

Creos Luxembourg contribution to the consultation paper on the revision of
Regulation (EU) No 994/2010 concerning measures to safeguard security of supply
and repealing Council Directive 2004/67/EC

Regarding the public consultation launched by the EC on the 15th of January 2015 and considering the obligations attributed to the TSO's in regard to Regulation 994/2010, Creos Luxembourg replies, in addition to ENTSOG's position and its answer provided to EC questionnaire, with an individual contribution mainly focused on subjects linked to the specifics of the Luxembourg natural gas market.

In line with the structure of the Consultation Document, please find here after our contribution linked to the prevention pillar:

1. Infrastructure:

1a. The n-1 Infrastructure Standard

1. Fitness of the current standard

Luxembourg disposes of a conditional exception for the n-1 criterion pursuant to art. 6 of the currently valid Regulation 994/2010 for its entire national consumption. This exception however, valid until 3rd December 2018, remains subject to a re-evaluation. Before the due date, the member state is invited to submit to the Commission a status report regarding the respective conditions addressed in paragraph 1 of art. 6 and the perspectives of reaching compliance to the standards regarding infrastructures, gas infrastructure projects in the geographical area, results of market consultation, and gas markets evolution. The Commission is entitled to decide if the established exception in the first paragraph may continue to be applicable for four additional years.

Our efforts to develop capacities through the existing market mechanisms in order to comply with art.6 of Regulation 994/2010 did not lead to a positive result. The "Open Season" that we, together with the adjacent TSO, had launched in order to develop additional cross-border capacities did not succeed in committing market participants to engage any long term capacity towards Luxembourg. By its principle, the securing of arbitrage capacity via market mechanisms to meet the n-1 criterion is not a viable option for a Member State with the market structure and size of Luxembourg.

As Luxembourg meets the provisions laid down in paragraph 10 (a) of article 6 and no additional capacity developments based on market mechanisms could have been initiated over the last 4 years, we consider that the exception to paragraph 1 of article 6 should be extended not only for another 4 year period which makes the reassessment procedure redundant.

2. Regional approach

With the market integration project set up by Fluxys Belgium and Creos Luxembourg, aiming to merge by 1st of October 2015 their national H-gas markets towards one single market, the grid topology of both countries do not change. Even with the selection of a regional approach, the analysis of the Infrastructure Standard meant by article 6 of the Regulation does, without significant investments in additional cross border capacity or additional pressure services not show any improvement in the national security of supply situation. It still remains to the Competent Authority to decide, even in an integrated market, on the level of compliance that Luxembourg should target in relation to N-1 Infrastructure Standard.

In any case it seems obvious between Members States, being part of an common market area, to cooperate on the level of risk assessment and action plans as well as on the alignment of the Supply Standards for the protected customers in the integrated market.

1b. Reverse Flows

Creos Luxembourg granted an exception to the reverse flow obligation at cross border Points for reasons of size and grid configuration. Centralised odorization and dependency of neighbouring pressure services do not allow any physical transit through Luxembourg. This situation will not significantly change in future.

2. Risk Assessments and Harmonisation of Preventive Action Plans.

ENTSOG, in their reply to the public consultation, refer to the analyses of the supply and consumption scenarios developed in the context of the TYNDP and the GRIP, which could basically be used within a regional approach. The combination only of available infrastructure, supply and consumption scenarios on a broader regional level gives a meaningful picture of the security of supply situation to the Competent Authorities of each Member State. In fact, it seems essential for us, in view of the high number of, in particular, geopolitical risks, to adopt a regional risk analysis approach and to agree on regional Preventive Action Plans coordinated between the Member States.

However, at this stage, we ignore to what extent such cooperation should be mandatory and how the development and follow-up tasks and responsibilities of such action plans would have to be attributed at the level of a regional organisation.

3. The "Supply Standard" for protected customers

Besides the securing of infrastructure, we notice the need of harmonizing the Supply Standards for protected customers in a regional cooperation. Customers in one common cross border market area to whom apply the same access and market rules should also share the same Supply Standards in case of risk or emergency situations.

In case of an emergency situation each TSO should be able to take the right actions in due time in order to limit the impact on the grid users. Flexible mechanisms are necessary in the definition of the protected customers (as actually foreseen in the Regulation 994/2010) in order to handle and steer an efficient and secure action plan in case of customer switch off.