

**ENERGIE NEDERLAND Response Letter to****ERGEG public consultation on a 'draft pilot framework guideline on gas balancing' (E10-PC-54).**

Energie Nederland is the sector association representing the common interests of the energy producers, traders and retailers in the Netherlands. Energie Nederland welcomes the opportunity to participate in this public consultation.

We would like to make two comments on this framework guideline.

**Need for precisely defined framework guidelines**

The purpose of these draft framework guidelines is to develop EU-wide principles for a network code for gas balancing, as required in Article 8.6 of the Gas Regulation 715/2009. Considering the formal procedures with respect to the development of European network codes as laid down in the third package, it is especially important that the ERGEG (ACER) framework guidelines are as specific and concrete as possible with respect to any needed obligation upon TSOs. After all, according to the formal procedures, TSOs are in the lead for defining the contents of all network codes. Therefore it is important that any needed obligation upon TSOs is precisely defined in the framework guidelines (because TSOs will not formulate such obligations themselves).

**Balancing period**

The balancing regime of an individual TSO is attuned to maintaining the system integrity of this TSO and reflects the characteristics of the corresponding transport system (length, diameter, network characteristics). In addition there is a need for an European balancing regime that is as unequivocal as possible, or a coherent system of balancing regimes that do not obstruct cross border trade. This/these balancing regime(s) should give the right price signals for investments in flexible gas (i.e. gas storage) and facilitate the development of a liquid wholesale market. Also all network users -on the supply and demand side- should be able to participate in resolving TSO imbalance (market based balancing regime).

Based on these themes:

- The TSO's must work together to facilitate the market parties with their transnational transports. In every case, TSO's should offer shippers adequate correct and timely information, especially with respect to their balancing situation.
- The TSO should attract flexible gas from the market, creating a market price for flexible gas products. This market price gives the appropriate investment incentives to market participants.
- In choosing a balancing period consideration should be given to the operational characteristics of the system, avoiding barriers to entry, interaction with electricity balancing, interaction with balancing periods in connected systems, availability of balancing information to users allowing them to take corrective balancing actions, costs on TSOs and users, nomination procedures etc.
- Energie Nederland supports the aim for more harmonization in the balancing regimes in the EU.
- Energie Nederland noticed the support for a daily balancing regime, as a European target model. Unless there are technical/operational and/or economical reasons which make a different balancing period necessary to ensure the safe and efficient operation of the transport system, the target model is to be preferred.

- Energie Nederland is of the opinion that - taking into account above mentioned reasons- it should also be possible to use a regime where there is no predefined balancing period. As long as the network is kept within accepted operational limits there is no need for a settlement procedure. We think this system is adaptive to the current line pack in the transport systems (and represents the actual characteristics of the transport system).

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