products of duration from annual down to intra-day. Spain and Slovenia responded as N/A "N/A (not applicable), nevertheless short-term capacity products exist in both markets

2.2. Unbundling

Functional unbundling of transmission, storage, LNG terminal and distribution system operators from the vertically integrated undertaking is an important step towards ensuring transparent and non-discriminatory third party access.

The second group of recommendations provided in the MEDREG GGP TPA (GGP4 and GGP5) relate to functional independence and the effectiveness of unbundling. Results are presented below.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP4	1	Are the TSO (Transmission System Operators) sufficiently functionally independent from the supply business of vertically integrated companies, in order to avoid conflicts of interest? Are the LSO (LNG System Operators) sufficiently functionally independent from the supply business of vertically integrated companies, in order to avoid conflicts of interest? Are the system operators SSO (Storage System Operators) sufficiently functionally independent from the supply business of vertically integrated companies, in order to avoid conflicts of interest? Are the system operators DSO (Distribution System Operators) sufficiently functionally independent from the supply business of vertically integrated companies, in order to avoid conflicts of interest?
Yes		8 (Croatia, France, Greece, Italy, Portugal, Spain, Turkey)
No		2 (Egypt, Jordan)
Yes/No		3 (Albania, Algeria, Israel, Slovenia)
N/A		2 (Lebanon, Malta)

Comments received in relation to Question GGP4:

Albania: It has sufficiently functionally independent TSO and DSO; however, LSO and SSO are not sufficiently functionally independent.

Croatia: The activity of the TSO, LSO, SSO and DSO are organized as an independent legal entity, autonomous from other activities in the gas sector, as is prescribed by the "gas market act". These provisions do not apply to the DSO that forms a part of the vertically integrated

grid undertaking with less than 100.000 customers connected to the distribution system. Exceptionally, the activities of the TSO, LSO, SSO and DSO may be organized jointly, as a combined system operator; however, separate from the gas production, gas trade and gas supply.

Egypt: Unbundling details/rules/procedures and actions are under development /implementation. Regarding the TSO there is no sufficient functional unbundling (as the TSO is supplying the gas which is not owned by the TSO). The existing LNG is not open to TPA. There is no SSO. The DSO is not fully sufficient (as the DSO is supplying the gas which is not owned by the DSO). Moreover, the TSO is obliged to make accounting unbundling for transportation, distribution and supplying activity.

France: Regarding the SSO, access to storage is regulated since January 2018.

Israel: At the moment, the LNG is mostly for peak shaving in the power sector and backup for the pipeline gas. It is operated by the Electricity System TSO, which is almost fully independent from the Israel Electric Company, however, provides LNG services to the Power produces alone. Moreover, there is no SSO.

Jordan: The Ministry of Energy and Mineral Resources (MEMR) is the gas industry regulator in Jordan. In Jordan, there is one TSO, one LSO, and no SSO & DSO.

Malta: The LNG terminal forms part of gas-power project are approved.

Portugal: TSO and DSO are fully unbundled, LSO and SSO are functionally independent. ERSE's decision on the verification of compliance with the certification conditions of the TSO is available to public at the official web page.

Turkey: The DSOs are legally unbundled from the trading company. For the TSO, LSOs and SSOs, account unbundling is established. All the system operators are required to serve to customers on equal basis and EMRA Board is authorized to conclude all disputes on TPA.

General remarks in relation to GGP4: Seven **(7)** countries **(53%)** confirmed the existence of functional unbundling of the TSO and also other infrastructure operators. Countries with a positive response to this question are 6 EU Member States (Croatia, France, Greece, Italy, Portugal, Spain) and Turkey, **Five (5)** more countries (Albania, Algeria, Israel, Jordan and Slovenia), responded as “Yes/No”. Clarifications provided indicated that this Yes/No response (which may be interpreted as a partial yes) is due to the fact that not all types of infrastructure are available in a country (e.g. in Jordan there is no DSO, Slovenia does not gave an underground storage facility or an LNG terminal so there is neither an SSO nor an LSO, Albania as a Contracting Party to the Energy Community Treaty has set the legal provisions for the unbundling of a future TSO but no other infrastructure operators are planned at this stage). In Israel, TSO and DSO are unbundled, however the LSO is not functionally unbundled from the Electricity System, and there is no SSO yet. Overall, a total of 80% of the participants to the survey confirmed functional unbundling of at least transmission system operators. A negative response was provided by Egypt as the country is currently in the progress of reorganizing its natural gas market. N/A responses were given by Malta and Lebanon as neither country has access to gas and transmission infrastructure.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP5	1	Does the system in place for unbundling effective in removing conflict of interests between producers, suppliers and system operators (TSO, LSO, SSO and DSO), in order to create incentives for the necessary investments and guarantee the access of new market entrants under a transparent and efficient regulatory regime?
Yes		10 (Albania, Algeria, Croatia, France, Greece, Italy, Portugal, Slovenia, Spain, Turkey)
No		2 (Egypt, Jordan)
Yes/No		--
N/A		3 (Israel, Lebanon, Malta)

Comments received in relation to Question GGP5:

Croatia: TSO, LSO, SSO and DSO independently decide about the resources necessary for the operation, management and development of the system they manage, unrelated to other activities conducted by the vertically integrated undertaking. Moreover, every operator is required to adopt a program of measures to ensure the application of an unbiased access to the system it manages, and to ensure the monitoring of its implementation.

Egypt: Unbundling details/rules/procedures and actions are under development/ implementation. Regarding the TSO there is no sufficient functional unbundling (as the TSO is supplying the gas that is not owned by the TSO). The existing LNG is not subjected to TPA. There is no SSO. The DSO is not fully sufficient (as the DSO is supplying the gas that is not owned by the DSO). Moreover, the TSO is obliged to make account unbundling for transportation, distribution and supplying activity.

Jordan: The Ministry of Energy and Mineral Resources (MEMR) is the gas industry regulator in Jordan. In Jordan, there is one TSO, one LSO, and no SSO & DSO.

Portugal: There is a system in place under the related rules of directive and national transposition rules of the directive.

Turkey: Legal and account unbundling established in the market, together with the articles in the law prohibiting discrimination among equals, guarantees entry of new market players.

General remarks in relation to GGP5: Among the 15 countries that were included in this study, ten **(10)** countries **(67%)** confirmed that unbundling rules remove conflict of interests between producers, suppliers and system operators. It is noted however that 7 out of 10 countries that provided a positive response are EU Member States (Croatia, France, Greece, Italy, Portugal, Slovenia, Spain) and thus obliged to proceed to unbundling of the vertically integrated undertaking under the EU legal framework. Two of the remaining 10 countries, Algeria and Turkey also confirmed that effective rules are in place. Albania does not have access to gas, nevertheless as a Contracting Party to the Energy Community is applying the provisions of the EU legal framework. Thus, even the countries without mature gas markets have taken steps removing conflict of interests between producers, suppliers and system operators. Negative responses to this question were provided by Egypt and Jordan. Israel, Lebanon and Malta considered the question as non-applicable, the latter two because of lack of infrastructure.

2.3. The role of the NRAs in Unbundling

National regulatory authorities have a seminal role in ensuring the effectiveness of functional, accounting and other more advanced forms of unbundling. The next two questions look into the role of the regulator in this context. Results are presented below.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP6	2	Do the national regulatory authorities establish an appropriate regulatory environment, namely for the activities with regulated TPA?
Yes		12 (Albania, Algeria, Croatia, Egypt, France, Greece, Israel, Italy, Portugal, Slovenia, Spain, Turkey)
No		1 (Jordan)
Yes/No		--
N/A		2 (Lebanon, Malta)

Comments received in relation to Question GGP6:

Croatia: Access to the transmission system, distribution system, gas storage system and the LNG facility is enabled through regulated TPA, while access to upstream pipeline network is enabled by applying a negotiated TPA. The TPA is based on the published methodologies for determining tariffs for the energy activities of gas transmission, gas distribution, gas storage and the LNG facility management, which are applied fairly and non-discriminately to all gas market participants. The negotiating approach of the third party is based on commercial conditions for access to the upstream pipeline network, which are the subject of negotiations.

Egypt: Unbundling details/rules/procedures and actions are under development/implementation. Regarding the TSO there is no sufficient functionally (as the TSO is supplying the gas that is not owned by the TSO). The existing LNG is not subjected to TPA. There is no SSO. The DSO is not fully sufficient (as the DSO is supplying the gas that is not owned by the DSO). Moreover, the TSO is obliged to make account unbundling for transportation, distribution and supplying activity.

Israel: The NGA is working on natural gas marketing regulations.

Italy: The authority establishes an appropriate regulatory environment namely for the activities with regulated TPA through the settlement of tariffs, incentives and network codes.

Jordan: The Ministry of Energy and Mineral Resources (MEMR) is the gas industry regulator in Jordan. In Jordan, there is one TSO, one LSO, and no SSO & DSO.

Portugal: There is an established regulatory environment in place under the related rules of directive and national transposition rules of the directive.

Turkey: Articles prohibiting discrimination among equals exist both in the law and in the relevant by-laws.

General remarks in relation to GGP6: Among the 15 countries that were included in this study, twelve **(12)** countries **(80%)** confirmed the powers of their NRAs towards establishing an appropriate regulatory environment for the activities with regulated TPA. A negative response was received from Jordan, as Jordan does not have an independent regulator. The Ministry of Energy and Mineral Resources (MEMR) acts as gas industry regulator. Further an 18-year exemption period has been is granted to firms that will last until 2022.

Lebanon and Malta considered the question as non-applicable due to the lack of infrastructure.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP7	3	Do the national regulatory authorities certify the type of unbundling applied to the TSO (a competency that arises for EU countries from the Gas Directive EC/73/2009)?
Yes		12 (Albania, Croatia, Egypt, France, Greece, Israel, Italy, Malta, Portugal, Slovenia, Spain, Turkey)
No		1 (Jordan)
Yes/No		--
N/A		2 (Algeria, Lebanon)

Comments received in relation to Question GGP7:

Croatia: HERA conducts process of certification of TSO that is prescribed by the "gas market act".

Egypt: Unbundling details/rules/procedures and actions are under development/implementation. Regarding the TSO there is no sufficient functionally (as the TSO is supplying the gas that is not owned by the TSO). The existing LNG is not subjected to TPA. There is no SSO. The DSO is not fully sufficient (as the DSO is supplying the gas that is not owned by the DSO). Moreover, the TSO is obliged to make account unbundling for transportation, distribution and supplying activity.

Israel: The certification regarding the type of the bundling applied to the TSO is a part of TSO's license.

Jordan: The Ministry of Energy and Mineral Resources (MEMR) is the gas industry regulator in Jordan. In Jordan, there is one TSO, one LSO, and no SSO & DSO.

Malta: The certification regarding the type of the bundling applied to the TSO is required by law, which is specified in the natural gas market regulations.

Portugal: There is an established certification in place regarding the type of unbundling applied to the TSO under the related rules of directive and national transposition rules of the directive.

Turkey: Unbundling obligation and methods are enshrined in the natural gas market law.

General remarks in relation to GGP7: Twelve **(12)** countries **(80%)** confirmed that NRAs certify the type of unbundling applied to the TSO. The countries that gave a positive response are Albania, Croatia, Egypt, France, Greece, Israel, Italy, Malta, Portugal, Slovenia, Spain and Turkey. A negative response was provided by Jordan. Algeria and Lebanon gave a N/A response to this question.

2.4. Third Party Access to infrastructure

This Section looks into the implementation of third party access rules into infrastructure. Assessment is carried out through 7 general and more specific questions on TPA. Results are presented below.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP8	1	Do TSO, LSO and SSO provide easy and non-discriminatory access to their infrastructure?
Yes		10 (Albania, Croatia, France, Greece, Israel, Italy, Portugal, Slovenia, Spain, Turkey)
No		2 (Egypt, Jordan)
Yes/No		--
N/A		3 (Algeria, Lebanon, Malta)

Comments received in relation to Question GGP8:

Albania: Only the TSO provides easy and non-discriminatory access to their infrastructure.

Egypt: Unbundling details/rules/procedures and actions are under development/implementation. The authority applies priority mechanism and pro-rata mechanism for booking capacity. There is only one TSO that deals with many DSOs. There are no SSO.

Portugal: The rules for network access from interested parties to the networks and infrastructures comply with the provisions of "Access to Networks and Infrastructures Code", and "Commercial Relations Code", both approved by ERSE.

Turkey: It is clearly stated in the network codes of TSO, SSO and the LSOs that the system operator has to provide access on an equal basis. The network code is published after the regulatory board's decision. Non-discriminatory access provided to all regional and international companies that fulfil the license conditions.

General remarks in relation to GGP8: Ten **(10)** countries **(67%)** responded that TSOs/LSOs/SSOs (as applicable) provide easy and non-discriminatory access to their infrastructures. The countries that gave a positive response include Albania, 6 EU MS (Croatia, France, Greece, Italy, Portugal, and Spain), Israel and Turkey. A negative response was provided by Egypt and Jordan. Algeria and Lebanon gave a N/A response to this question.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP9	1	Do TSO co-operate with other TSO to ensure interoperability between different systems and efficient and non-discriminatory procedures facilitating trade and allowing network users to transport natural gas throughout the MEDREG region?
Yes		8 (Croatia, France, Greece, Italy, Portugal, Slovenia, Spain, Turkey)
No		2 (Albania, Egypt)
Yes/No		--
N/A		5 (Algeria, Israel, Jordan, Lebanon, Malta)

Comments received in relation to Question GGP9:

Albania: The Albanian TSO is not co-operating with other TSOs yet.

Egypt: Unbundling details/rules/procedures and actions are under

development/implementation. The authority applies priority mechanism and pro-rata mechanism for booking capacity. The authority applies priority mechanism and pro-rata mechanism for booking capacity. There is only one TSO that deals with many DSOs. There are no SSO; however, the TSO handles the hourly/daily pipelines line pack in the network code.

Greece: The authority encourages the speed-up of the conclusion of an interconnection agreement between the TSOs of Greece and Turkey in order to facilitate cross-country trade.

Israel: It is not relevant since Israel internally has only one TSO.

Portugal: The Portuguese TSO co-operates with adjacent TSOs.

Turkey: The interoperability regulations are currently being negotiated by EMRA and the TSO.

General remarks in relation to GGP9: Eight **(8)** countries **(53%)** responded that TSOs co-operate with adjacent TSOs to ensure interoperability between interconnected systems. The countries that gave a positive response include 7 EU MS (Croatia, France, Greece, Italy, Portugal, Slovenia, and Spain) and Turkey. However, the Greek regulator noted that an interoperability agreement between the Greek and the Turkish TSO is pending. One partially positive response was provided by the **Portuguese regulator ERSE** (and has been included in the country sum and percentage above). A negative response was provided by Albania, Egypt. The former because the country has no infrastructure and no interconnections with other TSOs. The latter due to the fact that Egypt's exports to Jordan have substantially decreased over the last 5 years and no other interconnection points exist.

It is noted that only 10 responses were received for this question (out of 15 respondents). The countries that did not respond are Israel (no functional IPs at the moment), Lebanon and Malta (lack of gas and infrastructure), Algeria and Jordan. Algeria is exporting gas, but pipelines are directly connected to production fields. Jordan is importing gas from Israel with an import pipeline directly connected to a production field (and minor quantities from Egypt).

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP10	2	Is there an objective, transparent and non-discriminatory implementation of a system of regulated TPA to the transmission and distribution system, and LNG facilities based on published tariffs, applicable to all eligible customers, including supply undertakings, and applied objectively and without discrimination between system users?
Yes		10 (Albania, Croatia, France, Greece, Israel, Italy, Portugal, Slovenia, Spain, Turkey)
No		2 (Egypt, Jordan)
Yes/No		--
N/A		3 (Algeria, Lebanon, Malta)

Comments received in relation to Question GGP10:

Egypt: Unbundling details/rules/procedures and actions are under development/implementation. The authority applies priority mechanism and pro-rata mechanism for booking capacity. The authority applies priority mechanism and pro-rata

mechanism for booking capacity. There is only one TSO that deals with many DSOs. There are no SSO; however, the TSO handles the hourly/daily pipelines line pack in the network code.

Israel: Besides LNG, there is an objective, transparent and non-discriminatory implementation of a system of regulated TPA to the transmission and distribution system.

Portugal: The tariffs are approved by ERSE according the procedures established at natural gas tariffs code and framework laws. The natural gas tariffs applicable in 2018-2019 are already available at ERSE web page.

Turkey: Objective, transparent and non-discriminatory methods of regulated TPA are guaranteed by the law, relevant by-laws and usage codes for every facility in the system.

General remarks in relation to GGP10: Ten **(10)** countries **(67%)** responded that they have implemented an objective, transparent and non-discriminatory TPA system. The countries that gave a positive response include 7 EU MS (Croatia, France, Greece, Italy, Portugal, Slovenia, and Spain), Israel and Turkey. Albania has also responded positively to this question. Egypt and Jordan gave a negative response. A N/A was noted by Algeria, Lebanon and Malta. Algeria's response is due to the lack of TPA in the country's infrastructure. Lebanon and Malta do not have yet access to gas.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP11	3	Are there procedures (regulated or negotiated access) in place for the organization of access to storage facilities and linepack when technically and/or economically necessary for providing efficient access to the system for the supply of customers, as well as for the organization of access to ancillary services? Do those procedures operate in accordance with objective, transparent and non-discriminatory criteria?
Yes		8 (Croatia, France, Israel, Italy, Portugal, Slovenia, Spain, Turkey)
No		2 (Albania, Egypt)
Yes/No		--
N/A		5 (Algeria, Greece, Jordan, Lebanon, Malta)

Comments received in relation to Question GGP11:

Albania: There are no procedures regulated or negotiated access) in place for the organization of access to storage facilities yet.

Egypt: Unbundling details/rules/procedures and actions are under development/implementation. The authority applies priority mechanism and pro-rata mechanism for booking capacity. The authority applies priority mechanism and pro-rata mechanism for booking capacity. There is only one TSO that deals with many DSOs. There are no SSO; however, the TSO handles the hourly/daily pipelines line pack in the network code.

France: There is a regulated access to storage.

Israel: There is a regulated/negotiated access for the linepack.

Italy: According to the third EU energy package, the authority uses regulated access.

Portugal: The access to storage facilities and the price of linepack use are regulated by ERSE and are published.

Slovenia: There are procedures for regulated/negotiated access for all except storage that does not exist in Slovenia.

General remarks in relation to GGP11: Eight **(8)** countries **(53%)** confirmed that procedures for the organization of access to storage facilities and linepack are in place. Countries with a positive response are Croatia, France, Italy, Portugal, Spain, and Turkey. A positive response was also provided by **Israel** and **Slovenia.** Neither country has underground gas storage facilities, however they have procedures in place to provide access to linepack. A negative response was provided by Algeria and Egypt. Algeria, Greece, Jordan, Lebanon and Malta considered the question to be N/A

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP12	3	Do TSO and LSO offer unbundled TPA services for access to pipelines and LNG facilities as well as all necessary ancillary services to the extent that such facilities are operated by the TSO (ancillary services include allocation, blending, quality monitoring, metering and balancing)?
Yes		9 (Croatia, France, Greece, Israel, Italy, Portugal, Slovenia, Spain, Turkey)
No		3 (Albania, Egypt, Jordan)
Yes/No		--
N/A		3 (Algeria, Lebanon, Malta)

Comments received in relation to Question GGP12:

Egypt: Unbundling details/rules/procedures and actions are under development/implementation. The authority applies priority mechanism and pro-rata mechanism for booking capacity. The authority applies priority mechanism and pro-rata mechanism for booking capacity. There is only one TSO that deals with many DSOs. There are no SSO; however, the TSO handles the hourly/daily pipelines line pack in the network code.

Portugal: The tariffs are approved by ERSE according the procedures established at natural gas tariffs code and framework laws. The natural gas tariffs applicable in 2018-2019 are already available at ERSE web page. One of the issues that has also to be referred to is the existence of TPA rules published in an individual document or included in the network code and who is the entity responsible for their approval.

Slovenia: There are no LNG facilities in Slovenia.

General remarks in relation to GGP12: Among the 15 countries that were included in this study, nine **(9)** countries **(60%)** informed that TSOs and LSOs offer unbundled TPA services for access to pipelines and LNG facilities as well as all necessary ancillary services such as blending, quality monitoring, metering and balancing. The countries that responded positively include 6 EU MS (Croatia, France, Greece, Italy, Portugal, Slovenia, and Spain), Israel and Turkey. A negative response was provided by Albania, Egypt and Jordan. Algeria,

Lebanon, Malta considered the question as N/A.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP13	3	Do SSO offer unbundled TPA services to storage facilities which are technically and/or economically necessary for providing efficient access to the system for the supply of customers?
Yes		5 (Croatia, France, Italy, Portugal, Turkey)
No		3 (Albania, Egypt, Spain)
Yes/No		--
N/A		7 (Algeria, Greece, Israel, Jordan, Lebanon, Malta, Slovenia)

Comments received in relation to Question GGP13:

Egypt: Unbundling details/rules/procedures and actions are under development/implementation. The authority applies priority mechanism and pro-rata mechanism for booking capacity. The authority applies priority mechanism and pro-rata mechanism for booking capacity. There is only one TSO that deals with many DSOs. There are no SSO; however, the TSO handles the hourly/daily pipelines line pack in the network code.

Portugal: The tariffs are approved by ERSE according the procedures established at Natural Gas Tariffs Code and framework laws. The natural gas tariffs applicable in 2018-2019 are already available at ERSE web page. One of the issues that has also to be referred to is the existence of TPA rules published in an individual document or included in the network code and who is the entity responsible for their approval.

Spain: TPA to storage facilities is currently offered as a bundled service. Nevertheless, since the last time this questionnaire was filled out, Spanish Regulation has been updated to define unbundled services and it is envisaged to offer them soon, as soon as the procedure to offer them to the market is legally defined.

Turkey: Unbundled services with separate fees and tariffs are effective for the SSOs.

General remarks in relation to GGP13: Among the 15 countries that were included in this study, five **(5)** countries **(33%)** responded that SSOs also offered unbundled services. The countries providing a positive response are Croatia, France, Italy, Portugal, and Turkey. **Spain** noted that the regulation is being updated, and the unbundled services are to be offered soon. A negative response was given by Albania and Egypt. Seven more participants considered that the question is non-applicable to them as they have no storage facilities (Algeria, Greece, Israel, Jordan, Lebanon, Malta, Slovenia)

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP14	2	Do TSO, LSO and SSO offer the same range of services on the same conditions according to the principle of non-discrimination to any eligible third party within the MEDREG region?
Yes		10 (Albania, Croatia, France, Greece, Israel, Italy, Portugal, Slovenia, Spain, Turkey)
No		1 (Egypt)
Yes/No		--
N/A		4 (Algeria, Jordan, Lebanon, Malta)

Comments received in relation to Question GGP14:

Egypt: Unbundling details/rules/procedures and actions are under development/implementation. The authority applies priority mechanism and pro-rata mechanism for booking capacity. The authority applies priority mechanism and pro-rata mechanism for booking capacity. There is only one TSO that deals with many DSOs. There are no SSO; however, the TSO handles the hourly/daily pipelines line pack in the network code.

France: The suppliers of domestic consumers are under obligation to subscribe a certain amount of storage capacity for security of supply reasons.

Israel: The national operators offer the same range of services on the same conditions according to the principle of non-discrimination to any eligible third party within MEDREG region, e.g. exports Jordan.

Turkey: All SSOs and LSOs have codes that guarantee non-discrimination among equals whether domestic or international, as well as the network code for the TSO.

General remarks in relation to GGP14: Ten **(10)** countries **(67%)** confirmed that TSOs, LSOs and SSOs offer the same range of services on the same conditions according to the principle of non-discrimination to any eligible third party within the MEDREG region. The countries providing a positive response are Albania, Croatia, France, Greece, Israel, Italy, Portugal, Slovenia, Spain, and Turkey. A negative response was given by Egypt. A N/A response was given by Algeria, Jordan, Lebanon and Malta.

2.5. Network Code and TPA rules

Transparency in TPA rules relates in these being published and available a consolidated form and if possible in a single document. Consultation with stakeholders is a required element of the process of establishing functional, transparent and non-discriminatory rules.

The next questions look into progress made in relation to GGP 15 and GGP 16 of the MEDREG GGP TPA. They relate to TPA rules being published in an individual document or included in the Network Code, following consultation and approval by the regulators.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP15	1	Are TPA rules established and published in an individual document or included in the Network Code, following proper consultation with network users?
Yes		7 (Croatia, Greece, Israel, Italy, Portugal, Slovenia, Turkey)
No		3 (Albania, Egypt, Spain)
Yes/No		--
N/A		5 (Algeria, France, Jordan, Lebanon, Malta)

Comments received in relation to Question GGP15:

Albania: The TPA rules are not established and published in an individual document nor included in the network code yet.

Croatia: The TPA Rules are prescribed in the gas market act and in network rules of each system operator. HERA gives opinion on the gas market act before its adoption and its consent on network rules.

Egypt: Unbundling details/rules/procedures and actions are under development/implementation. The network code includes only the general description. The rules/procedures will be approved by national regulatory authority as soon as they are realized. The technical TPA rules are included in the network code without the details regarding the tariff structure.

Greece: The TPA rules are included in the network code that is approved by RAE after a consultation process and is publicly available.

Israel: The TPA rules are the part of general transmission agreement.

Portugal: The rules for network access from interested parties to the networks and infrastructures comply with the provisions of the access to networks and infrastructures code, and commercial relations code, both approved by ERSE.

Turkey: The TPA rules are included in the network code and/or usage codes and relevant by-laws following consultations with all market players.

General remarks in relation to GGP15: Seven **(7)** countries **(47%)** responded that TPA rules are established and published in an individual document or included in the Network Code, following consultation. Countries with a positive response include all EU MS except France and Spain and also Israel and Turkey. Three countries gave a negative response: Albania as the country does not have yet access to gas, Egypt since the completion of TPA rules is pending the realization of the regulator and market opening and Spain. Algeria, France, Jordan, Lebanon, Malta considered the question as N/A

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP16	2	Are Third Party Access rules approved by the national regulatory authorities?
Yes		9 (Albania, Croatia, France, Greece, Israel, Italy, Portugal, Slovenia, Turkey)
No		2 (Egypt, Spain)
Yes/No		--
N/A		4 (Algeria, Jordan, Lebanon, Malta)

Comments received in relation to Question GGP16:

Croatia: The TPA Rules are prescribed in the gas market act and in network rules of each system operator. HERA gives opinion on the gas market act before its adoption and its consent on network rules.

Egypt: Unbundling details/rules/procedures and actions are under development/implementation. The network code includes only the general description. The rules/procedures will be approved by national regulatory authority as soon as they are realized. The technical TPA rules are included in the network code without the details regarding the tariff structure.

Turkey: The infrastructure codes including the TPA regulations are approved by the EMRA Board. EMRA and the system operator carries on consultations with the stakeholders before the draft regulations are submitted to the board.

General remarks in relation to GGP16: Nine **(9)** countries **(60%)** responded that TPA rules are approved by the respective regulators. Two countries responded negatively: Egypt where the establishment of the national regulatory authority for gas is still in progress and Spain. In Spain, the network codes and technical functioning procedures are set by the System Operation Network Code (Normas de Gestión Técnica del Sistema - NGTS), approved by the Government. The regulator CNMC only issues a non-binding report. However, CNMC is in charge of approving the methodology regarding the balancing rules.

2.6. Tariffs

Tariff methodologies and tariffs for TPA access to infrastructure should be transparent non-discriminatory and cost reflective.

The next paragraphs look into progress made regarding guidelines 17 to 20 of the MEDREG GGP TPA. These guidelines look into the competences of national regulators for fixing or approving tariffs for access to infrastructure, the criteria taken into account by NRAs while deciding on tariff methodologies and/or tariffs and the respective publication requirements. The last GGP in this section (GGP 20) looks if an entry/exit capacity/tariff system has been adopted. It is noted that it is generally acknowledged that to enhance competition through liquid wholesale markets for gas, gas should be traded independently of its location in the system. A way to do this is to give network users the freedom to book entry and exit capacity independently, thereby creating gas transport through zones instead of along contractual paths. Naturally in such a booking system, tariffs should be separate for each entry and exit point. Results are presented below.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP17	2	Are national regulatory authorities responsible for fixing or approving tariffs, or the methodologies underlying the calculation of these tariffs, on the basis of a proposal by the TSO or LSO, or on the basis of a proposal agreed between those operator(s) and the users of the network?
Yes		13 (Albania, Algeria, Croatia, Egypt, France, Greece, Israel, Italy, Lebanon, Malta, Portugal, Slovenia, Turkey)
No		1 (Spain)
Yes/No		--
N/A		1 (Jordan)

Comments received in relation to Question GGP17:

Croatia: HERA prescribes the methodologies for determination of the amount of tariff items for energy activities of gas transmission, gas distribution, public service of gas supply and a guaranteed supply, gas storage and LNG facility. Operators are obliged to submit an application to HERA for determining or changing the amount of tariff items, with all requested information and documentation prescribed by the relevant methodology. HERA can accept proposed tariff amounts from the operators or can set tariff amounts independently.

France: CRE is the responsible national regulatory authority for fixing the tariffs.

Greece: The national regulatory authority approves both the methodology and the tariffs based on the TSO's proposal.

Israel: In theory, there is no need for such proposal, since the basis of the proposal is agreed on the very beginning of the agreement.

Lebanon: There is no national regulatory authority independent from the ministry. In the current situation, the Minister of Energy and Water regulates the market prices and tariff via the Directorate General of Oil. The DGO prepares a weekly table for prices of petroleum products. This transparent table is endorsed and approved by the minister and then published. As LNG or NG is not tradable in Lebanon currently, the above applies to other petroleum products.

Malta: The Natural Gas Market Rules for TSO, DSO and LNG are regulated by law; however, the access for SSO is negotiated.

Portugal: ERSE establishes and approves the methodology and the values of tariffs and regulated prices, in accordance with the law and the tariff regulations (for natural gas and electricity). According to ERSE Tariffs Code, a possibility to present basis proposals is given to the different regulated operators.

Slovenia: It is regulated for the TSO; however, it is not applicable for LSO.

Turkey: EMRA fixes the tariffs of the TSO on the basis of a proposal by the TSO after consultations with users the parties. For the LSO, the methodologies underlying the calculations are approved by the EMRA.

General remarks in relation to GGP17: Thirteen **(13)** respondents **(87%)** acknowledged that national regulatory authorities are responsible for fixing or approving tariffs, or the methodologies underlying the calculation of these tariffs, on the basis of a proposal by the

system operators. For Spain, where a negative response was provided, the Government is responsible for setting access gas tariffs and remuneration. The regulator, CNMC, issues a non-binding opinion to the Government before each update or tariff revision.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP18	2	Do the national regulatory authorities ensure that transmission and distribution tariffs: • Fully comply with the principle of non-discrimination? • Are transparent? • Are cost-reflective, insofar as such costs correspond to those of an efficient and structurally comparable network operator and are transparent, whilst including appropriate return on investments? • Take into account the need for system integrity and its improvement? • Take into account the long-term, marginal, avoided network costs from demand-side management measures? • Facilitate efficient gas trade and competition? • Provide incentives for investment? • Avoid cross-subsidies between network users? • Maintain or create interoperability for transmission networks? • Provide convergence of charging principles and tariff structures among MEDREG countries?
Yes		9 (Albania, Croatia, France, Greece, Italy, Lebanon, Malta, Portugal, Slovenia, Turkey)
No		1 (Spain)
Yes/No		3 (Egypt, Israel)
N/A		2 (Algeria, Jordan)

Comments received in relation to Question GGP18:

Egypt: The transmission and distribution tariffs fully comply with the principle of non-discrimination and they are transparent; however, these tariffs are not cost-reflective and they do not consider the long-term, marginal, avoided network costs from demand-side management measures. On the other hand, these tariffs consider the need for system integrity and its improvement and they facilitate efficient gas trade and competition, provide incentives for investment and maintain/create interoperability for transmission networks. They cannot avoid cross-subsidies between network users. Providing convergence of charging principles and tariff structures among MEDREG countries are not possible.

Israel: The distribution tariff determined in auctions and they are published on the website of NGA. The transmission tariffs model prevents coverage ratio, NGA is in the process of transferring the model to a yield-driven model. These tariffs are also published on the website of NGA.

Lebanon: There is no national regulatory authority independent from the ministry. In the current situation, the Minister of Energy and Water regulates the market prices and tariff via the Directorate General of Oil. The DGO prepares a weekly table for prices of petroleum

products. This transparent table is endorsed and approved by the minister and then published. As LNG or NG is not tradable in Lebanon currently, the above applies to other petroleum products.

Malta: Most principles are enshrined in law, the natural gas market regulations.

Portugal: Providing convergence of charging principles and tariff structures among MEDREG countries is partially applicable since the convergence is done only between the European countries.

Slovenia: The national regulatory authority does not consider the long-term, marginal, avoided network costs from demand-side management measures. Providing convergence of charging principles and tariff structures among MEDREG countries is not applicable yet.

Turkey: All of the abovementioned principles are taken into account in determination of the tariffs.

General remarks in relation to GGP18: Twelve **(12)** countries **(80%)** responded that national regulatory authorities ensure that transmission and distribution tariff comply with the principle of non-discrimination are transparent and cost reflective. Three countries **Egypt, Greece** and **Israel** provided a partial yes implying that only some of the criteria put forward in the relevant question are met. NRAs from **Egypt, Portugal** and **Slovenia** expressed their reservations about a potential convergence of tariff principles and structures among MEDREG countries.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP19	2	Are those tariffs or the methodologies underlying their calculation, approved and published prior to their entry into force?
Yes		9 (Albania, Croatia, Egypt, France, Greece, Italy, Portugal, Slovenia, Turkey)
No		1 (Spain)
Yes/No		--
N/A		4 (Algeria, Israel, Jordan, Malta)

Comments received in relation to Question GGP19:

Croatia: Methodologies and corresponding tariffs are set and published by HERA prior to their entry into force.

Lebanon: There is no national regulatory authority independent from the ministry. In the current situation, the Minister of Energy and Water regulates the market prices and tariff via the Directorate General of Oil. The DGO prepares a weekly table for prices of petroleum products. This transparent table is endorsed and approved by the minister and then published. As LNG or NG is not tradable in Lebanon currently, the above applies to other petroleum products.

Portugal: ERSE establishes and approves the methodology and the values of tariffs and regulated prices, in accordance with the law and the tariff regulations (for natural gas and electricity). According to ERSE Tariffs Code, a possibility to present basis proposals is given to the different regulated operators.

Turkey: All tariffs or methodologies are approved and published prior to entry into force.

General remarks in relation to GGP19: Among the 15 countries that were included in this study, ten **(10)** countries **(67%)** responded that tariffs or the methodologies underlying their calculation are approved and published prior to their entry into force. Countries with positive responses include Albania, Croatia, Egypt, France, Greece, Italy, Lebanon, Portugal, Slovenia and Turkey. We note that as Lebanon has no access to gas, the respective response relates to petroleum products in general and not to tariffs related to access to natural gas infrastructure. A negative response was provided by Spain. Algeria, Israel, Jordan, Malta considered the question non-applicable.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP20	3	Are tariffs for network users set separately for every entry point into or exit point out of the transmission system?
Yes		6 (Croatia, Greece, Italy, Portugal, Slovenia, Spain)
No		4 (Albania, Egypt, France, Israel)
Yes/No		1 (Turkey)
N/A		4 (Algeria, Jordan, Lebanon, Malta)

Comments received in relation to Question GGP20:

Croatia: Tariffs for transmission network users are set separately for every group of entry point into (interconnections, production, and storage) or exit point out (domestic, storage, interconnections) of the transmission system, as is prescribed by the "methodology for determining the amount of tariff items for gas transmission".

France: The tariff structure is broken down into various tariff charges that are distributed over the transmission networks between the main network and the regional network. All these charges are paid 100% at capacity:

- The tariff structure for the main network is based on a principle of entry-exit pricing per marketplace. The gas may be purchased and/or sold directly on the marketplaces or Gas Transfer Points (PEG); in this latter case, the user pays the tariff charges that are specific to the PEG.
- The regional network consists of network elements that help to carry the gas from the main network to the end customers or to the distribution network. The supply at each delivery point requires both a transmission capacity subscription and delivery capacity.
    - Pricing of transmission over the regional network is based on the contracted transmission capacity and the unit tariff for transmission across the regional network multiplied by a regional tariff level that is specific to each delivery point.
    - The delivery pricing is based on the contracted delivery capacity, the unit tariff for delivery and the number of delivery stations for the industrial consumers or highly modulated industrial consumers.
    - Some delivery points are connected directly to the main network and do not use the regional network.

Greece: The tariffs for network users are set separately for each entry point, and per zone for

the exit points.

Lebanon: There is no national regulatory authority independent from the ministry. In the current situation, the Minister of Energy and Water regulates the market prices and tariff via the Directorate General of Oil. The DGO prepares a weekly table for prices of petroleum products. This transparent table is endorsed and approved by the minister and then published. As LNG or NG is not tradable in Lebanon currently, the above applies to other petroleum products.

Portugal: ERSE establishes and approves the methodology and the values of tariffs and regulated prices, in accordance with the law and the tariff regulations (for natural gas and electricity). According to ERSE Tariffs Code, a possibility to present basis proposals is given to the different regulated operators.

Turkey: The tariffs are set separately for each entry and exit point, although there is currently a single exit point covering the entire network in Turkey.

General remarks in relation to GGP20: Among the 15 countries that were included in this study, only five **(5)** countries **(40%)**, that happen to be EU Member States, Greece, Italy, Portugal, Slovenia, Spain, responded that tariffs for network users are set separately for each entry point into or exit point out of the transmission system. A partial positive response was provided by the Turkish regulator EMRA which notified that a single exit tariff is applied at all exit points. All remaining participants gave either a negative response or considered the question as N/A.

2.7. Methodologies for Capacity Allocation (CAM) and Congestion Management Procedures (CMP)

This section looks into the implementation of GGPs related to capacity allocation and congestion management.

The results are summarized below.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP21	1	Do TSO, LSO and SSO design capacity services to facilitate trading and reutilization of capacity?
Yes		9 (Croatia, Egypt, France, Greece, Israel, Italy, Portugal, Slovenia, Spain)
No		1 (Albania)
Yes/No		1 (Turkey)
N/A		4 (Algeria, Jordan, Lebanon, Malta)

Comments received in relation to Question GGP21:

Albania: The capacity services by TSO, LSO and SSO to facilitate trading and reutilization of capacity are not designed yet.

Egypt: Capacity trading is not allowed in the first phase. In order to add new customers, the TSO designs capacity studies. The existing LNG is not subjected to the TPA, and there is no SSO. Concerning capacity allocation mechanisms, yes for the TSO and it is mentioned in the network code and will be published on the TSO sites. Concerning the congestion management procedures, the procedures are not completed yet; however, there are some points to solve

this problem in the network code e.g. interruptible contract.

Portugal: The national rules regarding capacity mechanisms and congestion management are published at Manual of Infrastructure Access Procedures (MPAI), approved by ERSE Directive. These rules are according to Commission Network Code and Commission Decision.

Slovenia: The capacity services by TSO to facilitate trading and reutilization of capacity are designed; however, LSO and SSO are not applicable.

Turkey: Although there are mechanisms including use-it-or-lose-it and capacity transfer for reallocation of capacity, currently capacity trading is not yet possible.

General remarks in relation to GGP21: Among the 15 countries that were included in this study, nine **(9)** countries **(60%)** responded that mechanisms which facilitate trading and reutilization of capacity are in place. EU Member States that are also MEDREG Members responded that the EU legal framework applies and has been implemented. Israel has also responded that capacity services to facilitate trading and reutilization of capacity are in place. No further information was provided. Egypt also gave a positive answer to this question indicating that congestion is addressed by interruptible contracts. A partial positive response was provided by the Turkish Regulator EMRA acknowledging that mechanisms for use-it-or-lose-it are in place, but that capacity trading is not yet possible. Algeria and Jordan responded negatively to this question. The question is non-applicable to Albania, Lebanon and Malta due to the absence of natural gas.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP22	2	Do TSO, LSO and SSO implement and publish non-discriminatory and transparent capacity allocation mechanisms and when applicable congestion management procedures?
Yes		9 (Croatia, France, Greece, Israel, Italy, Portugal, Slovenia, Spain, Turkey)
No		2 (Albania, Egypt)
Yes/No		--
N/A		4 (Algeria, Jordan, Lebanon, Malta)

Comments received in relation to Question GGP22:

Albania: The non-discriminatory and transparent capacity allocation mechanisms and congestion management procedures are not implemented and published yet.

Croatia: Capacity allocation and congestion management for transmission system is prescribed by TSO in "network rules of gas transmission system" and for gas storage system it is prescribed by SSO in "terms of usage of gas storage system", with consent of HERA for both acts. These network codes are published on the web site of HERA and each system operator.

Egypt: Capacity trading is not allowed in the first phase. In order to add new customers, the TSO designs capacity studies. The existing LNG is not subjected to the TPA, and there is no SSO. Concerning capacity allocation mechanisms, yes for the TSO and it is mentioned in the network code and will be published on the TSO sites. Concerning the congestion management procedures, the procedures are not completed yet; however, there are some points to solve

this problem in the network code e.g. interruptible contract.

France: The non-discriminatory and transparent capacity allocation mechanisms and congestion management procedures are harmonized on a European level.

Italy: European network code is used to implement non-discriminatory and transparent capacity allocation mechanisms and congestion management procedures.

Portugal: The national rules regarding capacity mechanisms and congestion management are published at Manual of Infrastructure Access Procedures (MPAI), approved by ERSE Directive. These rules are according to Commission Network Code and Commission Decision.

Turkey: The non-discriminatory and transparent capacity allocation mechanisms for the TSO, LSOs and SSOs are enshrined in the usage codes of every facility.

General remarks in relation to GGP22 Among the 15 countries that were included in this study, nine **(9)** countries **(60%)** responded that TSO, LSO and SSO implement and publish non-discriminatory and transparent capacity allocation mechanisms and when applicable congestion management procedures. EU Member States that are also MEDREG Members responded that the EU legal framework applies and is implemented. Algeria, Egypt and Jordan responded negatively to this question. The question is non-applicable to Albania, Lebanon and Malta due to the absence of natural gas.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP23	2	Are the capacity allocation mechanisms and when applicable congestion management procedures approved by the national regulatory authority?
Yes		10 (Croatia, Egypt, France, Greece, Israel, Italy, Portugal, Slovenia, Spain, Turkey)
No		1 (Albania)
Yes/No		--
N/A		4 (Algeria, Jordan, Lebanon, Malta)

Comments received in relation to Question GGP23:

Albania: The capacity allocation mechanisms and the congestion management procedures are not approved by the national regulatory authority yet.

Croatia: Capacity allocation and congestion management for transmission system is prescribed by TSO in "network rules of gas transmission system" and for gas storage system, it is prescribed by SSO in "terms of usage of gas storage system", with consent of HERA for both acts. These network codes are published on the web site of HERA and each system operator.

Egypt: Capacity trading is not allowed in the first phase. In order to add new customers, the TSO designs capacity studies. The existing LNG is not subjected to the TPA, and there is no SSO. Concerning capacity allocation mechanisms, yes for the TSO and it is mentioned in the network code and will be published on the TSO sites. Concerning the congestion management procedures, the procedures are not completed yet; however, there are some points to solve this problem in the network code e.g. interruptible contract.

France: The non-discriminatory and transparent capacity allocation mechanisms and

congestion management procedures are harmonized on a European level.

Portugal: The national rules regarding capacity mechanisms and congestion management are published at Manual of Infrastructure Access Procedures (MPAI), approved by ERSE Directive. These rules are according to Commission Network Code and Commission Decision.

Turkey: The capacity allocation mechanisms and congestion management procedures are included in the network code for the TSO and usage codes of the LSOs and SSOs, which are approved by EMRA.

General remarks in relation to GGP23: Among the 15 countries that were included in this study, ten **(10)** countries **(67%)** responded that capacity allocation mechanisms and congestion management procedures are approved by the national regulatory authority. Countries that provided a positive response include the 7 EU MS that participated in the survey and also Egypt, Israel and Turkey. The question is non-applicable to Albania, Lebanon and Malta due to the absence of natural gas. Jordan also considered that this question is not applicable.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP24	2	Do the capacity-allocation mechanisms: • ensure that the maximum capacity at all relevant points is available to market participants? • take into account system integrity and efficient operation? • provide appropriate economic signals for the efficient and maximum use of technical capacity? • facilitate the development of competition and liquid trading of capacity? • neither hamper the entry of new market participants and of companies with a small market share nor create undue barriers to market entry? • foster investment in new infrastructure? • facilitate cross-border exchanges in natural gas?
Yes		10 (Croatia, Egypt, France, Greece, Israel, Italy, Portugal, Slovenia, Spain, Turkey)
No		1 (Albania)
Yes/No		--
N/A		4 (Algeria, Jordan, Lebanon, Malta)

Comments received in relation to Question GGP24:

Egypt: Capacity trading is not allowed in the first phase. In order to add new customers, the TSO designs capacity studies. The existing LNG is not subjected to the TPA, and there is no SSO. Concerning capacity allocation mechanisms, yes for the TSO and it is mentioned in the network code and will be published on the TSO sites. Concerning the congestion management procedures, the procedures are not completed yet; however, there are some points to solve this problem in the network code e.g. interruptible contract.

Italy: Capacity-allocation mechanisms are applied according to the EU Regulations.

Portugal: The national rules regarding capacity mechanisms and congestion management

are published at Manual of Infrastructure Access Procedures (MPAI), approved by ERSE Directive. These rules are according to Commission Network Code and Commission Decision.

General remarks in relation to GGP24: Ten **(10)** countries **(67%)** responded that capacity-allocation mechanisms ensure that (a) the maximum capacity at all relevant points is available to market participants, (b) system integrity and efficient operation is accounted for and (c) appropriate economic signals for the efficient and maximum use of technical capacity are provided. Countries that provided a positive response include the 7 EU MS that participated in the survey, Egypt, Israel and Turkey. The question is non-applicable to Albania, Lebanon and Malta due to the absence of natural gas. Jordan also considered that this question is not applicable.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP25	3	Are the capacity-allocation mechanisms market-based? Do solutions such as pro-rata mechanisms or 'first-come first- served' considered, if they provide equivalent safeguards for non-discriminatory and competitive access?
Yes		8 (Croatia, Egypt, France, Greece, Israel, Portugal, Slovenia, Spain)
No		2 (Albania, Turkey)
Yes/No		1 (Italy)
N/A		4 (Algeria, Jordan, Lebanon, Malta)

Comments received in relation to Question GGP25:

Croatia: Pro-rata mechanism is prescribed in the "network rules of gas transmission system" and also in the "terms of usage of gas storage system".

Egypt: Capacity trading is not allowed in the first phase. In order to add new customers, the TSO designs capacity studies. The existing LNG is not subjected to the TPA, and there is no SSO. Concerning capacity allocation mechanisms, yes for the TSO and it is mentioned in the network code and will be published on the TSO sites. Concerning the congestion management procedures, the procedures are not completed yet; however, there are some points to solve this problem in the network code e.g. interruptible contract.

France: The French authority uses auctions that are described in the CAM NC.

Greece: The capacity-allocation mechanisms are market-based for the Interconnection Points with other countries, on a first-come-first-served basis at all other entry/exit points.

Italy: The market-based capacity allocation mechanisms are utilized; however, there are no equivalent safeguards for non-discriminatory and competitive access.

Portugal: The capacity-allocation mechanism in place is market-based. The capacity auctions are performed at "PRISMA Platform", which is the place where capacity rights for natural gas transport can be traded or marketed according the network codes.

Turkey: Pro-rata is applied for all entry points on the transmission system.

General remarks in relation to GGP 25: Among the 15 countries that were included in this study, nine **(9)** countries **(60%)** responded that capacity-allocation mechanisms are market-based. Countries that provided a positive response include 6 EU MS that participated in the

survey, Egypt and Israel. A partial positive response was provided from the Italian regulator who noted that. Methods like pro-rata and first-come-first-served are not used. Turkey implements a pro-rata system so responded negatively to the questionnaire. The question is non-applicable to Albania, Lebanon and Malta due to the absence of natural gas and to Jordan and Algeria as there is no third party access in their respective infrastructures.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP26	3	Are appropriate congestion management procedures used in each country depending on each specificity, namely surrender of capacity, oversubscription and buy-back and Use It or Lose It procedures?
Yes		10 (Croatia, Egypt, France, Greece, Israel, Italy, Portugal, Slovenia, Spain, Turkey)
No		1 (Albania)
Yes/No		--
N/A		4 (Algeria, Jordan, Lebanon, Malta)

Comments received in relation to Question GGP26:

Croatia: Congestion management procedures that are prescribed in "network rules of gas transmission system" are the following: return of contracted firm capacity, "use-it-or-lose-it" and oversubscription and buy-back. Congestion management procedures that are prescribed in "terms of usage of gas storage system" are "use it or sell" it and sell of interruptible capacity.

Egypt: Capacity trading is not allowed in the first phase. In order to add new customers, the TSO designs capacity studies. The existing LNG is not subjected to the TPA, and there is no SSO. Concerning capacity allocation mechanisms, yes for the TSO and it is mentioned in the network code and will be published on the TSO sites. Concerning the congestion management procedures, the procedures are not completed yet; however, there are some points to solve this problem in the network code e.g. interruptible contract.

Israel: Mostly congested capacity allocation procedures are utilized.

Italy: Congested management procedures are implemented according to EU Regulation.

Portugal: According the Manual of Infrastructure Access Procedures (MPAI), the mechanisms approved are; surrender of capacity, over-subscription and buy-back of a long-term use-it-or-lose-it (LT UOLI). In Portugal and at VIP Iberico there was never a congestion, so the procedures have never been applied. More information about the auctions performed, the details are publicly online at Prisma Platform and Transparency Platform operated by ENTSO-G.

Turkey: The surrender of capacity, buy-back and use-it-or-lose-it are used for all transmission points.

General remarks in relation to GGP 26: Among the 15 countries that were included in this study, ten **(10)** countries **(67%)** responded that congestion management procedures such as surrender of capacity, oversubscription and buy-back and Use It or Lose It procedures are in place. It is noted that 7 out of the 10 respondents are EU NRAs bound by the EU legal framework. Nevertheless, it is not clear from their responses if CMP measures are also

applied at non-EU interconnection points. The remaining three countries Israel, Turkey and Egypt that provided a positive response acknowledge that a number of CMP provisions are in place such as buy-back and use-it-or-lose-it in Turkey and interruptible contracts in Egypt.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP27	3	Do national regulatory authorities and TSO endeavor to harmonize (and at least make compatible) capacity allocation mechanisms and congestion management procedures in order to facilitate trade between MEDREG countries?
Yes		7 (Croatia, Egypt, France, Greece, Italy, Portugal, Turkey)
No		3 (Albania, Israel, Spain)
Yes/No		--
N/A		5 (Algeria, Jordan, Lebanon, Malta, Slovenia)

Comments received in relation to Question GGP27:

Albania: The national authority and the TSO do not endeavor to harmonize CAM procedures in order to facilitate trade between MEDREG countries yet.

Egypt: Capacity trading is not allowed in the first phase. In order to add new customers, the TSO designs capacity studies. The existing LNG is not subjected to the TPA, and there is no SSO. Concerning capacity allocation mechanisms, yes for the TSO and it is mentioned in the network code and will be published on the TSO sites. Concerning the congestion management procedures, the procedures are not completed yet; however, there are some points to solve this problem in the network code e.g. interruptible contract.

Israel: The national authority and the TSO do not endeavor to harmonize CAM and CMP in order to facilitate trade between MEDREG countries yet.

Italy: Harmonization of the CAM and CMP are applicable with only the European MEDREG countries.

Portugal: Harmonization of the CAM and CMP is being done for the European MEDREG countries.

Slovenia: Capacity-allocation mechanisms and congestion management procedures are compatible with EU rules.

Spain: The congestion management mechanisms are only in place at international interconnection points. These mechanisms are harmonized only with the European MEDREG countries.

General remarks in relation to GGP 27: Among the 15 countries that were included in this study, six **(7)** countries **(47%)** responded that national regulatory authorities and TSO endeavor to harmonize (and at least make compatible) capacity allocation mechanisms and congestion management procedures in order to facilitate trade between MEDREG countries. Croatia, Egypt, France, Greece, Italy, Portugal, Turkey responded positively to this question. Four countries responded negatively: Albania, as currently there is no gas infrastructure, Israel that does not share functional interconnection points with other countries and **Spain**. Both countries indicated that the capacity allocation methods adopted are only compliant

with EU, not with non-EU MEDREG countries. Lebanon, Malta and Algeria considered the question as non-applicable. The same response was provided by Slovenia although cooperation at least between the respective TSOs at the Austrian and Italian IPs is in place.

2.8. Balancing

To ensure effective market access for all market players, including new entrants, non-discriminatory and cost-reflective balancing mechanisms are also necessary.

The MEDREG GGP TPA provides four specific guidelines in relation to balancing. The first two (GGP 28 and 29) relate to the powers of the regulatory authorities in relation to fixing and approving balancing methodologies and to the criteria employed for the establishment of such methodologies. The next two (GGP 30 and 31) look into the harmonization process between MEDREG members and consultation requirements. Results are presented below:

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP28	2	Are national regulatory authorities responsible for fixing or approving, prior to their entry into force, at least the methodologies used to calculate or establish the terms and conditions regarding the provision for balancing services?
Yes		11 (Albania, Croatia, Egypt, France, Greece, Italy, Malta, Portugal, Slovenia, Spain, Turkey)
No		0
Yes/No		--
N/A		4 (Algeria, Israel, Jordan, Lebanon)

Comments received in relation to Question GGP28:

Croatia: HERA prescribes the “methodology for determining the price of balancing energy of the gas system”. According to the prescribed methodology, Croatian gas market operator (HROTE) determines a price of positive and negative balancing energy, monthly for gas days of the following month. Terms and conditions regarding the provision for balancing services are prescribed by “ordinance on the gas market organization” which are adopted by HROTE with the consent of HERA.

Egypt: Cross-country trading is still under development. The daily balancing mechanism will be included in the NC and should approved by the GasReg. There is no gas storage system; however, GasReg has the right to issue gas storage licenses. The NC handles the daily/hourly balance of the network especially in cases of shortfall gas, excess gas. Moreover, capacity trade is not available yet.

Israel: Currently, the gas is supplied by one supplier and the charges for gas consumption are made according to the quantities in the PRMS facilities of the INGL. In the coming years, new suppliers will enter (2019 - Leviathan, 2020 - Karish & Tanin) and the charges and natural gas flow will be according to the masses at the entrance to the beach (in Ashdod) and not as is customary today. Consumers need to be updated on the subject that Novell is undergoing flow control, and the INGL will be responsible for maintaining the system's balance and will engage in buying/selling from consumers who consumed different from what they ordered from the various suppliers.

Italy: The national regulatory authority is responsible for these matters according to the EU

regulations.

Malta: The national regulatory authority is responsible for these matters according to the natural gas market regulations.

Portugal: The balancing rules are according the European NC. The national rules are at Manual of Global Technical Management Procedures (MPGTG), approved by ERSE. The idea behind the European Code is to introduce a market-based approach for balancing operations to gain economic efficiency. If the system is not sufficiently close to balance or whenever flow patterns envisaged by the network users cannot be accommodated in the system, then the TSO intervenes as a residual player. The code promotes the creation of markets which allows both TSOs to procure balancing services from network users and network users to trade imbalance positions.

Turkey: The balancing rules are enshrined in the TSO NC and the market trading code which are approved and amended by the NRA.

General remarks in relation to GGP28: Among the 15 countries that were included in this study, eleven **(11)** countries **(73%)** responded that national regulatory authorities are responsible for fixing or approving, prior to their entry into force, at least the methodologies used to calculate or establish the terms and conditions regarding the provision for balancing services. It is noted that 7 out of the 10 respondents are EU NRAs bound by the EU legal framework. As a Contracting Party to the Energy Community Treaty, Albania shares similar obligations as EU Member States and thus responded positively in this question. Egypt and Turkey also provided a positive response.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP29	2	Are balancing rules: • designed in a fair, non-discriminatory and transparent manner? • based on objective market based criteria? • ensure effective market access for all market players, including new entrants? • reflect genuine system and market needs taking into account the resources available to the TSO and to network users? • avoid cross-subsidization between system users? • ensure compatibility of balancing regimes in MEDREG countries, in order to facilitate cross-border gas trade?
Yes		9 (Croatia, France, Greece, Italy, Malta, Portugal, Slovenia, Spain, Turkey)
No		1 (Albania)
Yes/No		2 (Egypt, Israel)
N/A		3 (Algeria, Jordan, Lebanon)

Comments received in relation to Question GGP29:

Albania: The balancing rules are not clearly defined yet.

Egypt: The balancing rules are designed in a fair, non-discriminatory and transparent manner;

are based on objective market based criteria; ensure effective market access for all market players, including new entrants; reflect genuine system and market needs taking into account the resources available to the TSO and to network users. However, they do not avoid cross-subsidization between system users and they do not ensure compatibility of balancing regimes in MEDREG countries, in order to facilitate cross-border gas trade.

Israel: Currently, the gas is supplied by one supplier and the charges for gas consumption are made according to the quantities in the PRMS facilities of the INGL. In the coming years, new suppliers will enter (2019 - Leviathan, 2020 - Karish & Tanin) and the charges and natural gas flow will be according to the masses at the entrance to the beach (in Ashdod) and not as is customary today. Consumers need to be updated on the subject that Novell is undergoing flow control, and the INGL will be responsible for maintaining the system's balance and will engage in buying/selling from consumers who consumed different from what they ordered from the various suppliers.

Malta: Most of the principles emanating from the EU Natural Gas Directive are enshrined in the natural gas market regulations.

Portugal: The Portuguese balancing rules do not ensure compatibility of balancing regimes in MEDREG countries, in order to facilitate cross-border gas trade. The balancing rules are according the European NC. The national rules are at Manual of Global Technical Management Procedures (MPGTG), approved by ERSE. The idea behind the European Code is to introduce a market-based approach for balancing operations to gain economic efficiency. If the system is not sufficiently close to balance or whenever flow patterns envisaged by the network users cannot be accommodated in the system, then the TSO intervenes as a residual player. The code promotes the creation of markets which allows both TSOs to procure balancing services from network users and network users to trade imbalance positions.

Slovenia: Ensuring compatibility of balancing regimes in MEDREG countries, in order to facilitate cross-border gas trade, is not applicable yet.

Spain: The balancing regimes are harmonized only with the European MEDREG countries.

Turkey: New balancing regime applied as of September, 2018 is fully compliant with EU regulations. Balancing is carried out by the TSO as a “residual balancer” on Turkish Continuous Trading Platform (TCTP).

General remarks in relation to GGP 29: Among the 15 countries that were included in this study, eleven **(11)** countries **(73%)**, including two partially positive responses from **Egypt** and **Israel**) responded that balancing rules are designed in a fair, non-discriminatory and transparent manner and according to the criteria set by the respective GGP. From the respondents that provided a positive answer, 8 are EU MS. A positive response was also provided by **Turkey.** EMRA noted that as of September 2018 a fully compliant with EU Regulations balancing regime will be in place. **Portugal** and **Spain** indicated that their regulations do not ensure compatibility with non-EU MEDREG countries.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP30	2	Do national regulatory authorities and TSO endeavor to harmonize (and at least make compatible) balancing regimes and streamline structures and levels of balancing charges in order to facilitate trade between MEDREG countries?
Yes		5 (Croatia, France, Italy, Portugal, Turkey)
No		3 (Egypt, Greece, Spain)
Yes/No		--
N/A		7 (Albania, Algeria, Israel, Jordan, Lebanon, Malta, Slovenia)

Comments received in relation to Question GGP30:

Egypt: Cross-country trading is still under development. The daily balancing mechanism will be included in the NC and should approved by the GasReg. There is no gas storage system; however, GasReg has the right to issue gas storage licenses. The NC handles the daily/hourly balance of the network especially in cases of shortfall gas, excess gas. Moreover, capacity trade is not available yet.

Israel: Currently, the gas is supplied by one supplier and the charges for gas consumption are made according to the quantities in the PRMS facilities of the INGL. In the coming years, new suppliers will enter (2019 - Leviathan, 2020 - Karish & Tanin) and the charges and natural gas flow will be according to the masses at the entrance to the beach (in Ashdod) and not as is customary today. Consumers need to be updated on the subject that Novell is undergoing flow control, and the INGL will be responsible for maintaining the system's balance and will engage in buying/selling from consumers who consumed different from what they ordered from the various suppliers.

Portugal: These rules do not ensure compatibility of balancing regimes with MEDREG countries.

Slovenia: The balancing regimes are only compatible with the European MEDREG countries.

Spain: Balancing regimes are harmonized only with the European MEDREG countries.

Turkey: New balancing regime is fully compliant with EU regulations and with any country that has compatible methods with EU.

General remarks in relation to GGP 30: Among the 15 countries that were included in this study, four **(5)** countries **(33%)** responded that national regulatory authorities and TSO endeavor to harmonize (and at least make compatible) balancing regimes and streamline structures and levels of balancing charges in order to facilitate trade between MEDREG countries. **Spain** indicated that their balancing regimes do not ensure compatibility with non-EU MEDREG countries.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP31	3	Is the development of balancing rules and any subsequent changes subject to appropriate consultation with market participants? Are decisions supported by objective criteria and analysis?
Yes		9 (Croatia, Egypt, France, Greece, Italy, Portugal, Slovenia, Spain, Turkey)
No		1 (Albania)
Yes/No		--
N/A		5 (Algeria, Israel, Jordan, Lebanon, Malta)

Comments received in relation to Question GGP31:

Albania: The development of balancing rules and any subsequent changes are not subject to appropriate consultation with market participants yet.

Croatia: HROTE publishes draft of "ordinance on the gas market organization" with the consent of HERA in which balancing rules are prescribed, and then makes a public hearing for appropriate consultation with market participants that lasts for 15 days.

Egypt: Cross-country trading is still under development. The daily balancing mechanism will be included in the NC and should approved by the GasReg. There is no gas storage system; however, GasReg has the right to issue gas storage licenses. The NC handles the daily/hourly balance of the network especially in cases of shortfall gas, excess gas. Moreover, capacity trade is not available yet.

Israel: Currently, the gas is supplied by one supplier and the charges for gas consumption are made according to the quantities in the PRMS facilities of the INGL. In the coming years, new suppliers will enter (2019 - Leviathan, 2020 - Karish & Tanin) and the charges and natural gas flow will be according to the masses at the entrance to the beach (in Ashdod) and not as is customary today. Consumers need to be updated on the subject that Novell is undergoing flow control, and the INGL will be responsible for maintaining the system's balance and will engage in buying/selling from consumers who consumed different from what they ordered from the various suppliers.

Portugal: The balancing rules are according the European NC. The national rules are at Manual of Global Technical Management Procedures (MPGTG), approved by ERSE. The idea behind the European Code is to introduce a market-based approach for balancing operations to gain economic efficiency. If the system is not sufficiently close to balance or whenever flow patterns envisaged by the network users cannot be accommodated in the system, then the TSO intervenes as a residual player. The code promotes the creation of markets which allows both TSOs to procure balancing services from network users and network users to trade imbalance positions.

Turkey: The new balancing regime is implemented and the amendment proceedings are finalized after consultation, including meetings and workshops carried out with all market players.

General remarks in relation to GGP 31: Among the 15 countries that were included in this study, nine **(9)** countries **(60%)** responded that development of balancing rules and any subsequent changes subject to appropriate consultation with market participants.

Respondents providing a positive answer are all EU MEDREG Members and Turkey. The question is non-applicable to Albania, Lebanon and Malta, presumably due to the lack of gas and gas infrastructure. The same response was provided by Algeria, Israel and Jordan.

2.9. Anti-hoarding mechanisms

Anti-hoarding mechanisms such as congestion management procedures and gas and capacity release can promote market opening and effective competition. The MEDREG GGP TPA provides two specific guidelines regarding anti-hoarding (GGP32 and GGP 33).

Results from the survey are summarized below.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP32	2	Are there anti-hoarding mechanisms in place, such as overbooking and Use It or Lose It and sell of interruptible capacity?
Yes		10 (Croatia, Egypt, France, Greece, Italy, Lebanon, Portugal, Slovenia, Spain, Turkey)
No		2 (Albania, Israel)
Yes/No		--
N/A		3 (Algeria, Jordan, Malta)

Comments received in relation to Question GGP32:

Albania: There are no anti-hoarding mechanisms in place yet.

Croatia: Anti-hoarding mechanisms that are prescribed in “network rules of gas transmission system” are the following: return of contracted firm capacity, use-it-or-lose-it and over-subscription and buy-back. Anti-hoarding mechanisms that are prescribed in “terms of usage of gas storage system” are use-it-or-sell-it and sell of interruptible capacity.

Egypt: Network code is now under approval process.

Lebanon: Lebanon has access to gas thanks to the Arab Gas Pipeline passing through Syria, notwithstanding that it is currently inoperative due to the situation there; the proper infrastructure to transport the gas within the country, however, is lacking. Therefore, Lebanon has no such mechanisms concerning LGN in place yet; however, there are general rules for anti-hoarding that are supervised by the Ministry of Economy and Trade. Most of the laws dealing with the consumers includes anti-hoarding clauses.

Turkey: Anti-hoarding mechanisms are in place for the TSO and the SSOs.

General remarks in relation to GGP 32: Among the 15 countries that were included in this study, ten **(10)** countries **(67%)** responded that anti-hoarding mechanisms, such as overbooking and Use It or Lose It and sell of interruptible capacity are in place. Positive responses were provided by 7 Member States, Turkey, Egypt and also Lebanon (although the latter has no access to gas). Albania and Israel responded negatively to this question, the former due to the lack of gas infrastructure and prior legacy contracts.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP33	3	Are there gas-release programmes in place, as one of the possible measures that can be used to promote effective competition and ensure the proper functioning of the market?
Yes		4 (Greece, Italy, Portugal, Turkey)
No		7 (Albania, Croatia, Egypt, France, Israel, Slovenia, Spain)
Yes/No		--
N/A		4 (Algeria, Jordan, Lebanon, Malta)

Comments received in relation to Question GGP33:

Albania: There are no gas-release programmes in place yet.

Egypt: Network code is now under approval process.

Greece: In the framework of a commitments decision by the Greek Competition Authority, in coordination with RAE, the incumbent supplier so long as its market share remains above 60%, has to supply 17% (2018) of its annual long-term contract quantities through electronic auctions (the percentage will be gradually increased to 18% of annual long-term contract quantities in 2019 and 20% in 2020). The auction reserve price reflects real cost and is monitored by RAE. Pursuant to art. 125 Law 4549/2018 (Government Gazette A' 105/14.06.2018) a similar obligation of conducting electronic auctions of up to 20% of annual long-term contract quantities based on a decision taken by RAE was introduced also for any other supplier with a market share above 40% until 2020 (not yet implemented). Short-duration contracts and tariffs are also foreseen, up to daily and, recently, also intra-day products.

Lebanon: Lebanon has general rules for gas-release that are supervised by the Ministry of Economy and Trade. Most of the laws dealing with the consumers includes anti-hoarding clauses.

Slovenia: There are no gas-release programmes in place anymore.

Spain: While market opening process was in progress there were gas-release programmes in place to promote competition. Currently, it is considered that there is no need of this kind of programmes anymore.

Turkey: The obligation of decreasing the incumbent's share is enshrined in the natural gas market law. Gas release auctions have been carried out before and are planned in future.

General remarks in relation to GGP 33: Four **(4)** countries **(27%)** responded that gas-release programmes are in place. Positive responses were provided by Greece, Italy, Portugal and Turkey. **France**, **Slovenia** and **Spain** informed that no specific gas release programmes are currently in place. **Slovenia** and **Spain** however noted that indeed gas-release programmes were applied in the past. No other gas release programmes are in place in the remaining MEDREG Members that participated to the survey.

2.10. Quality of service

Quality of service relates to technical operation i.e. continuity of supply, gas composition and combustion characteristics and commercial quality (e.g. the speed and accuracy of handling customer requests (commercial quality). Two guidelines in the MEDREG GGP TPA touch upon

gas quality. The former relates to the existence of gas quality rules. The latter to the competences of national regulatory authorities in relation to quality of services.

Results are presented below.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP34	1	Are quality rules or code in place?
Yes		11 (Algeria, Croatia, France, Greece, Israel, Italy, Lebanon, Portugal, Slovenia, Spain, Turkey)
No		3 (Albania, Egypt, Jordan)
Yes/No		--
N/A		1 (Malta)

Comments received in relation to Question GGP34:

Albania: There are no quality rules or code in place yet.

Croatia: Quality rules and quality of service are prescribed by HERA in “general conditions of gas supply” and are also prescribed in the “gas market act”.

Egypt: Network code is under approval process. The authority monitors the market to comply with QoS requirements.

Greece: Quality rules are in place only at the DSO level (incorporated in the distribution network code), in the sense of monitoring of interruption frequency/duration and quality of customer service. At the TSO level the Network Code includes rules only for gas composition.

Italy: ARERA is for commercial quality. Ministry for Economic Development is for technical quality.

Lebanon: For all petroleum products, quality rules and some codes are in place. Currently, LIBNOR, Lebanese National Organization for Standardization, under the tutelage of Ministry of Industry, sets the codes for quality. The supervision for the application of quality are partly ensured by Ministry of Energy and Water and partly ensured by Ministry of Economy and Trade.

Portugal: The national rules were approved by ERSE. This regulation is the same to both regulated sectors of natural gas and electricity.

Turkey: Quality of service rules for DSOs are enshrined in the Distribution and Customer Relations by-law. There are chapters in the network code of the TSO and the usage codes of the SSOs and LSOs concerning QoS, as well as the articles in the licensing by-law and the natural gas market law.

General remarks in relation to GGP34: Among the 15 countries that were included in this study, eleven **(11)** countries **(73%)** responded that quality rules are in place. Respondents with a positive answer include 8 EU Member States, Turkey and also a number of MEDREG countries where TPA rules are non-applicable such as Algeria and Lebanon. We note that the response provided by Lebanon relates to quality specifications (in the sense of composition) of petroleum products in general and not specifically natural gas as the latter is not available. Although not specified in the response, it is also reasonable to assume that the response provided by Algeria may relate more to technical and gas composition rather than commercial quality. Albania provided a negative response to this question, as there is

no natural gas to the country. Jordan and Egypt also provided a negative response.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP35	2	Are the national regulatory authorities the competent entities for ensuring quality of service?
Yes		12 (Albania, Algeria, Croatia, Egypt, France, Greece, Israel, Italy, Lebanon, Portugal, Slovenia, Turkey)
No		2 (Jordan, Spain)
Yes/No		--
N/A		1 (Malta)

Comments received in relation to Question GGP35:

Croatia: Quality rules and quality of service are prescribed by HERA in "general conditions of gas supply" and are also prescribed in the "gas market act".

Egypt: Network code is under approval process. The authority monitors the market to comply with QoS requirements.

Greece: RAE approves the relevant rules as part of either the network code or the technical manual.

Lebanon: For all petroleum products, quality rules and some codes are in place. Currently, LIBNOR, Lebanese National Organization for Standardization, under the tutelage of Ministry of Industry, sets the codes for quality. The supervision for the application of quality are partly ensured by Ministry of Energy and Water and partly ensured by Ministry of Economy and Trade.

Portugal: The national rules were approved by ERSE. This regulation is the same to both regulated sectors of natural gas and electricity.

Spain: The competent authority is the Ministry, not the national regulatory authority itself.

Turkey: NRA is the competent authority for ensuring the QoS. The responsibility is shared with the Ministry of Industry in some areas like inspection of gas meters.

General remarks in relation to GGP35: Eleven **(11)** countries **(73%)** responded that national regulatory authorities are the competent entities for ensuring quality of service. Positive responses were provided by 5 EU Member States, Albania, Algeria, Egypt, Israel, Lebanon and Turkey. Lebanon noted that currently, the regulatory tasks are carried out by several ministries. Negative responses were provided by Jordan and Spain. Spain indicated that the QoS is the responsibility of the relevant ministries.

2.11. Dispute settlement

Greater consumer protection is guaranteed by the availability of effective means of dispute settlement for all consumers. We note that dispute settlement is an efficient means of consumer protection regardless the level of market opening. The MEDREG GGP TPA provide explicit guidance on dispute settlement through 3 guidelines setting dispute settlement as a tool for consumer protection, calling for speedy and effective complaint handling procedures and relating dispute settlement to the competences of the NRAs.

Results from the monitoring exercise are shown below:

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP36	1	Is greater consumer protection guaranteed by the availability of effective means of dispute settlement for all consumers?
Yes		11 (Albania, Croatia, France, Greece, Israel, Italy, Malta, Portugal, Slovenia, Spain, Turkey)
No		1 (Egypt)
Yes/No		--
N/A		3 (Algeria, Jordan, Lebanon)

Comments received in relation to Question GGP36:

Croatia: Measures for protection of final customers regarding their complaints about gas supply and changing of supplier are prescribed by HERA in "general conditions of gas supply". Regarding final customer's complaints, HERA can adopt a binding decision on the procedure, give a non-binding proposal of treatment or give a non-binding opinion, all within prescribed 30 days period.

Lebanon: The dispute settlement is carried out by the competent legal authorities.

Malta: By law, the natural gas market regulations and in accordance with the procedures established by the dispute resolution (procedures) regulations.

Portugal: ERSE is competent to do dispute settlement regarding its commercial conflicts, based on their own regulations and decisions between suppliers, operators of the networks and consumers, and among them. ERSE's intervention has to be asked by the interested parties, and cannot take decisions on civil liability. Civil liability is an exclusive competence of the court.

Turkey: NRA is responsible for the dispute settlement and methods of dispute settlement is enshrined in the relevant by-laws and usage codes for all segments.

General remarks in relation to GGP36: Eleven **(11)** countries **(73%)** agreed that greater consumer protection guaranteed by the availability of effective means of dispute settlement for all consumers. Positive responses were provided by 8 EU Member States, Albania, Israel and Turkey. Egypt gave a negative answer. N/A responses were provided by Algeria, Jordan, and Lebanon.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP37	1	Are there in place speedy and effective complaint handling procedures?
Yes		10 (Croatia, France, Greece, Israel, Italy, Malta, Portugal, Slovenia, Spain, Turkey)
No		3 (Albania, Egypt, Lebanon)
Yes/No		--
N/A		2 (Algeria, Jordan)

Comments received in relation to Question GGP37:

Albania: There are no speedy and effective complaint handling procedures in place yet.

Croatia: Measures for protection of final customers regarding their complaints about gas supply and changing of supplier are prescribed by HERA in “general conditions of gas supply”. Regarding final customer's complaints, HERA can adopt a binding decision on the procedure, give a non-binding proposal of treatment or give a non-binding opinion, all within prescribed 30 days period.

Greece: Complaint handling procedures may take long time, due to overloading.

Lebanon: The dispute settlement is carried out by the competent legal authorities.

Portugal: ERSE is competent to do dispute settlement regarding its commercial conflicts, based on their own regulations and decisions between suppliers, operators of the networks and consumers, and among them. ERSE's intervention has to be asked by the interested parties and cannot take decisions on civil liability. Civil liability is an exclusive competence of the court.

General remarks in relation to GGP37: Ten **(10)** countries **(67%)** responded that speedy and effective complaint handling procedures are in place. Positive responses were provided by 8 EU Member States, Albania, Israel and Turkey. Egypt, Lebanon and Albania gave a negative response. N/A responses were provided by Algeria and Jordan.

GGP #	Priority Level	Guidelines of Good Practice on Third Party Access
GGP38	2	Are national regulatory authorities the competent entities for dispute settlement?
Yes		11 (Albania, Croatia, Egypt, France, Greece, Israel, Italy, Malta, Portugal, Slovenia, Turkey)
No		2 (Lebanon, Spain)
Yes/No		--
N/A		2 (Algeria, Jordan)

Comments received in relation to Question GGP38:

Croatia: HERA is the competent entity for dispute settlement regarding gas operators as it is prescribed in the “gas market act”.

Greece: The Hellenic Consumer’s Ombudsman is the legally responsible authority for dispute settlement between consumers and companies including energy service providers. As a mediator, the Hellenic Consumer’s Ombudsman makes recommendations and/or proposals to the companies following a hearing process. RAE handles all complaints addressed to the authority, investigates the cases and tries to settle the disputes, makes recommendations to the companies, draws regulations and/or imposes sanctions to the companies, especially in case a significant number of consumers is affected.

Lebanon: The dispute settlement is carried out by the competent legal authorities.

Malta: By means of the principal act establishing the regulator, the regulator for energy and water services act is the competent authority for dispute settlement.

Portugal: ERSE is competent to do dispute settlement regarding its commercial conflicts, based on their own regulations and decisions between suppliers, operators of the networks

and consumers, and among them. ERSE's intervention has to be asked by the interested parties and cannot take decisions on civil liability. Civil liability is an exclusive competence of the court. **Turkey:** NRA is responsible for the dispute settlement and methods of dispute settlement is enshrined in the relevant by-laws and usage codes for all segments.

General remarks in relation to GGP38: Among the 15 countries that were included in this study, eleven **(11)** countries **(73%)** responded that NRAs have competence over dispute settlement Positive responses were provided by 7 EU Member States, Albania, Egypt, Israel and Turkey. Lebanon and Spain gave a negative response. N/A responses were provided by Algeria and Jordan.

3. Conclusions

This report presented results from a comparatively extensive survey looking into 15 MEDREG countries and assessing the level of implementation of the MEDREG Guidelines of Good Practice on Third Party Access through a total of 38 indicators, one for each Guideline included in the MEDREG GGP TPA.

Progress on ten distinct topics was assessed. Figure 1 provides an overview of the responses by topic. The paragraphs below provide a summary.

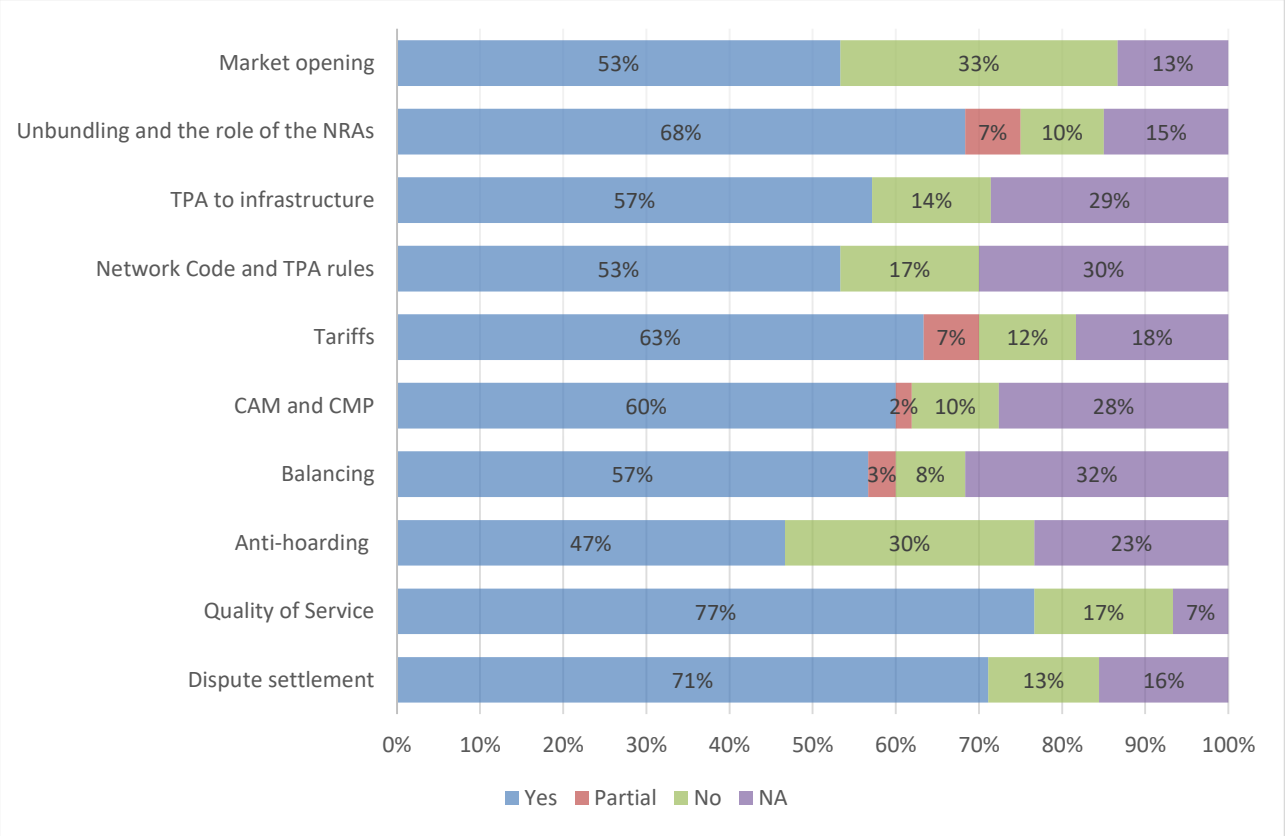

Figure 1. Overview of responses by category of questions/indicators

3.1. Market Opening

Market Opening was evaluated through **two (2) questions** enquiring on the existence of (i) a timetable/roadmap for gradual market opening and (ii) national rules to facilitate the entrance of new suppliers**. A third question** enquired if gas release auctions, short duration contracts and respective tariffs as mechanisms to promote market opening have been implemented by MEDREG respondents.

On average 53% of the respondents acknowledged that they have taken steps towards market opening.

- Eight (9) countries (6 EU Member States, Israel, Jordan and Turkey) responded that a timetable/roadmap for gradual market opening has been developed and adhered. Spain and Portugal acknowledged that market-opening procedures are complete.
- Nine (9) countries (6 EU MS, Egypt, Israel and Turkey) responded that national rules that

facilitate the entrance of new suppliers are in place.

- Six (6) MEDREG Members (5 EU MS and Turkey) acknowledged that mechanisms to promote market opening are in place in their respective countries.

3.2. Unbundling and the role of the NRAs

Unbundling was evaluated through **two (2) questions** enquiring into the functional independence of infrastructure operators and the effectiveness of unbundling.

The role of the NRAs in unbundling was evaluated through **two (2) more specific questions** enquiring whether NRAs establish an appropriate regulatory environment, namely for the activities with regulated TPA and whether they have competencies to certify the type of unbundling applied to the TSO.

On average 68% of the respondents acknowledged that, they have taken steps towards functional unbundling of the transmission operator.

- Twelve (12) countries (7 EU MS, Albania, Algeria, Israel, Jordan and Turkey) confirmed the existence of functional unbundling of the TSO (or at those least legal provisions in place).
- Another twelve (12) countries (7 EU MS, Albania, Algeria, Egypt, Israel and Turkey) confirmed powers of their NRAs towards establishing an appropriate regulatory environment for the activities with regulated TPA.

3.3. Third Party Access to infrastructure

Assessments regarding the implementation of TPA rules were carried out through **seven (7) questions** addressing the following topics (i) TPA access to transmission, distribution and LNG import terminals; (ii) interoperability between adjacent TSOs; (iii) published tariffs; (iv) procedures for the organization of access to storage facilities and linepack; (v) availability of unbundled TPA services for access to pipelines and LNG facilities and ancillary services; (vi) availability of unbundled services to storage facilities; (vii) provisions of services under transparent and non-discriminatory conditions.

On average 57% of the respondents acknowledged that they have taken steps towards facilitating TPA through the implementation of transparent and non-discriminatory rules.

- Ten (10) countries (6 EU MS, Albania, Algeria, Israel and Turkey) responded that TSOs/LSOs/SSOs (as applicable) provide easy and non-discriminatory access to their infrastructures.
- Eight (8) countries (7 EU MS and Turkey) confirmed cooperation of adjacent TSOs. However, respondents noted a need to increase interoperability efforts at non-EU interconnection points.
- Eight (8) countries (6 EU MS, Israel and Turkey) confirmed that procedures for the organization of access to storage facilities and linepack are in place.
- Nine (9) countries (60%) informed that TSOs and LSOs offer unbundled TPA services for access to pipelines and LNG facilities as well as all necessary ancillary services such as blending, quality monitoring, metering and balancing. The countries that responded positively include 6 EU MS, Israel and Turkey.

- Five (5) countries also confirmed the existence of unbundled storage products.

3.4. Network Code and TPA rules

Information on the publication of TPA rules into a single document or network code and the existence of a public consultation procedure was collected through **two (2) more question**s.

On average 53% of the respondents acknowledged that TPA rules are made publicly available through a single document or Network Code.

- Seven (7) countries (all EU MEDREG Members except France and Spain and also Israel and Turkey) responded that TPA rules are established and published in an individual document or included in the Network Code, following consultation.
- Nine (9) countries responded that TPA rules are approved by the respective regulators. Two countries responded negatively: Egypt where the establishment of the national regulatory authority for gas is still in progress and Spain. In Spain, the network codes and technical functioning procedures are set by the System Operation Network Code (Normas de Gestión Técnica del Sistema – NGTS), approved by the Government.

3.5. Tariffs

The role of the NRAs in fixing or approving tariffs, and/or the tariff methodologies, the criteria used for the determination of both tariffs and tariff methodologies and the tariff approval procedure were evaluated through 3 additional questions. One more question enquired whether tariffs for network users are set separately for every entry point into or exit point out of the transmission system

On average 63% of the respondents responded positively to the questions related to tariffs.

- Thirteen (13) respondents (87%) acknowledged that national regulatory authorities are responsible for fixing or approving tariffs, or the methodologies underlying the calculation of these tariffs, on the basis of a proposal by the system operators. For Spain, where a negative response was provided, the Government is responsible for setting access gas tariffs and remuneration.
- Ten (10) countries (67%) responded that tariffs or the methodologies underlying their calculation are approved and published prior to their entry into force. Countries with positive responses include Albania, Croatia, Egypt, France, Greece, Italy, Lebanon, Portugal, Slovenia and Turkey.
- Five (5) countries that all happen to be EU Member States, Greece, Italy, Portugal, Slovenia, Spain, responded that tariffs for network users are set separately for each entry point into or exit point out of the transmission system. A partial positive response was provided by the Turkish regulator EMRA.

3.6. Methodologies for Capacity Allocation (CAM) and Congestion Management Procedures (CMP)

The existence of non-discriminatory, transparent and efficient CAM and CMP mechanisms was assessed through **six (6) questions**. Enquiries focused on whether (i) TSOs, LSOs and SSOs design capacity services to facilitate trading and reutilization of capacity; (ii) non-discriminatory and transparent capacity allocation mechanisms and when applicable

congestion management procedures are implemented and published; (iii) the NRAs approve such mechanisms; (iv) the criteria for CAM and CMP; (v) CAM are market based; (iv) the types of CMP implemented; and (vi) if there are actions/efforts towards cross border harmonization of CAM and CMP mechanisms between MEDREG countries.

On average 60% of the respondents confirmed the existence of non-discriminatory, transparent and efficient CAM and CMP mechanisms.

- Nine (9) countries (60%) responded that mechanisms which facilitate trading and reutilization of capacity are in place. EU Member States that are also MEDREG Members responded that the EU legal framework applies and has been implemented. Israel has also responded that capacity services to facilitate trading and reutilization of capacity are in place. Egypt indicated that congestion is addressed by interruptible contracts. A partial positive response was provided by Turkey.
- Nine (9) countries (EU MEDREG Members and Turkey) responded that TSO, LSO and SSO implement and publish non-discriminatory and transparent capacity allocation mechanisms and when applicable congestion management procedures.
- Ten (10) countries (7 EU MS Egypt, Israel and Turkey 67%) responded that capacity allocation mechanisms and congestion management procedures are approved by the national regulatory authority.

3.7. Balancing

The assessment in relation to balancing was carried out through four (4) specific questions. The first two relate to the powers of the regulatory authorities in relation to fixing and approving balancing methodologies and to the criteria employed for the establishment of such methodologies. The next two look into the harmonization process between MEDREG members and consultation requirements.

On average 57% of the respondents responded positively to the questions related to balancing.

- Eleven (11) countries (7 EU MS, Albania, Egypt and Turkey) responded that national regulatory authorities are responsible for fixing or approving, prior to their entry into force, at least the methodologies used to calculate or establish the terms and conditions regarding the provision for balancing services.
- Eleven (11) countries (7 EU MS, Albania, Egypt, Israel and Turkey) responded that balancing rules are designed in a fair, non-discriminatory and transparent manner and according to the criteria set by the respective GGP.
- Only four (4) countries (EU MS) responded that national regulatory authorities and TSO endeavor to harmonize (and at least make compatible) balancing regimes and streamline structures and levels of balancing charges in order to facilitate trade between MEDREG countries. Portugal and Spain indicated that their balancing regimes do not ensure compatibility with non-EU MEDREG countries.

3.8. Anti-hoarding

The existence of anti-hoarding mechanisms such as use-it-or-lose it and gas release programs was also looked into through **two (2) separate enquiries**.

On average 47% of the respondents confirmed the implementation of anti-hoarding mechanisms such as use-it-or-lose it and gas release programs in their national framework and markets.

- Ten (10) countries (7 EU MS, Turkey, Egypt and Lebanon) responded that anti-hoarding mechanisms, such as overbooking and Use It or Lose It and sell of interruptible capacity are in place.
- Four (4) countries responded that gas-release programmes are in place. Positive responses were provided by Greece, Italy, Portugal and Turkey.

3.9. Quality of service

Two (2) questions touched upon gas quality. The former related to the existence of gas quality rules. The latter looked into the competences of national regulatory authorities in relation to quality of services.

77% of the respondents responded positively to questions about gas quality.

- Eleven (11) countries (77%) responded that that quality rules are in place and that NRAs have related competences. Respondents with a positive answer on the existence of quality rules are eight (9) EU MS, Algeria, Lebanon and Turkey. Positive responses in relation to the competence of the NRAs were provided by five (5) EU MS, Albania, Algeria, Egypt, Israel, Lebanon and Turkey.

3.10. Dispute settlement

Three (3) final questions enquired the implementation of (i) dispute settlement as a tool for consumer protection and of (ii) speedy and effective complaint handling procedures. The competences of NRAs in relation to dispute settlement were also looked into.

On average 71% of the respondents provided a positive answer.

- Eleven (11) countries (73%) agreed that greater consumer protection guaranteed by the availability of effective means of dispute settlement for all consumers. Positive responses were provided by 8 EU MS, Albania, Israel and Turkey.
- Ten (10) countries (67%) responded that speedy and effective complaint handling procedures are in place. Positive responses were provided by 8 EU MS, Albania, Israel and Turkey.

The MEDREG GGP TPA categorizes the 38 Guidelines proposed into three priority levels, depending on the level of development of the respective national natural gas markets. As stated in the introduction to this report:

- **Priority 1** includes recommendations considered as applicable to all MEDREG countries.
- **Priority 2** includes recommendations considered as applicable to MEDREG countries where a TPA regime is in place but further actions may be necessary
- **Priority 3** includes recommendations considered as applicable to MEDREG countries with more developed gas markets, in terms of penetration of gas consumption, openness and liberalization.

Figure 2, Figure 3, Figure 4 provide visual representations of the responses by guideline, topic

and priority level. As shown in the figures most of the guidelines have been implemented by the participants to the study, notably however the EU participants. Besides the entry/exit system under Priority 3, the only other GGPs that score below 40% are the GGPs related to harmonization of CAM (GGP30 in Figure 3), the implementation of gas release programmes in place (GGP33 in Figure 4) as well as indicators related to unbundling of products in storages (GGP13 in Figure 4).

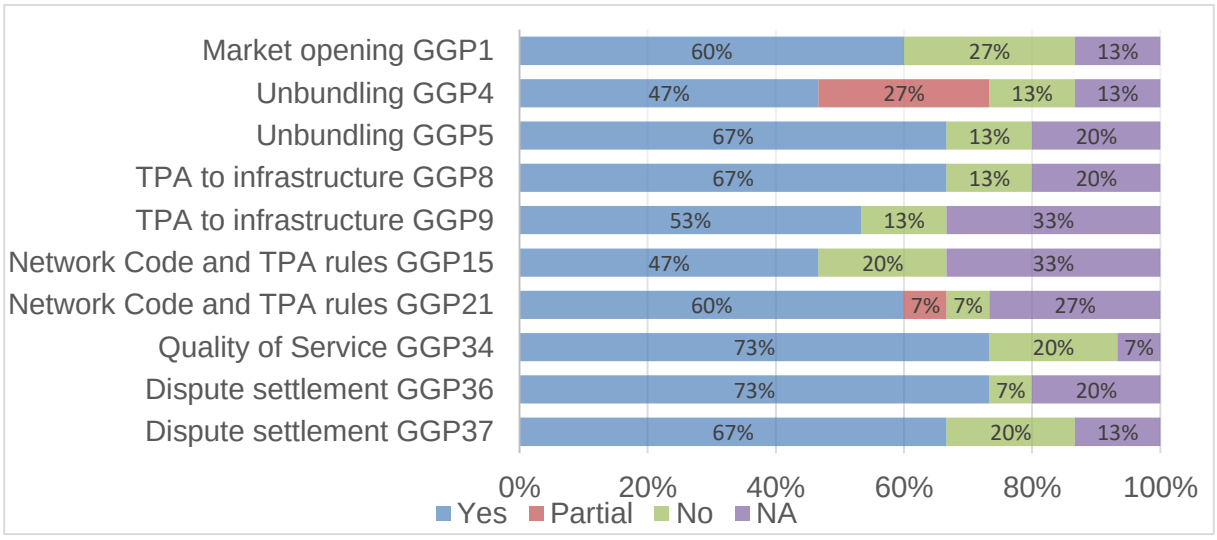

Figure 2. Overview of responses by category of questions for priority level 1

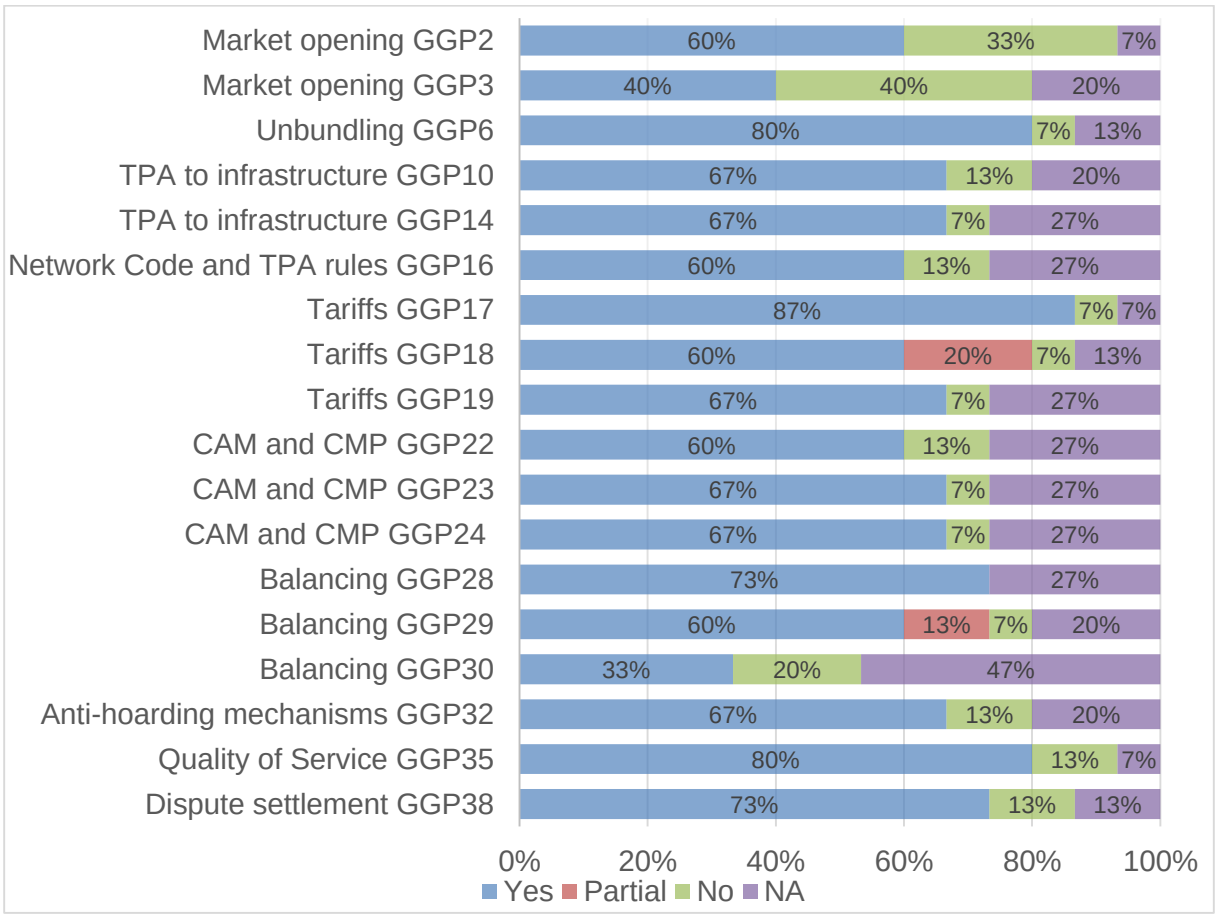

Figure 3. Overview of responses by category of questions for priority level 2

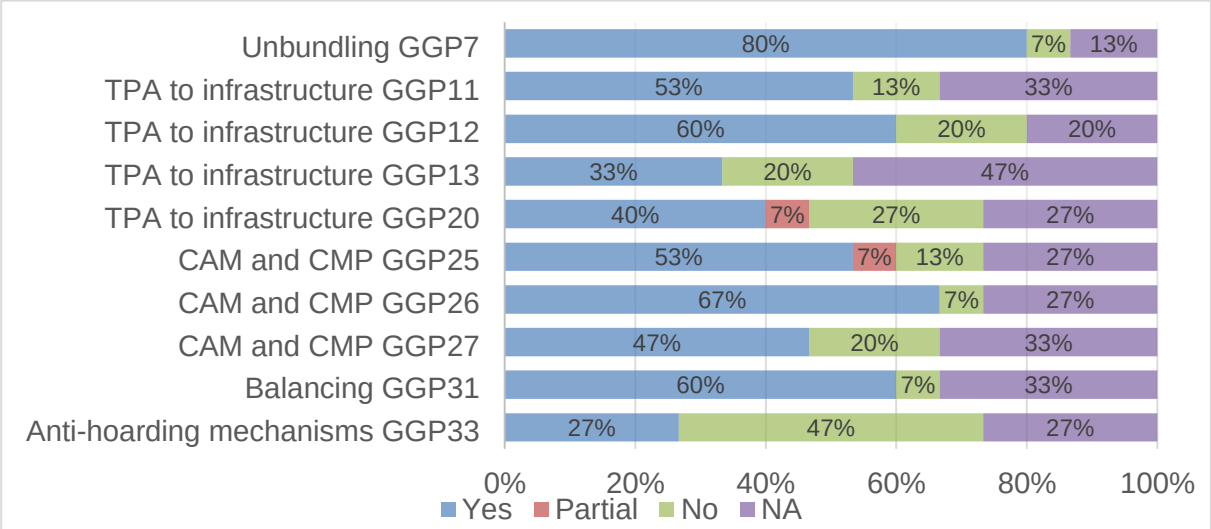

Figure 4. Overview of responses by category of questions for priority level 3

4. Way Forward

This second monitoring report includes a fair number of respondents and can serve well as a base to a future monitoring exercise evaluating progress on the topics addressed herein.

This monitoring exercise is a result of a substantial effort of the MEDREG Gas Group and MEDREG Members over several months. It spans across 10 different topics dealt with 38 questions. It may be useful to consider smaller thematic monitoring approaches on a rolling basis e.g. in one year to consider a monitoring exercise looking into market opening, TPA, capacity allocation and congestion management and Tariffs and in the second year a next monitoring exercise looking into unbundling, quality and NRA competencies. Special topics such as balancing and anti-hoarding could be looked separately and in addition to the above two main streams. Such an approach would allow for the formulation of more specific questions, the presentation of selected test cases and a better assessment of barriers faced by MEDREG members.

The present report has shown that interoperability between IPs between non-EU and EU MEDREG Members maybe potentially hindered and that further work towards establishing a closer collaboration between adjacent TSOs should be pursued. MEDREG is actively supporting the establishment of a Med TSO for gas i.e. an association of gas system operators, representing multiple Mediterranean countries which can constructively contribute to a regional dialogue on promoting cooperation and removing barriers between TSOs.