

**Public Consultation Questionnaire**  
**for the preliminary scoping on potential Framework Guidelines on**  
**“Rules for Trading related to technical and operational provisions of**  
**network access services and system balancing (FG RfT)”**

Dear Sir, Madam,

We do not have a clear idea about the need of a new Framework Guideline on Rules for Trading. We believe that most of the items considered in this public consultation are important enough to be treated in the European regulation. However, we consider that other network codes (NC) that are not yet fully implemented might take into account most of these topics.

We also support the idea that when network codes will be already implemented a review of all the NCs will be necessary. In that moment, we foresee that for those topics, which are identified and are not regulated, it will be necessary to reopen NCs to include and regulate them.

**Identified topics**

**Q1: Are the topics identified above the most relevant ones when it comes to Rules for Trading at EU level? Please specify which issue - if any - would merit further elaboration and rank the three most important Rules for Trading aspects**

On one hand, we consider that it is difficult to determine the scoping of this FG because there are other NCs that should be taken into account for those topics and they are not yet implemented (fully), specifically CAM and CMP. In this sense the need for another framework guideline could be questioned.

We also have doubts about the scope of this FG as NC CAM and CMP apply only to Interconnection points. We believe that this FG would also apply for those points.

**Q2: Do you agree that the key features of capacity products (besides its location, its direction and its duration) are as follows:**

- **Firmness: unconditional firm / conditional firm (e.g. depending on temperatures) / interruptible**
- **Allocability: free allocability / restricted allocability to designated points / restricted to designated points but combined with interruptible free allocability to all points including VTP**

## - Tariff relations between different capacity products

**Q3: Do you think that certain user categories (e.g. power plants, household suppliers, traders, gas producers, storage users etc.) have specific requirements/needs regarding capacity products? If so, which?**

In the case of power plants it is known that they have different needs regarding to capacity products in the sense that as gas is called to play an increasingly important role within the EU's power generation mix and with the increasing role of renewable in power markets. In this way, CCGT's have a key role in the security of electricity system as back up of renewable energy, characterised by its intermittence and unpredictability

Thus, it is essential to offer flexibility for booking different type of products and to allow superposition of different types of bookings/products. I.e. combined short term and long term bookings simultaneously.

**Q4: Do you have experience with different levels of product firmness and allocation restrictions (i.e. different capacity designs<sup>10</sup>)? Please provide examples.**

No. But we strongly support the idea that product conditions have to be clearly defined, justified and even regulated, so there should be no doubts about them.

**Q5: Are different types of product features (in terms of firmness and freedom of allocation) barriers for cross-border trading? If yes, please provide an example of such a barrier. If yes, do you think that a set of "standard capacity products" in terms of quality (e.g. firmness rules, allocability) enshrined in a network code would provide a solution? Do you believe that the benefit of implementing such a solution outweighs the costs? Could you provide examples of such solutions?**

The European new regulation promotes bundled products, as a measure to advance in the developing the European Single Energy Market. But on the other hand, many features or regulation associated to these bundled products are different at both sides of the border. So, this clearly could create confusion and unexpected risk to the shippers.

In order to avoid risks related to different types of product features, we believe that some minimums have to be standardized in all interconnection points.

**Q6: In your view, is the way capacity is allocated (primary market) or traded (secondary market) expected to create any problem or barrier to gas wholesale trading after the full implementation of the NC CAM? (Please differentiate in your answer between IPs covered by NC CAM<sup>11</sup> and those outside its scope, e.g. LNG, storage)? If not, what outstanding barriers remain after NC CAM implementation? Please provide specific cases and examples, if possible.** From our point of view in the case of IPs the way that

capacity is allocated (primary market) or traded (secondary market) should not create any problem or barrier to gas wholesaling because NC CAM defines standardised capacity products, and the products trade in the secondary market cannot differ from the ones offered in the auctions

Regarding points out of the CAM's scoping, it should avoid any allocation methodology based in a allocation by discretionary "capacity packages" because in our view it could suppose a barrier to gas wholesale trading.

**Q7: Do non-harmonised contract definitions or terms between neighbouring entry-exit zones limit cross border trade? If yes, please provide examples. Do you think that equal contractual definitions of product characteristics (in terms of firmness or freedom of allocation) can be achieved by compatible contract terms alone (product description along certain parameters) or can this only be achieved by a single standard contract established at EU level?**

Yes. In our point of view using non-harmonised contract definitions and/or terms between neighbouring systems could be a barrier for the gas wholesale market.

For example differences in events considered as force majeure, not coordinated maintenance programs, temperature, nomination scheduling, gas quality specs.

**Q7a: Considering the variety of private law regimes across EU, do you believe a single standard contract established at EU level is feasible? If yes, do you believe that the benefit of such standard contract established at EU level outweighs the costs of its implementation?**

We support the idea that equality in minimums should be defined just to ensure differences in contracts do no create barriers for gas wholesale trading. In this sense EFET has something similar related to trading energy contracts along Europe.

**Q8: Have you experienced inefficiencies and risks which make it necessary to harmonise certain clauses in capacity contracts and/or contractual terms and conditions of different TSOs at EU level (given the variety of private law regimes applied across Europe)? If so, what are the inefficiencies and risks experienced that require harmonisation and why?**

As mentioned before, differences in events considered as force majeure, not coordinated maintenance programs, temperature, nomination scheduling, gas quality specs...

**Q9: Assuming everything else being equal (e.g. tariffs), do you prefer:**

- a) firm products with limited allocability/locational restrictions (ex-ante information on conditions of use) or
- b) interruptible products (with ex-post information on actual occurrence of interruptions<sup>12</sup>)?

We do not support the idea of having limited firm products, and in case they exist, it has to be clearly defined the situations they are used.

On the other hand, it is also important to maximise firm capacity offered to the market, using all available tools (i.e. coordination between TSOs).

**Q10: Given the Balancing NC implementation, which should foresee within-day obligations as an exception, do within-day standard capacity products (“rest-of-day capacity products”<sup>13</sup>) create any barrier to trade?**

**Q11: Are there any differences in the legal framework/capacity contracts that undermine the concept of a bundled capacity product (treatment after allocation)? If yes, please describe the differences as well as the risk for market participants resulting from those. Please provide specific examples.**

Taking into account a regimen based in bundled products, we consider that the contract conditions related to use/remove of booked capacities should be the same at both sides of the IP.

**Q12: Are there any other obstacles that hamper the use of capacity contracts across borders in the EU?**

Yes. In some cases contracted capacity at interconnection points is limited due to the maintenance of the pipeline. This fact is not always a problem if shippers have enough ex ante information so they can programme their balance taking into account this limitation. Furthermore, taking into account the bundled capacity products implementation, the maintenance programs should be coordinated between “adjacent TSO’s”

**Q13: Do you think that a) binding EU rules, b) non-binding guidance or c) no rules at all (awaiting the implementation of existing NCs) address the above issues best? If needed, you can differentiate between different topics**

We do support the idea of awaiting the implementation and evaluation of existing NCs before developing Framework Guidelines on rules for trading capacity.

### **Secondary capacity markets**

**Q14: Do you think that rules are needed in order to stimulate secondary trading in Europe (taking into account the facilitation of trading already in place nationally or at EU-level, including joint booking platforms as demanded by NC CAM)?**

We believe there is no need to stimulate secondary capacity markets with rules, but only to stimulate them as the secondary trading activity has to be seen as an optimization tool available for shippers. The NC CAM already provides the basis for that. Precisely, in our opinion the developing of rules in excess could hamper or limit the development of the secondary market.

However, we believe that having a joint booking platform such as PRISMA could be an important tool for developing a liquid capacity market and facilitate wholesale gas trading.

**Q15: Do you see a need for a fully anonymised secondary capacity market (including third-party clearing) or is a bilateral capacity transfer (with consistent information to the TSO) sufficient?**

In our point of view, bilateral capacity transfer should always exist and depending on capacity market situation a fully anonymised secondary capacity market could be developed. Regarding the second option, in our opinion there should not be any type of fee.

**Q16: Do you see the need to harmonise the handling of secondary capacity transfers to the primary market with reference to e.g. contract durations, handling, deadlines etc.?**

It is important to define a clear process for selling capacity, rights and obligations which apply to capacity sellers and buyers, response timetables, and so on. Just to ensure there are no doubts about the requirements applied in the secondary capacity market

**Q17: Are there any rules hampering secondary trading of bundled capacity products? If yes, which ones and where? (Please provide specific cases, examples.)**

**Q18: What would be, in your view, the most efficient way of secondary trading of capacity: a) mandatory trading on a limited number of liquid secondary platforms as for primary capacity or b) keep the current regime as is (e.g. many options, venues, etc.)?**

In our point of view, bilateral capacity transfer should always exist and depending on capacity market situation a fully anonymised secondary capacity market could be developed. But in any case, it should not establish a mandatory trading on a limited number of liquid secondary platforms as for primary capacity.

**Q19: Would you support additional transparency rules for secondary trading and what should, in your view, those rules focus on (e.g. reporting on transactions, potentially incl. price)?**

**Q20: Do you think that a) binding EU rules, b) non-binding guidance or c) no rules at all (awaiting the implementation of existing NCs) address the above issues best? If needed, you can differentiate between different topics.**

**Virtual trading point design/access and hub issues**

**Q21: Are there any design elements of hubs which provide a barrier to cross-border trade (e.g. independence of the hub operator from traders)? If yes, which ones? Please provide specific cases, examples.**

**Q22: Are the fees (if any), the methods to calculate these fees, the general terms and conditions and/or contracts for service providers/intermediaries for transferring gas via trade notifications according to article 5 of the Balancing NC discriminatory and do they constitute a barrier to trade? If so, please state which of the elements above are problematic and which entry-exit systems are affected. Are there any other issues that create barriers to trade?**

In practical terms traders will always have some marginal cost to administer a trade and so a zero marginal cost for the use of TSO's processes would maximize trading opportunities and welfare gains which are both key objective of the network codes being introduced.

If any fee, this fee should not be different depending of the size the operation or the number of operations made by one player. No rappels should be considered.

**Q23: Do non-standardised formats represent a barrier for cross-border trading? If yes, do you see a need to establish a standardised data exchange format for trading of wholesale gas products to be used as interface between all potential balancing and trading venues - including key inputs<sup>14</sup> (e.g. trading parties, time, location of trade, trading volumes and price, etc.)-?**

Yes, because if data exchange format for trading is standardised transactions are easier, more user friendly and consequently strengthen the cross-border trading. In order to avoid operational risk.

**Q24: How could the establishment of organised market places at hubs trading platform (via VTPs) be facilitated and should the Agency foresee rules to facilitate it?**

**Q25: Do you think that a) binding EU rules, b) non-binding guidance or c) no rules at all (awaiting the implementation of existing NCs) address the above issues best? If needed, you can differentiate between different topics**

We do support the idea of awaiting the implementation of existing NCs before developing Framework Guidelines on rules for trading capacity.

### **Transparency rules**

**Q26: Do you think that contractual conditions of capacity services (incl. usage conditions) are transparent and clear enough and easy to access (taking into consideration the establishment of joint booking platforms such as PRISMA)? If not, please name the TSOs/platforms where this is not the case and evaluate it along any of these three parameters (i.e. non-transparent, unclear or difficult to access).**

We believe that transparency of contractual conditions of capacity services is a key factor. Insufficient transparency in relation to capacity products constitutes a problem for cross-border trade; this process is expected to become more complex when bundling of cross-border will become prevalent. To know “ex-ante” (several months or at least several weeks in advance) the conditions of capacity services and the contract is a key issue for shippers. Shippers need enough time to evaluate services, contracts and the risk to enter in the transactions.

**Q27: Do you consider that the contractual conditions of capacity products with limited allocability (e.g. interruptible hub access, but firm cross-border flow) are transparent and clear enough? If non-transparent and clear enough, what should be improved? (Please provide specific cases, examples.)**

Regarding to the preceding question, we also believe that transparency of contractual conditions of capacity products with limited allocability is also a key factor. Not having enough transparency for trading in all aspects supposes a barrier for cross-border trading

**Q28: Do you have access to sufficient information on the condition(s) for interruption of a capacity service and/or its probability? If not, please specify where this is not the case.**

In our opinion shippers and traders should be able to estimate the probability of interruptions on their own. So it is necessary TSOs to publish all necessary information on flows, interruptions, etc and also estimation of the probability of interruption.

**Q29: Do you have sufficient information on the occurrence of the condition(s) for interruption and/or its probability? If not, please specify, where this is not the case.**

See Q 28

**Q30: Do you think that a) binding EU rules, b) non-binding guidance or c) no rules at all (awaiting the implementation of existing NCs) address the above issues best? If needed, you can differentiate between different topics.**

**Licensing requirements for market participants other than TSOs**

**Q31: Do you see a problem with regard to different licensing requirements in the EU? If yes, please name the Member State, explain the main issues and propose solutions (such as minimum requirements for licenses at EU level, etc.)**

In our point of view, different licensing requirements in the EU suppose a problem for cross-border trading. In some countries there is a distinction between a trading license and a supply license, in particular this difference refers to reporting

Taking into account above mentioned, regarding licensing requirements for market participants, in our point of view improvements should be done in order to facilitate that shippers with licenses in a European Member State can easily start their activity in another European gas system. In this way, a license mutual recognition could be included in the European regulation. This could be an important step in the aim to get a European Single Market.

**Q32: Do you think that a) binding EU rules, b) non-binding guidance or c) no rules at all (awaiting the implementation of existing NCs) address the above issues best?**

We also believe that a binding European measure on licensing might create another layer of administrative burden. The aim should be to reduce and harmonize the licensing requirements