



GEODE Position Paper

EREG Calculation of Available Capacities: Understanding and Issues

– Comments on EREG Public Consultation Paper of 14 June 2007 –

The European Regulatory Group for Electricity and Gas (EREG) has presented a public consultation on “Calculation of Available Capacities” on 14 June 2007. **GEODE** welcomes the opportunity to contribute to this consultation.

I. Introduction

GEODE agrees that the assessment of available capacities (AC) is crucial for the functioning of the internal Gas market. Gas-to-gas competition is hindered where competitors are detained from adequate third party access to transportation capacities. Since congestion is one of the major disruptive factors of market development, this problem and third party access in general can only be properly addressed by determining available capacities as a prerequisite for all measures targeted at decreasing congestion and increasing effective competition.

II. Comments on the Consultation Paper

Comprehensive elevation on determining factors

GEODE shares EREG’s view that the TSOs discretion in calculating available capacities is broad and the calculation therefore is hard to reconstruct by other market participants.

Greater transparency on capacity calculation can only be achieved, if there are at least some uniform factors for the calculation of available capacities to enable shippers and other users to comprehend and reproduce the calculation method and the result. **GEODE** therefore agrees that the harmonisation of rules for calculating available capacities should be aspired. However, the calculation of available capacities in an interconnected and meshed system is

complicated and the relevant factors for effective guidelines can only be assessed by the TSOs themselves. Therefore it might be helpful to have TSOs detect a basis of calculation factors, even though they might be weighed differently in the various systems by the TSOs, to provide for a comprehensive and comparable baseline of capacity determination. Also the agreement on basis scenarios would make the TSOs calculations comparable and transparent. Information should be acquired on which scenarios are applied and how the operational margin, flexibility services and reliability of AC are weighed within different TSOs.

However, since only TSOs have the requisite insight and experience, **GEODE** will refrain from concrete suggestions at this stage. Since from **GEODEs** experience there hardly is transparency and/or communication of available capacities calculation across European networks, it is difficult to comment on ways to coordinate calculation processes. The issues ERGEG seeks comments on, like consistency and coordination of AC calculation, ways to maximise the level of AC and market matching of AC all require a certain level of information on existing applied calculation procedures.

After having gained the relevant information on TSOs opinion on which scenarios to take as a basis and which factors to apply or how to weigh them, the creation of guidelines on calculation of available capacities by ERGEG would be welcomed by **GEODE**.

Publication

When relevant factors and basic scenarios are established in guidelines to guarantee a certain level of comparability and transparency, **GEODE** agrees that booked, nominated and available firm and interruptible capacities calculated according to these guidelines should be published for every period of time together along with the procedure used to determine available capacities in a non-discriminatory way. Here not only capacity down to daily periods shall be included, but also a forecast of available and contracted capacities for a determined period of time (at least one calendar year). The best way to guarantee that the relevant information is made available to all interested parties at the same time and in the same manner is by publication on a publicly accessible website where the information can be required free of charge.

GEODE also supports the idea of publishing the obligations and rights of both the TSO and the party requesting the capacity, including the respective liabilities and operational options and security standards, as a high level of transparency and predictability would be achieved.

Role of NRA

To increase transparency it could be appropriate to validate the network simulation models by an independent organisation. However, this decision can only be made in a second step, after the assessment of factors and models used by TSOs to determine available capacities.

Who will be determined responsible for the review of calculation values and methodologies set out in guidelines can only be decided after gaining a profound overview on which factors are taken as a basis by the TSOs and what will be included in the guidelines.

Since there is no supranational regulatory body, **GEODE** agrees that the NRA would be the appropriate organisation to review and control the calculation of available capacities by the TSOs. However, without adequate coordination this would only lead to consistency within the different Member States. A consistency within the European internal gas market would not be achieved. TSOs could claim maintaining to their national standards even if these national systems do not comply. Therefore **GEODE** supports the idea of enhancing the cross-border cooperation of NRAs, since coordinated capacity calculation procedures could increase the amount of available capacities significantly. Also TSOs could be demanded to coordinate where their networks are aligned in order to maximise the amount of available capacities.

III. Conclusion

In conclusion GEODE appreciates the aim of addressing the calculation of available capacities by TSOs and supports the idea of ERGEG creating guidelines on calculation of available capacities. The basis for these guidelines should be the outcome of this consultation. GEODE would be pleased to accompany ERGEG in the further process to concrete and enforceable guidelines on capacity calculation.

Barcelona, 10 August 2007