

15 June 2001

Comments on the Commission draft recommendations on Guideline for Good Practices in relation to TPA services, tariffication etc.

GTE remarks

1. GTE welcomes the idea of Guideline for Good Practices. It gives the opportunity to define medium term goals, and on some subjects, long term goals that are shared between DGTREN, Regulators, Member States and transmission companies. A process may be envisaged in which stock is regularly taken on the situation with regard to the various items of the guidelines in the European member states. In this way the convergence to the goals can be monitored in a systematic way. The reports prepared by GTE may form the basis for a first stock taking.
2. It is GTE's opinion that some of the goals may be reached in a uniform way in Europe, whereas others may be achieved in ways varying from country to country for reasons of differences in economical, political or technical situations. Where appropriate the principle of subsidiarity should be applied.
3. GTE considers that such guidelines should clearly be aimed at avoiding new regulations. GTE considers that sufficient experience has to be gained with the development of the internal market for gas on the basis of the Gas Directive before new regulations being set.
4. GTE subscribes to the aims of the guideline as given in the paper dated 11 April 2001:
 - Ensuring the principle of non discrimination
 - Avoiding distortions to trade
 - Facilitate cross border trade and competition in the internal market.
5. GTE agrees that the same range of services should be offered to third parties as to marketing affiliates on the same conditions.
6. GTE agrees that the transmission companies should offer transmission **capacity** and the necessary related services. These are in GTE's opinion the flexibility service for the shipper to maintain his balance during the balancing period, blending and quality conversion (where technically and economically feasible by the transmission companies) and metering. However most GTE members do not consider it the specific task of the transmission companies to provide **strategic storage**, nor to provide **gas** for long term security of supply. The gas dealing by the transmission companies is for maintaining the integrity of the network operation.
7. GTE considers that the transmission companies should primarily offer firm services. Short term and/or interruptible services should gradually become available and indeed are already available in certain Member States.

15 June 2001

8. GTE is of the opinion that indicative information on the available capacity at important cross-border points can be made available and updated regularly. It has proposed the traffic light system for this purpose.

Publication of more precise data on the contracted, predicted, actual or realised flows would in some cases lead to disclosure of information protected by contractual confidentiality, or commercially sensitive (from the suppliers' or the shippers' point of view). GTE is of the opinion that such confidentiality issues have to be dealt with very carefully as partial or phased disclosure may promote market distortion and full disclosure in a single phase may not be practicable.

Moreover, the request for more detailed information made in the DGTREN proposal should be underpinned by the reasons why this information is necessary to achieve the aims described under 4.

9. GTE has proposed to strive towards harmonizing nomination procedures, information exchange and definitions of units etc.
10. GTE members fulfil the requirements concerning confidentiality of information between the transmission and trading arm of integrated companies. GTE is no party in the relative position of providers of storage services and the gas supply companies.
11. GTE agrees that fully comprehensive, clear and detailed information on tariff systems for transmission and ancillary services should be available, in order to allow all market participants to understand and to evaluate rapidly and in advance the price of such services. It is the opinion of most GTE members that any information related to the way tariffs are set should remain in the framework of subsidiarity. In some cases, the publication of information related to tariffs setting would not be compatible with normal business and with pipeline to pipeline competition. Moreover, GTE considers that such publication is not necessary to achieve the goals described under point 4 here above.

Regarding asset valuation principles, if any, GTE draws attention to the fact that situations are very different from one transmission company to another : thus such principles should be adapted to the specific situation.

12. GTE agrees that flexibility services offered by transmission companies should be charged as a fair tariff and with the same rules applied to all network users, including the trading arm of integrated companies. GTE considers that cost reflective charging may not provide sufficient incentives in order to restrict shipper imbalances. They should be high enough so as to form a real incentive not to break the rules set by the transmission company to economically maintain the balance of the system. However, this does not justify cost 'over-recovery' by transmission companies which needs to be considered separately.

15 June 2001

13. GTE promotes the use of Operational Balancing Agreements (OBA's) at cross border points. It has published details of OBA's which have proven their success in practice, also for cross border points with different time bases for balancing in the neighbouring networks. Thus harmonisation of balancing regimes is not necessary, and balancing regimes have to be adequate for each individual network taking into account its specific features.
14. GTE agrees in principle that pooling and trading of imbalances between different system users should be made possible, provided there is no risk that such mechanism has a consequence that transmission company should take actions which could not be recovered from the shippers concerned.
15. GTE agrees that balancing rules should be fair (i.e. justified by the costs and/or risks linked to actual and/or potential imbalances) and non-discriminatory (regarding cross-border trade and harmonization, see point 13 above).
16. GTE considers that full disclosure of the methods and related costs used by the transmission companies in balancing is not necessary to achieve the goals indicated in point 4 above. Moreover, such costs are included in the costs of operation of the network and as such are part of the unbundled accounts of the transmission companies.
17. GTE agrees that balancing services should be open to competition and that any market participant willing and able to offer such services with sufficient reliability should in principle be allowed to do so.
18. GTE considers that balancing regimes have to be adequate for each individual network taking into account its specific features, in order to ensure security of network operation, efficient use of the network, and a fair allocation of costs.
19. GTE agrees that the development of a secondary market of capacity is desirable in the medium term in order to enhance the liquidity of the market and to facilitate an efficient use of the networks. Nevertheless, the formation of a secondary market for capacity rights is in quite different states of development in the various member states. This development should have its own pace in each country depending on the local situation.
20. Regarding transparency of capacity utilisation, see point 8 above.