

aan Autoriteit Consument en Markt – Energiekamer
(strategische prioriteiten E&G groothandelsmarkten,
zaaknummer 104195)

van Essent/RWE
Hanneke de Jong/Theo de Waal
telefoon 0655156462/0652390818

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notitie

Consultation priorities wholesale markets

Dear Sir / Madam,

Herewith we send you our reaction with respect to the consultation document priorities wholesale markets E&G.

First of all, we want to thank you for the opportunity to provide our views on the subject of wholesale markets and for providing the consultation document both in Dutch and English.

Essent/RWE fully supports reaction Energie-Nederland

With respect to the consultation document, we fully support the reaction of Energie-Nederland both concerning the electricity and the gas part.

With respect to the electricity market we especially want to stress the importance of a solid intra-day solution on the Belgian/Dutch border to be realised in 2013.

Concerning the gas market, we do have some additional remarks to the Energie-Nederland response, which are included below.

Question 6

We support the priorities mentioned in the consultation document. However, we have an additional comment with respect to priority O (intraday/balancing market) and we miss some important priorities as explained below in the answer to question 7.

Priority O - Intraday market/Balancing

In addition to the implementation of the network code balancing, we think it is necessary to work towards a transparent hourly price-making in the gasmarket ("uurlijkse prijsvorming"). In this way the transparency (e.g. the

price-fixing) in the short-term gasmarket (which is more and more important) can be significantly improved.

Furthermore, with respect to the balancing system, we would like to see the implementation of an incentive to help maintain the system balance on a reactive basis ("incentive voor reactief meeregelen").

Question 7

We miss two important priorities which are related to each other:

1. *The introduction of a pure transport model ("ala" electricity)*
2. *Removal of the distance-related exit tariffs (uniform tariffs)*

1. Introduction of a pure transport model

An important "gas" priority that we miss in the document is the introduction of a pure transport model; i.e. the decoupling of the three key energy services, (1) supplying, (2) balancing and (3) the regulated service of transporting.

In the concrete this means: the removal of the obligation for program responsible parties to contract the so-called plan capacity. Instead the assignment of the transport cost (of the GTS network) to grid users connected to the regional network should go via the RNBs based in a cascade based way (just like it is being done in the electricity market). In such system all the transport costs (both related to the GTS and the regional network) can be put in one transparent cost element on the gas bill of end-consumers.

Background:

At this moment, the transport cost related to the GTS network are put in the so-called "regio-toeslag" on the gas bill of end-consumers. The regional network costs are put in another separate "network cost" element on the gas bill (through the RNBs). As program responsible parties (commercial market role) have the responsibility to contract the (GTS) plan capacity, the related GTS transport costs are also being put in a commercial element of the gas bill (often called the "regiotoeslag"). However, the "regiotoeslag" does not only contain GTS related transport cost but also other *commercial* oriented cost elements which differ significantly per supplier. Consumers are often not aware of the fact that the "regiotoeslag" does not only contain transport related costs. This in our view leads to intransparency and unfair competition (as offers from suppliers can not be compared in a fair way).

In other words: where consumers take the "regiotoeslag" as a purely regulated item (and only compare the other commercial elements of the gas bill), in reality suppliers are totally free in putting all kinds of commercial cost elements in the "regiotoeslag" and thereby setting the "regiotoeslag" as high

as they want. Therefore, we plead for the introduction of a pure transport model (as explained above) as soon as possible.

2. Removal of the distance-related transport tariffs

The entry and exit tariffs in the Dutch gas market have been distance-based (from Groningen) for years. We believe that distance-related transport tariffs are no longer valid in the current gas market, in which we speak of a gas roundabout, where gas not only comes from Groningen but also from other places (such as a LNG terminal, the import from other countries, gas storages, etc) and in which gas is being traded on a virtual point (VPPV).

In 2010, GTS has announced (*"in kader van de consultatie herinrichting transporttarieven"*) to introduce an uniform entry-tariff (to enhance imports). At the same time GTS claimed to hold on to a high level of distance-dependency with respect to the exit-tariffs (varying between 7 and 20 Euro). We think this is not in line with the principle of non-discrimination between the various gas streams and that the time has come to introduce uniform transport tariffs for both entry and exit.

In relation to this issue, we also want to stress the importance of a fair split between the GTS costs assigned to on the one side entry and on the other side exit. At this moment the split is 40% (entry) and 60% (exit) without any clear underlying foundation. If there is no clear foundation, the split should at least be 50-50.

Question 8

Besides implementing European network codes which are final, we think that the priorities mentioned above are most important. Bringing order in our national regulatory framework is in our view more important than early implementation of European network codes and setting up pilot projects. Moreover, the priorities mentioned above perfectly fit in the "STROOM" project of the Dutch Ministry of Economic Affairs (more harmonisation of Gas and Electricity regulation).

Question 9

For now, yes.

Question 10

With respect to the priorities we mentioned:

1. *Introduction of a pure transport model*: the "gezamenlijke netbeheerders" should prepare a grid code change. In our opinion this issue doesn't require

a change of the gas law but (only) a change of the transport conditions (decoupling PV and transport capacity) and the tariff code (introduction cascade model gas). As market parties still have no right to take the initiative for a grid code proposal, we need the ACM to assure the cooperation of the "gezamenlijke netbeheerders".

2. *Removal of the distance-related transport tariffs:* assure the removal of distance related tariffs and the fair split of transport costs between entry and exit in the method decision GTS

Naturally, whenever our help or input is desired to implement these priorities, we provide the ACM/"gezamenlijke netbeheerders" with this help/input.