

## **EREG Letter to storage users**

### **Monitoring of the implementation of the Guidelines for Good Practice for Gas Storage System Operators (GGPSSO)**

#### **Introduction**

The Guidelines for Good TPA Practice for Storage System Operators (GGPSSO) set out the minimum requirements for the provision of fair and non-discriminatory access to gas storage (in accordance to the Gas Directive<sup>1</sup>). Monitoring implementation of the GGPSSO is therefore important in understanding how access to gas storage is being provided.

The European Commission requested the European Regulators Group for Electricity and Gas (EREG) to monitor the implementation of the Guidelines and report back to the next Madrid Forum on their findings.

This paper seeks views from storage users – be they actual storage users or potential storage users - on how the GGPSSO have been implemented by storage system operators (SSOs).

#### **Invitation to comment**

EREG is committed to open and transparent consultation. The GGPSSO were developed through consultation over a number of months. EREG has already sent out questionnaires in order to collect information from EU Storage System Operators (SSOs) and National Regulatory Authorities (NRAs). These questionnaires are published on the EREG website. Please note that responses to the questionnaires will also be published on the EREG web site at the end of June.

At this stage of the process, EREG would like to consult users, since they are actively participating in the storage market and therefore should provide the best insight as to whether and how the GGPSSO have been implemented or its provisions circumvented. Accordingly, EREG has prepared a list of questions for users.

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<sup>1</sup> Directive 2003/55/EC of the European Parliament and of the Council concerning common rules for the internal market in natural gas and repealing Directive 98/30/EC

The results from the monitoring process will be crucial in identifying the effectiveness of TPA to storage and areas where the GGPSSO may be improved. Your response to this questionnaire is therefore important to the development of the EU regulatory framework.

Any responses should be received by **25 July 2005**.

To help ensure transparency, responses to the questionnaire and other documents associated with the GGPSSO will be published by placing them on the EREG website (<http://www.ereg.org>). **EREG will take into account any requests to keep information confidential. EREG encourages you to separate confidential information from information you are willing to be made public.**

EREG intends to publish an initial report on the implementation of the GGPSSO in September 2005, and it expects to present these findings at the next Madrid Forum – therefore, EREG intends to issue a final report on implementation after it has an opportunity to consider responses to its initial report and the views of delegates at Madrid.

## Section1: open background questions

*The objective of the monitoring of the GGPSSO is to find out whether and how the GGPSSO have been implemented. Questions addressing the actual compliance with the GGPSSO are presented in Section 2. However, the monitoring should also provide an overall view of the effectiveness of the GGPSSO. Therefore, the questions presented in Section 1 are designed to assess **how** the GGPSSO have been implemented and in particular whether the GGPSSO could be improved.*

**1.1 Do you believe implementation of the GGPSSO by SSOs has been effective?**

Yes, for most of the points, but it depends of the SSO.

**1.2 Apart from storage services, do you have sufficient access to other sources of flexibility in order to meet your commercial needs (e.g. hubs, production flexibility, import flexibility, long-term contracts, balancing market)? Can these other sources of flexibility be considered as effective substitutes to storage?**

Yes indeed we have access to other sources, but these sources cannot substitute storage flexibility.

**1.3 Please indicate if the adoption of the GGPSSO has had a positive impact on TPA services (GGPSSO requirements on “Necessary TPA services”, chapter 3)?**

Yes

**1.4 Please indicate if the adoption of the GGPSSO has had a positive impact on storage capacity allocation/congestion management procedures (GGPSSO requirements on “Storage capacity allocation and congestion management”, chapter 4)?**

Storage capacity allocation not an issue due to long term contracts.  
Congestion management in place since October 2004 (Day Ahead Rate).

**1.5 Please indicate if the adoption of the GGPSSO has had a positive impact on transparency. Would you say that as a user, you are provided with sufficient and timely information in order to gain effective and efficient access to storage facilities? What data would you like to see published? Why would you need this additional information (GGPSSO requirements on “Transparency”, chapter 6)?**

Positive impact of transparency seen.  
Sufficient and timely information room for improvement.  
EconGas would like to see free capacity in connection with a tariff calculator.

**1.6 In nTPA, if the main commercial conditions including the prices for standard services are published, is there consistency between your contract and these published conditions (GGPSSO requirements on “Tariff structure and derivation”, chapter 7)?**

Yes.

- 1.7 Please indicate if the adoption of the GGPSSO has had a positive impact on secondary trade of storage capacity (GGPSSO requirements on “Secondary market”, chapter 9)**

Secondary trade is possible.

- 1.8 Do you believe that there is a conflict between the requirements of the GGPSSO and national legislation that will materially affect either your interests or your ability to comply with the GGPSSO (GGPSSO Scope and Objective)? Please specify the nature of such conflict**

No

- 1.9 If you have entered into a new storage contract after the adoption of the GGPSSO (18 March 2005), do you believe that there is a conflict between the requirements of the GGPSSO and certain clauses of your contract (e.g. publication of certain data, day-ahead release of non-nominated injectability and deliverability)? Please specify the nature of such conflict**

No

- 1.10 Do you believe there are gaps in the GGPSSO? How could the effectiveness of third party access to storage be improved?**

No

**2 Section 2: monitoring of the implementation of the Guidelines for Good Practice for Gas Storage System Operators (GGPSSO)**

*These questions are designed to monitor implementation of the GGPSSO requirements due to be implemented from 1 April 2005.*

**If you are a customer/potential customers of several SSOs, the questionnaire should ideally be completed for each SSO**

**General**

**2.1 Business name of respondent:** EconGas GmbH

**2.2 Please specify if you are (several answers possible):**

	<i>tick</i>
(a) a production company	<input type="checkbox"/>
(b) a supply undertaking	X
(c) a wholesale customer	X
(d) a trader	X
(e) a TSO	<input type="checkbox"/>
(f) a DSO	<input type="checkbox"/>
(g) a final customer	<input type="checkbox"/>
(h) other (e.g. local utility, distribution company, retailer including public services)	<input type="checkbox"/>

**2.3 Please specify if you are:**

	<i>tick</i>
(a) part of the same vertically integrated undertaking as to the SSO to which this questionnaire applies	<input type="checkbox"/>
(b) a company with no relationship whatsoever with the SSO	X

- 2.4 If you have ticked the box for question 2.3 (a), can you confirm that there is a document setting out all the terms and conditions relating to storage use by the affiliate company and that this document is used (GGPSSO 1.3)?

	yes	no
	<input type="checkbox"/>	<input type="checkbox"/>

- 2.5 Please provide the name/country of the SSO you are a customer of and to which this questionnaire applies

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- 2.6 Do you own storage capacity rights in this storage system (date of reference: 1 April 2005)

	yes	no
	X	<input type="checkbox"/>

- 2.7 Please specify if you experienced any refusal of access in this storage system:

	yes	no
(a) before 1 April 2005	<input type="checkbox"/>	X
(b) after 1 April 2005	<input type="checkbox"/>	X

- 2.8 If the answer is “yes”, what were the reasons for the refusal of access?

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- 2.9 For the SSO you are a customer of, please indicate if:

	tick
(a) you have signed the relevant storage code	<input type="checkbox"/>
(b) you have entered into a contract based on a standard storage contract	<input type="checkbox"/>
(c) you have entered into a contract in the absence of a standard storage contract , or in another sort of arrangement	X

### **Roles and responsibilities of Storage System Operators**

- 2.10 Please provide details on whether and how you were consulted by the SSO in developing a standard storage contract/storage code (GGPSSO 1.2.b)

<i>For long term contracts, procedures have been historically developed. For standard contracts has not been contacted so far.</i>
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2.11 Please provide details on the guarantees you were asked to provide with respect to creditworthiness (GGPSSO 1.2.h)

*No guarantees afforded, because EconGas is a customer with long term contracts.*

**Necessary TPA services**

2.12 Are you obliged through a PSO to book storage capacity?

	yes	no
	<input type="checkbox"/>	X

2.13 Would you say that the menu of services offered on the primary market meets your needs, as far as the following criteria are concerned (GGPSSO 3.3, 3.5, 3.7, 3.8):

	yes	no
(a) size of standard bundled units (SBUs) appropriate	X	<input type="checkbox"/>
(b) no undue restrictions on the starting date and the prevailing physical flows	X	<input type="checkbox"/>
(c) duration of contracts	<input type="checkbox"/>	X
(d) price	<input type="checkbox"/>	X

2.14 If any of these criteria (question 2.13 (a) – (d)) is not met, please state why. Which improvements would be necessary to meet your demand?

*No standard short term contracts available, individual solution possible.  
Improvements could be made, in form of price reduction.*

2.15 Is there an additional charge if you inject or withdraw at a time of the year when the prevailing physical flows are in the other direction (GGPSSO 3.7)?

	yes	no
	<input type="checkbox"/>	X

2.16 If the answer is “yes”, is the additional cost “unjustified” or “justified” in your opinion (GGPSSO 3.7)? Please provide details

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2.17 What is the timeframe for solving capacity booking requests (based on your experience) (GGPSSO 3.9)?

*Meets our commercial needs*

2.18 What is the timeframe for solving other requests (please specify) (GGPSSO 3.9)?

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2.19 Does the SSO respond in a time frame compatible with your reasonable commercial needs (GGPSSO 3.9)?

	<i>yes</i>	<i>no</i>
(a) capacity booking requests?	<input type="checkbox"/>	<input type="checkbox"/>
(b) other requests?	<input type="checkbox"/>	<input type="checkbox"/>

2.20 If the answer is “no”, please provide details (GGPSSO 3.9)

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**Storage capacity allocation and congestion management**

2.21 Does the storage capacity allocation mechanism applied by the SSO meet all the requirements below (GGPSSO 4.1):

	<i>tick</i>
(a) it facilitates the development of competition and liquid trading of storage capacity (GGPSSO 4.1.a)	X
(b) it is compatible with market mechanisms including spot markets and trading hubs (GGPSSO 4.1.a)	X
(c) it does not create undue barriers to market entry (GGPSSO 4.1.c)	X
(d) it does not prevent new market entrants and companies with a small market share from competing effectively (GGPSSO 4.1.c)	X
(e) it does not prevent customers from changing suppliers at any time of the year (GGPSSO 4.3)	X

2.22 If any of these criteria (question 2.21 (a) – (e)) is not met, please explain why (GGPSSO 4.1)

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2.23 Do the congestion management procedures applied by the SSO meet all the requirements below (GGPSSO 4.2):

	<i>tick</i>
(a) they facilitate the development of competition and liquid trading of storage capacity (GGPSSO 4.1.a)	X
(b) they are compatible with market mechanisms including spot markets and trading hubs (GGPSSO 4.1.a)	X
(c) they do not create undue barriers to market entry (GGPSSO 4.1.c)	X
(d) they do not prevent new market entrants and companies with a small market share from competing effectively (GGPSSO 4.1.c)	X
(e) they do not prevent customers from changing suppliers at any time of the year (GGPSSO 4.3)	X

2.24 If any of these criteria (question 2.23 (a) – (e)) is not met, please explain why (GGPSSO 4.2)

**Transparency requirements**

2.25 Does the SSO provide you with sufficient and timely information in order to gain effective and efficient access to storage (GGPSSO 6.5)?

	<i>yes</i>	<i>no</i>
	<input type="checkbox"/>	X

2.26 If the answer is “no”, please explain why (GGPSSO 6.5)

*System under development*

2.27 Have you ever made a request to the SSO not to publish some information (please specify which data), because it would harm your commercial interests (GGPSSO 6.2)?<sup>2</sup>

[confidential]

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<sup>2</sup> answers to this question will be treated as confidential

**Tariff structure and derivation**

*Where regulated*

**2.28 Do you think that the tariff structure of the SSO promotes efficient commercialisation and use of storage (GGPSSO 7.1.d)?**

	<i>yes</i>	<i>no</i>
	<input type="checkbox"/>	<input type="checkbox"/>

**2.29 If the answer is “no”, please explain why (GGPSSO 7.1.d-f)**

*Where negotiated*

**2.30 Charges (GGPSSO 7.2):**

	<i>tick</i>
(a) do not restrict market liquidity of storage capacity (GGPSSO 7.2)	X
(b) do not create undue barriers to market for new entrants (GGPSSO 7.2)	X
(c) promote efficiency and facilitates competition in the use of storage services (GGPSSO 7.2.b)	X

**2.31 If any of these criteria (question 2.30 (a) – (c)) is not met, please explain why (GGPSSO 7.2)**

**2.32 Are charges negotiated in a time frame compatible with your reasonable commercial needs (GGPSSO 7.2.d)?**

	<i>yes</i>	<i>no</i>
	X	<input type="checkbox"/>

**2.33 If the answer is “no”, please explain why (GGPSSO 7.2.d)**

**Storage penalties**

**2.34 Where they are established, storage penalties (GGPSSO 8.2)**

	<i>tick</i>
(a) are proportionate	<input type="checkbox"/>
(b) do not hamper the entry of new participants into the market	<input type="checkbox"/>
(c) are cost-reflective, to the extent possible, whilst providing incentives for the appropriate use of storage capacity	<input type="checkbox"/>

**2.35 If any of these criteria (question 2.34 (a) – (c)) is not met, please explain why (GGPSSO 8.2)**

*No storage penalties in use.*

**Secondary market**

**2.36 What kind of services can be traded on the secondary market (GGPSSO 9.1) ?**

	<i>yes</i>	<i>no</i>
(a) standard bundled units (SBUs)	X	<input type="checkbox"/>
(b) unbundled services	X	<input type="checkbox"/>

**2.37 Do you trade storage capacity on the secondary market (GGPSSO 9)?**

	<i>Yes</i>	<i>No</i>
	<input type="checkbox"/>	X

**2.38 If not, please state why (GGPSSO 9) ?**

	<i>Tick</i>
(a) not possible	<input type="checkbox"/>
(b) possible but difficult in practice	<input type="checkbox"/>
(c) not interested in secondary trading of storage capacity	<input type="checkbox"/>
(d) other (please specify)	X
<i>No demand so far.</i>	

**2.39 Please provide details on how secondary trading of storage capacity is facilitated by the SSO (GGPSSO 9.1)**

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**Interoperability**

**2.40 Does your SSO ensure interoperability between the storage system and the transmission system (GGPSSO 10.1)?**

	<i>tick</i>
(a) services offered are consistent with those offered by the adjacent TSO	X
(b) operational procedures, such as nominations, are compatible with those of the adjacent TSO	X
(c) re-nomination procedures meet market participants' requirements	X
(d) relevant storage arrangements are matched in consistency with the balancing requirements of the adjacent transmission system	X
(e) other	<input type="checkbox"/>

**2.41 If any of this item (question 2.40 (a) – (e)) is not met, please provide comments based on your experience (GGPSSO 10.1)**

<i>However, Restrictions in injection and withdrawal rate. Minimum rate 15.000 m<sup>3</sup>/h, 15 times higher than TSO</i>
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