

European Regulators' Group
for Electricity and Gas
Attn. Mrs F. Geitona
Chairman Gas Focus Group
Rue le Titien, 28
B 1000 Bruxelles
Belgium

Gas Transport Services B.V.

P.O. Box 181
9700 AD Groningen
The Netherlands
T +31 50 521 22 50
F +31 50 360 30 36
E info@gastransport.nl
VAT NL813262793B01
Trade register Groningen 02084889
www.gastransportservices.com

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Telephone
+ 31 (0)50 521 20 14

Our reference
LTM 08.0185

Your reference

Subject

GTS reaction on E07-CBT-01-03 of 22 November 2007
"Principles on Calculating Tariffs for Access to Gas Transmission Networks"- An ERGEG Public Consultation Paper

Dear Mrs Geitona,

Hereby GTS sends its reaction to the ERGEG Public Consultation Paper E07-CBT-01-03 of 22 November 2007: "Principles on Calculating Tariffs for Access to Gas Transmission Networks" This reaction is separate from and additional to the reaction from GTE, which is supported by GTS. We felt it necessary to put in a separate reaction, to emphasise some specific issues which we consider important.

Attached you will also find an independent expert report by Graham Shuttleworth of NERA (ERGEG Paper on Tariff Principles: A Comment"; Prepared for Gas Transport Services). This report was written at our request, but we would like to stress that the views contained in it are those of the author, that GTS does not necessarily agree with 100% of the content of the report, and that the NERA report does not cover all the comments GTS would like to submit on the ERGEG Consultation Paper. The NERA report does offer some comments which might be of help to improve the quality of the ERGEG Consultation Paper for drafting future guidelines to national regulators.

GTS has some fundamental comments on the scope of ERGEG's activities. In our view, ERGEG should limit the scope of its work to studying whether or not a difference in tariff structures is hampering cross border trade in gas. If this is the case, the national TSO should work in close cooperation with the relevant national regulator (as required by part 2 of article 3 of 1775/2005/EC) to solve the problem through convergence of tariff structures and tariff principles.

Therefore:

- 1) as ERGEG has not shown any case where a difference in tariff structures is hampering cross-border trade in gas; and
- 2) anyway, where such cases arise, only the national regulator should be involved in remedying them (not ERGEG),
- 3) and as it is not within ERGEG's competence to intervene in the definition of costs, WACC and the like, as these items are to be addressed by each national regulator for its own country.

GTS believes that the scope of the current ERGEG Consultation Paper is therefore too wide, and therefore GTS considered it unnecessary to react to all of its contents.

Notwithstanding this, GTS wishes to react positively and constructively, in which spirit we offer the independent NERA report for your consideration.

Yours sincerely,
GAS TRANSPORT SERVICES B.V.

A handwritten signature in black ink, appearing to read 'Graaf', is centered on the page. The signature is stylized and cursive.

Dr. Ir. G.H. Graaf
CEO

Also sent by fax: +32 2 788 73 50