Uniper Global Commodities SE, Holzstraße 6, 40221 Düsseldorf

Authority for Markets & Consumers
Muzenstraat 41
2511 WB The Hague
The Netherlands

Uniper Global Commodities SE
Holzstraße 6
40221 Düsseldorf
Germany
www.uniper.energy

[redacted]
Gas Trading & Optimization
T 49 2 11-7 32 75-97 87
F 49 2 11-7 32 75-15 51
[redacted]@uniper.energy

Chairman of the Supervisory Board:
[redacted]

Board of Management:
[redacted]
(Chairman) [redacted]

Registered Office: Düsseldorf
Düsseldorf District Court
HRB 61123

Tax No. 105/5865/3470
Tax Id. No. DE192205313

UniCredit Bank
IBAN DE54 7002 0270 0666 8837 72
BIC HYVEDEMMXXX

ACM Consultation on NC TAR Implementation
ACM/14/023224
May 25, 2018

Dear Madam / Sir,

Uniper welcomes the opportunity to consult on the implementation of the Commission Regulation (EU) 2017/460 of 16 March 2017, establishing a network code on harmonized tariff structures for gas (NC TAR) into the Dutch tariff code regulation. Uniper has been active in the implementation discussions that have taken place over the last year. We also gave our view on the ACM's draft decision during the hearing on 14th May 2018 in The Hague.

The implementation of NC TAR and the setting of tariffs is based on several principles as laid down in the EU Regulation 715/2009. These principles include cost-reflectivity, providing incentives for investment, facilitating efficient trade and competition, transparency, interoperability, non-distortion of cross border trading, benchmarking and promotion of gas market liquidity.

Uniper as a shipper importing gas to the Netherlands fundamentally disagrees with the proposal of ACM to apply an Entry/Exit split of 50/50 as this proposal is not in line with the above-mentioned principles.

First, there is no legal obligation in the NC TAR to apply a 50/50 split for the postage stamp model, only for the counter factual.

Moreover, we found that GTS's in-depth analyses and arguments for a 0/100 split (as opposed to current 35/65 split) well reflected the particular needs of the Dutch gas market as this split would maintain TTF liquidity and high transit flows and would safeguard its fundamental role as the price reference point for Europe's gas markets.

This principle of cost-reflectivity requires a clear view and analysis on how costs are built up and how they should be divided. ACM did not provide any analysis supporting their proposal. ACM assumes that Entry/Exit costs are divided 50/50. However, GTS's and the Brattle analysis clearly demonstrate that a cost reflective Entry/Exit split is not met by a 50/50 split.

By rejecting GTS's proposal and moving in the opposite direction from the current Entry/Exit split, the draft ACM draft decision imposes a significant shift of costs to Entry points which contradicts an equal and balanced allocation of costs of the gas grid. Such a shift of costs leads to cross-subsidisation from Exit points to Entry points, because the increase of the Entry/Exit split leads to an even higher specific tariff for Entry points.

An increase of cost allocation of 10-15% for Entry tariffs has a huge impact on Uniper as shipper in the Netherlands. It is, however, imperative that we can rely on a stable and predictable regulatory environment where changes are only made after careful consideration and must be well justified.

Furthermore, we see an obligation of ACM to consider NC TAR´s aim to harmonize tariffs across the border. An analysis of the Entry/Exit tariff ratio in the surrounding countries, however, shows, that the actual tariff ratio between Entry and Exit Interconnection points is ~ 33%/67% on average. Applying a 50/50 split as proposed by ACM would lead to a 53%/47% tariff ratio in the Netherlands, which would contradict the aim of NC TAR and leads to a clear disadvantage for shippers importing gas into the Netherlands. Inappropriately high Entry tariffs put market liquidity at risk and have the strong potential to reduce Security of Supply. It is well understood that Transmission Tariffs should facilitate efficient gas trading and competition and should not restrict market liquidity or trade across borders.

In the ACM draft decision, only limited reference is made to the above-mentioned principles of efficient trade, competition, and market liquidity. However, maintaining the status of TTF, attracting additional volumes and underpinning the Dutch gas market were the main reasons for GTS's proposal for a 0/100 split.

Uniper is still in agreement with GTS on this point and as such, we find there is a clear incompatibility between these principles and ACM's draft decision. By moving in the opposite direction (i.e. increasing the Entry/Exit split), we are concerned that this will make trade less efficient, less competitive and reduce Dutch market liquidity.

In conclusion, we ask ACM to take due account of the above considerations in drafting their final decision implementing the NC TAR and to abandon the proposed Entry/Exit split of 50/50. By considering in more detail the issues cost-reflectivity and cross-subsidisation in terms of Entry/Exit costs, we believe that a more appropriate Entry/Exit split can be found which better meets the unique needs of the Dutch Gas Market.

Yours sincerely,

Uniper Global Commodities SE

[redacted]

[redacted]

Fax Header Information

Uniper
+49 211 73275 1178
25/May/2018 13:40:15

Job	Date/Time	Type	Identification	Duration	Pages	Result
3216	25/May/2018 13:37:17	Send	00031707222355	02:56	2	Success

25/May/2018 13:38:00 Uniper +49 211 73275 1178 1/2

Uniper Global Commodities SE, Holzstraße 6, 40221 Düsseldorf

Authority for Markets & Consumers
Muzenstraat 41
2511 WB The Hague
The Netherlands

Uniper Global Commodities SE
Holzstraße 6
40221 Düsseldorf
Germany
www.uniper.energy

Patrick Braun
Gas Trading & Optimization
T 49 2 11-7 32 75-97 87
F 49 2 11-7 32 75-15 51
patrick.braun@uniper.energy

Chairman of the Supervisory Board:
Klaus Schäfer

Board of Management:
Keith Martin
(Chairman)
Damian Bunyan
Nadia Jakobi
Novera Khan

Registered Office: Düsseldorf
Düsseldorf District Court
HRB 81123

Tax No. 105/5865/3470
Tax Id. No. DE192205313

UniCredit Bank
IBAN DE64 7002
0270 0666 8837 72
BIC HYVEDEMMXXX

ACM Consultation on NC TAR Implementation
ACM/14/023224
May 25, 2018

Dear Madam / Sir,

Uniper welcomes the opportunity to consult on the implementation of the Commission Regulation (EU) 2017/460 of 16 March 2017, establishing a network code on harmonized tariff structures for gas (NC TAR) into the Dutch tariff code regulation. Uniper has been active in the implementation discussions that have taken place over the last year. We also gave our view on the ACM's draft decision during the hearing on 14th May 2018 in The Hague.

The implementation of NC TAR and the setting of tariffs is based on several principles as laid down in the EU Regulation 715/2009. These principles include cost-reflectivity, providing incentives for investment, facilitating efficient trade and competition, transparency, interoperability, non-distortion of cross border trading, benchmarking and promotion of gas market liquidity.

Uniper as a shipper importing gas to the Netherlands fundamentally disagrees with the proposal of ACM to apply an Entry/Exit split of 50/50 as this proposal is not in line with the above-mentioned principles.

First, there is no legal obligation in the NC TAR to apply a 50/50 split for the postage stamp model, only for the counter factual.

Moreover, we found that GTS's in-depth analyses and arguments for a 0/100 split (as opposed to current 35/65 split) well reflected the particular needs of the Dutch gas market as this split would maintain TTF liquidity and high transit flows and would safeguard its fundamental role as the price reference point for Europe's gas markets.

This principle of cost-reflectivity requires a clear view and analysis on how costs are built up and how they should be divided. ACM did not provide any analysis supporting their proposal. ACM assumes that Entry/Exit costs are divided 50/50. However, GTS's and the Brattle analysis clearly demonstrate that a cost reflective Entry/Exit split is not met by a 50/50 split.

By rejecting GTS's proposal and moving in the opposite direction from the current Entry/Exit split, the draft ACM draft decision imposes a significant shift of costs to Entry