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Response to Public Consultation: ERGEG principles for CAM and CMP

Dear Mr/Ms,

Statkraft warmly welcomes the new initiative from ERGEG with new measures to promote the development of the single European gas market.

The gas market's lacking liquidity has a variety of reasons behind it. We believe it is correct of ERGEG to focus on a few issues that are operationally feasible. Long term capacity contracts and contractual congestion are a large problem and CAM and CMP are good mechanisms to approach. Bringing capacities back to the market will contribute positively to liquefying the market. Even though market areas merge, different markets will still exist and cross border points will remain bottlenecks, and a harmonisation of CAMs and CMPs is needed.

Transparency

There are rapid changes in the market, and one general principle that applies for all areas is transparency. This should therefore be an important part of these measurements. We believe the ERGEG principles on transparency that are currently in the appendix should be moved to the main document.

The role of the TSOs

A crucial element here is the role of the TSOs. It is important that the system includes incentives for the TSOs. The independence of TSOs that is in the 3rd package is crucial. The TSOs need to cooperate, that is correct, and they need to be forced to increase the transparency.

Capacity products

The products the TSOs offer shall also reflect the needs of the shippers. More short term products shall be offered, and the products offered shall be compatible on each side of a border. This will allow for new players to enter the markets. We believe the proposal with bundled products is a very important element. This will to a high degree facilitate shipping gas between markets. The market also needs to offer sufficient amounts of both firm and interruptible capacities. As long term capacity contracts are a problem, we see the need for shippers to be ensured that if they release capacities on the market, they are able to buy it back on a short term if needed. Concerning joint platforms for secondary capacity trading, we think this is a good idea and that it will

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have an important role in bringing capacities back to the market. They should be reduced to a limited number, though. Tariffs are also highly relevant when discussing the products.

Operational procedures

Another important element is the booking and operational procedures of the TSOs, where for instance lead time shall be appropriate to the product offered. The procedures need to be harmonised between the market areas.

Elements to be emphasised

- We do not see how the proposed measures can change the existing long-term contracts. These will still remain a large bottleneck for a long time, even with new allocation mechanisms for new capacities.
- We would also like to point out that we are sceptical to UIOLI s effect on releasing already booked capacities.
- The restriction of the re-nomination rights should not affect small shippers.
- Tariff structures are currently not in the proposal, but should be included as it is an important part of the capacity allocation. It is crucial that there will be no disadvantage in booking capacities for shorter terms, for less than a year. The spread between firm and interruptible need to be larger reflect the economic cost of interruption.
- The new measurements shall facilitate the development of a liquid within-day market.

Sincerely yours,

Statkraft Markets GmbH

Lilian Dale
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