Amstelveenseweg 998
1081 JS Amsterdam

Phone: + 31 20 520 7970
Email: secretariat@efet.org
Website: www.efet.org

E-Control's draft amendment of the Gas Market Model Ordinance (2012 Gas Market Model [Amendment] Ordinance 2015)

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EFET comments – 14 August 2015

The European Federation of Energy Traders (EFET[1]) welcomes the opportunity to respond to the consultation on Gas Market Model Ordinance but we note that the time between the public consultation and proposed implementation is rather short. It is unclear whether this allows for a full discussion of the proposals including potential alternatives.

The changes proposed by E-Control in terms of CAM implementation seem sensible.

We would like to comment on the proposed changes to the *Strukturierungsbeitrag* as set out in Gas Connect Austria's (GCA) consultation document:

EFET has long been arguing for a daily balancing regime without within day obligations, but we accept that within-day obligations are a reality and permissible according to the network code.

We note E-Control's suggestion to remove the cap on the *Strukturierungsbeitrag*. It will be important that, going forward, this charge remains subject to E-Control's approval.

The system continues to be rather complex. Such complexity adds to the difficulties for small competitors in entering new markets.

The EU Gas Balancing Network Code sets out what within day obligations should look like (Article 26.2) and what analysis must be undertaken before their implementation (Article 26.5). According to Article 26.4 and 26.6 the TSO must publish this assessment. We have not seen this assessment and would like to comment on some specific criteria from the network code.

[1] The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent, sustainable and liquid wholesale markets, unhindered by national borders or other undue obstacles. We currently represent more than 100 energy trading companies, active in over 28 European countries. For more information, visit our website at www.efet.org.

WDO-related charges should be, to the extent possible, cost reflective (Art. 26.2d). We understand that in this proposal charges will now not be incurred where a shipper helps the system (system short while shipper's balancing group account long or v.v., thus no Balancing Incentive Markup (BIM)). However the proposed system only penalizes a shipper who is short while at the same time the system is also short. If the TSOs can show that there is no balancing cost to the system in the long-long quadrant, we agree that no BIM should apply else it would mean no cost reflectivity in this case. As the BIM only applies if the shipper and the system are both short, we cannot see a cost reflectiveness, but only at the attempt to cause shipper to always keep the system oversupplied. In addition, there should be a clearer link between charges related to WDOs and actual costs incurred by the TSO. For example, a shipper should never face a WDO-related charge, if no costs are incurred by the TSO.

WDOs are meant to constitute incentives for shippers to reduce the TSO's balancing requirements during the day. This only makes sense, if shippers receive the necessary information to react to such incentives. For example, to manage its exposure to these WDOs, a shipper must be able to see, in real time, the system position.

So we invite E-Control and GCA to revisit the need and the design of WDOs and go through the process described in the Gas Balancing Network Code to ensure alignment with the EU Balancing Code. We also invite E-Control and GCA to reduce the overall complexity of the system and improve the cost reflectivity of charges.

We thank you for your kind attention and remain available for further comments.