

E.ON Energy Trading SE · Holzstraße 6 · 40221 Düsseldorf

Energiekamer van de Nederlandse Mededinging-  
sautoriteit  
Postbus 16326  
2500 BH Den Haag

**E.ON Energy Trading SE**  
Market Rules  
Holzstraße 6  
40221 Düsseldorf  
Germany  
www.eon-energy-  
trading.com

Gunnar Steck  
T +49-2 11-7 32 75-21 26  
F +49-2 11-7 32 75-22 10  
gunnar.steck@eon.com

January 18, 2010

**Zaaknummer 102669 – codewijzingsvoorstel gasmarkt**

Dear Sir or Madam,

During the last months E.ON Energy Trading as one of the biggest energy traders in the Netherlands closely covered the excellent work of GTS on the proposed changes to the Dutch Balancing regime and Market Model. We believe that this represents a major step towards an even more competitive Dutch trading market and that it will ensure the security of gas supplies in the Netherlands over the next years, enhance the role of TTF as one of the most important continental European gas hubs and facilitate the creation of a Dutch gas roundabout.

We acknowledge that these changes pose major challenges to both TSO and market participants in terms of operational adjustment. However, we would like to express our belief that the changes coming into force in April 2011 will – particularly with regard to the bid ladder within the balancing regime – inevitably represent interim steps towards one integrated within-day balancing and trading market. Therefore it is paramount to enable the system to develop organically in the next years towards this target model. In order to do so we would like to urge you to make sure, that the new flexibility market on the bid ladder will be designed as close as possible to the existing traded market in terms of lead times, IT requirements etc. No barriers to an integration of both markets in the near future should be established in the new network code that could not be removed by the market participants once integration is deemed feasible.

In the following, we would like to take the opportunity to comment on some of the provisions of the existing draft network code modification in more detail.

**A. Bid Ladder (Transportvoorwaarden LNB, chapter 4)**

**1. Incentive component (4.5.1.1)**

We realise that Program Responsible Parties (PRP) should be incentivised to actively use their assets and the within-day market to steer their portfolio and not to rely on GTS balancing actions via the bid ladder. However, we believe that after a period in which PRP get accustomed to the new system, they will use the within-day market

Chairman of the  
Supervisory Board:  
Dr. Johannes Teyssen

Board of Management:  
Dr. Anthony Cocker  
(Chairman)  
Jonas Abrahamsson  
Martyn Gallus  
Gareth Griffiths

Registered Office:  
Düsseldorf  
Düsseldorf District Court  
HRB 61123

without any need for an additional incentive component put on the bid ladder prices. Therefore we would like to ensure that GTS is obliged to remove the incentive component / reduce it to zero as soon as feasible. A regular (e.g. every 6 months) assessment of whether the incentive component is still necessary should be introduced.

#### 2. Reservation costs (4.1.3.5)

Similarly we do believe that reservation fees for offering gas on the bid ladder should only be paid during an interim period and be abolished as soon as the system is deemed to work properly and GTS feels comfortable enough to rely either on the active steering of individual portfolios by the PRP without any balancing actions or on sufficient gas offered to GTS via the bid ladder without these reservation fees. In general we think that reservation fees tend to distract more gas from the 'normal' within-day market than necessary which will increase volatility and hinder overall development of a within-day market. Reservation fees therefore should not be applied.

#### 3. Qualification of sources (4.1.3.2)

The qualification requirements stated – location, gas quality, communication – are not sufficiently specific. We suggest including a detailed prequalification process taking into account the different requirements of 30, 90 and 150 minutes response time sources into the network code.

#### 4. Locational gas (4.1.3.4)

We acknowledge that in certain situations GTS may have a need for locational gas and subsequently not all offers on the bid ladder may be eligible for balancing the system. In order to enable market participants to understand the non-discriminatory use of the bid ladder and prevent irrational market reactions, GTS should be obliged immediately after a call for locational gas to publish on their website a detailed report including the rationale of their action.

### B. Program Responsibility, Submission of programmes (Transportvoorwaarden LNB, chapter 4.1.1)

As trading activities on the day ahead market usually continue till 18:00 hrs we would like to suggest that after the initial submission of programmes at 14:00 – which should give GTS a sufficient basis to forecast system needs – the next round of submitting should not start before 18:30 hrs in order to avoid continuous restatements of inconsistent programmes till the end of trading activities.

### C. VPPV

It is still unclear to us why the creation of a second virtual point besides TTF is deemed necessary. The overall goal should be to increase liquidity on the existing virtual point, i.e. TTF. Furthermore, such a set up is not common in any of the neighbouring gas grids / balancing zones of NCG, Gaspool, GRTgaz etc. and will cer-

tainly add complexity to the system and therefore may impose a barrier to entry to new market participants.

D. Program Responsibility, disclosure of business secrets (Allocatievoorwaarden, chapter 4.)

The current market model allows the supply of end consumers directly connected to the national transmission system by multiple suppliers whereby all individual suppliers do not have to share information on their respective share and/or structure of supply (baseload, balancing). The new model would require suppliers of baseload gas to disclose their respective programmes to the PRP, if there is only one balancing supplier. As this leads to a potentially harmful disclosure of supply and sourcing strategies we would suggest to introduce an independent third party (GTS) to act as a intermediary: non PRP suppliers should submit their programmes to that third party which will after aggregating / anonymising the information forward it to the PRP which then will be able to submit the final programme for the specific exit point to GTS.

The possibility of multiple PRP stated in article 4.0.2 does not represent a solution to the above mentioned. situation because it does not allow for only one balancing plus multiple proportional suppliers (the current situation).

E. Portfolio imbalance signal (Allocatievoorwaarden, chapter 2)

In order to enable PRP to steer their portfolios correctly and thus help GTS to balance the system, near real time allocation data is paramount. A key factor for the success of this data provision is that GTS and the regional grid operators are enabled to recover all costs incurred for providing a 24/7 service of dealing with potential data [reconciliation] problems.

In addition we would like to urge the Energiekamer to take this opportunity and switch to a complete data provision of energy in kWh and abolish the cubic meter with an energy content of 35.17 MJ.

We hope that our comments can contribute to a fruitful discussion. If have any further questions on the topic please do not hesitate to contact us.

Yours sincerely,

