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Date 15 July 2011

Subject Market consultation on the Research into gas flexibility services (reference number 103650)

Dear Sirs,

Please find enclosed the Energie-Nederland reaction to the 'market consultation on the research into gas flexibility services (reference number 103650)'.

We thank you for the opportunity to send in the survey one week later.

Yours sincerely,

ir. H.B. Schurink

**Reaction Energie-Nederland on  
'Market consultation on the Research into gas flexibility services' (reference number 103650)**

### **Dominance study**

In our opinion, the methodology and the conclusions of the study appear to be sufficiently measured, economically robust and thorough.

In our opinion one aspect is missing in the discussion. The study focuses on the dominance position of one market player, but we also notice that the NMa could not determine that this market player has actually abused this position (see press release 7 July 2011).

### **Flexibility market**

*7. How do you perceive the functioning of the market for short-term flexibility in the Netherlands?*

The short-term flex market is developing. Currently, the imbalance market seems to function well. We perceive the APX-Endex auction as one of the possibilities to provide the market with flexibility. However, this auction will only remain a useful instrument when the reserve price set by Gasterra remains on a reasonable level and is transparent.

Moreover Energie-Nederland is underlining that storages (and seasonal flex) are in essential a non regulated business. The Gas Act provides the market with a temporary extra flexibility service by the TSO, as long as there is a dominance on the flexibility market.

*8. Do you think that the recently introduced day-ahead and within-day products on TTF will significantly improve the market for short-term flexibility on TTF in the foreseeable future?*

Currently the introduced products have limited impact. To provide more liquidity in the short-term market, the market (design) needs to provide the proper short-term price signals (e.g. via market-based balancing market with with-in day restrictions). The prices should reflect the market value and be established through a transparent process. The disadvantage of perceived regulatory influence in the flexibility market is a discouragement of new investments in flexibility instruments.

*9. In your opinion what is still needed in order for the market to source their short-term flexibility needs from TTF (without having to resort to the GTS flexibility product)?*

In the longer term a more diverse supply of flexibility services, e.g. by new investments and/or more demand side management.

*10. With sufficient availability of short-term flexibility in the market would you still have a reason to use the GTS flexibility product? If so, please explain.*

In principle we are of the opinion that regulatory (TSO) interventions in areas of the free market should be limited as much as possible and that regulation should be focused on the (natural) monopolistic

activities (transport). However, in case of a true market dominance situation additional regulatory measures could be considered.

Essentially, within the flex market, one should focus on establishing a proper true market-based balancing market and proper price signals stimulating market parties to (re)-establish the system balance.

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