

Dear Madam/Sir,

Eneco welcomes the opportunity that NMa has given to react on the Brattle Research into gas Flexibility Services.

In general we regard the market for flexibility as being in rapid development. Market participants are seizing opportunities and the result is a more and more maturing market. For temporary situations of dominance, the Gas Act provides an extra possibility for regulation by letting the TSO offer flexibility services. As a whole we feel that Brattle has, given the available information, performed a sound analysis. There are three specific issues we would like to address:

1. The need for GTS offering flexibility services can be lowered by altering GTS's transport tariff system

Brattle concludes that the level of dominance in a market is, among other things, dependent on the cost difference of alternative products. As also shown in the Brattle report, the cost difference between flexibility products is to a substantial extent caused by different transport costs. Storage flexibility is at a large disadvantage compared to production flexibility or demand-side response. This is because of double transport costs. For each cubic meter of gas going from gas source to final customer via a storage, entry, exit (storage send-in), entry (storage send-out) and exit has to be paid. This effect is even worse if the storage is located far from Groningen, since entry/exit tariffs increase going south. Correcting this unlevel playing field (both the double charging and the link between geographical latitude and tariff) would reduce the level of dominance of GasTerra, and therefore the need for GTS offering flexibility services.

2. The market is developing rapidly, keep the next regulatory period as short as possible

The Brattle report has analyzed the market situation for 5 years. However, the next regulatory period does not need to have the same length. Given the fact that market developments are rapid and cannot always be predicted, it seems wise to keep the next regulatory period for flexibility services as short as possible.

3. Unexplained cost difference between Epe salt caverns

There is a large difference in fixed costs between the various Epe caverns in table 3 on page 28. This difference seems odd.