



Answers TAQA Energy B.V. to the Market Consultation on the Research into Gas Flexibility Services, NMa 103650

TAQA Energy B.V.

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Dominance study

1. Do you have any comments on the methodology that The Brattle Group has used to determine whether or not GasTerra is dominant?

The methodology (i.e. the combination of methods used by The Brattle Group) seems to be adequate. Particularly using the pivotal supplier analysis and the withholding analysis seem to be more accurate than the '2008 methodology'. We share the conclusion that Gasterra is a dominant player in the period 2012-2016.

2. Do you think the costs assumed seem reasonable, and if not, do you have alternative suggestions for the costs of various flexibility sources? Can you provide any support for these costs in the form of publicly available documents?

We certainly do not share the cost estimates as provided in appendix I, I.3 Gas storage, table 3 and 4:

1. We do not comment on the cost estimates for Bergermeer, given the business and market sensitivity of such data being widely available.
2. For a (seasonal) gas storage, sourcing of cushion gas is key. In the analysis these costs are being neglected.
3. The Groningen field possesses high pressure naturally, which saves compression costs. Regardless of the chosen method, marginal costs of flexibility will remain very low for GasTerra.

3. Do you think the market prices for storage are accurate, and if not, do you have additional information on the market price of specific storages? Can you provide any support for these prices in the form of publicly available documents?

Historically products of GasTerra were cost based en not market based. In previous years products of GasTerra were expensive relative to the marketprice. The only exception was the price of products of GasTerra at the auction in april 2011.

4. If you are a trader active in the gas and power markets with own generating capacity, how often do you reduce generation output so as to balance demand from your gas customers? In other words, to what extent do you use interruptible demand to manage your flexibility needs?

We don't think this is relevant. Furthermore this will not occur often because the Electricity imbalance market is far more volatile than the Gas imbalance market.

5. If you are a customer of GasTerra's buying flexible gas for use outside the Netherlands, how difficult and expensive would it be for you to find alternative sources of flexibility and to re-import the flexibility provided by GasTerra into the Netherlands?

In our opinion this is not relevant. The market will benefit hugely if it would be possible for these customers to re-import flexibility. If possible the destination clauses in contracts with GasTerra should be eliminated.

6. Do you have any other comments on the study of the Brattle Group?
No.



Flexibility market

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

There is an additional need for short-term flexibility, especially in the coming years as small fields base load production and Groningen's production and flex capabilities diminish.

In addition, the functioning of this market for short term flexibility improves if third party access to the existing storages is improved. Today, a large part of the storage capacity is controlled by incumbents like GasTerra, and in the Epe storages by Nuon, Essent and Eneco.

With Zuidwending onstream since January 2011, this market may improve, and further so after the expansion of Zuidwending and possibly the Nuon share of Zuidwending being developed.

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?

It helps but access to physical flexibility and a daily balancing system will result in a far more significant improvement.

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)?

Daily balancing, daily settlement, no use of damping, which is a form of cross subsidisation for consumers en makes the balancing system unnecessary complex. Still needed is: more access to flexibility with the right to renominate intraday, better (shorter) leadtimes, cross border renomination rights; no destination clauses in contracts with GasTerra in the Netherlands and outside.

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.

This is not relevant in our opinion, but it shouldn't be needed, especially not when we switch to a system of daily balancing.