

Consultation on the Gas Market Model Ordinance 2020 – Amendment 2025

ENGIE answer – 02/05/2025

[REDACTED]

ENGIE appreciates the opportunity set by E-Control to contribute to the consultation on the amendment 2025 of the Gas Market Model Ordinance 2020.

As a long-term capacity holder, ENGIE welcomes all proposals that enhance flexibility. The reshuffling mechanism can be a promising approach to allocate booked capacity where it is most needed by the market. If implemented effectively, this mechanism could:

- **Slightly reduce the risk associated with long-term bookings**, thereby making yearly or longer-term bookings more probable, assuming long term costs remain contained.
- **Enhance liquidity in Austria's market and improve Security of Supply**: reshuffling capacity could lower costs on certain routes, making them economically viable more quickly, and thus increasing the physical flows.
- **Slightly mitigate significant losses for long-term capacity holders**, especially in light of the shift in flows due to Russian sanctions.

However, the potential upside of reshuffling is almost insignificant for a capacity holder compared to the additional burden that would result from the proposed tariff increase. Following a first significant raise in tariffs in 2025, additional increases would further reduce market participants' appetite for new capacity bookings. This would in turn accelerate the decline in capacity bookings and subsequently generate new tariff hikes.

In case more reasonable tariffs would be proposed for the reshuffling to be interesting, ENGIE would like some clarifications on certain points:

- Could entry capacity be reshuffled against exit capacity and vice versa?
- Would quarterly/monthly multipliers apply to reshuffled capacity? Applying these multipliers could limit the mechanism's appeal and thus its positive impact on liquidity and Security of Supply.



- Why not consider extending this mechanism to yearly bookings? We understand that offering it for daily capacity would require some IT adjustments, but we do not see any constraints for a yearly reshuffling.
- For clarification, can you confirm that using the conversion mechanism on a part of a capacity contract would not hinder the possibility to use the reshuffling for the rest of this capacity contract?
- Would it be possible for holders of only usage rights to utilize the reshuffling mechanism?

We remain available for any question or clarification on the questions we raised.

Yours Sincerely,

[Redacted Signature]

Capacity manager
Asset Structuration & Trading
ENGIE Supply & Energy Management