



Statement on the draft opinion of the 2025 amendment to the Gas Market Model Ordinance 2020 (GMMO 2020) TAG GmbH



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Ladies and Gentlemen!

TAG GmbH would like to thank E-Control for the opportunity to comment on the draft review of the 2025 amendment to the Gas Market Model Ordinance 2020 (GMMO Ordinance 2020).

With the draft, the regulator proposes the introduction of a capacity exchange service, the so called “reshuffling mechanism”.

With this proposal E-Control aims to mitigate the effects on network users of severe flow disruptions that have affected the natural gas sector in Austria since Russia's aggression on Ukraine and the non-renewal of transit contracts between Russia and Ukraine, leading to a de facto interruption of the gas flows into Austria via the Baumgarten interconnection point as of 1st January 2025. Such chain of events had manifold effects: on one side, network users had to look for new supply routes and on the other side, the gas transportation business was reshaped, both for operators and network users, in order to support an alternative utilization of long-term transport contracts at the entry point in Baumgarten.

The reshuffling concept allows network users to exchange existing fixed freely allocable or dynamically allocable entry or exit capacity from contracts with a duration of at least one year between different booking points within the same transmission system operator for quarterly or monthly products to be booked in PRISMA. By utilizing the reshuffling, the network user's existing contract, with a term of one year or longer, is adjusted to the extent of the monetary offsetting corresponding in value to the standard quarterly or monthly booking and the capacity from the existing contract, with a term of one year or longer, corresponding in value to the standard quarterly or monthly booking over the same period (excluding any multiplier and auction premia, if applicable) is returned to the transmission system operator. According to E-Control's proposal, the capacity exchange service is to be provided exclusively within the network of a single transmission system operator. In our view, this guarantees transparent responsibilities, ensures the administrative processing of the service and minimizes potential regulatory conflicts.

TAG GmbH supports this concept, as it is suitable for reacting to changed market conditions and creating flexibility for network users with long-term contractual commitments, subject to specific conditions.

Actually, TAG GmbH would like to point out that the application of the reshuffling concept must be limited to certain network users for reasons of market conformity. As explained in the Regulator's explanatory notes to the GMMO Ordinance 2020, the capacity exchange service is a mechanism to mitigate changed market conditions. For this reason, it should be applied only to capacity booked before the Capacity Allocation Mechanisms Network Code (CAM NC) came into force.

Network users who book yearly products as of the 2025 yearly auction, on the one hand, have sufficient information on current market developments and existing gas flows in the Austrian transmission network. On the other hand, the revised CAM NC¹ will provide additional flexibility and optimization possibilities to the network users, therefore the reshuffling compensation mechanism is not necessary for new long-term

¹ [PC_2024_G_09 - Public consultation on amending the network code on capacity allocation mechanisms in gas transmission systems | www.acer.europa.eu](https://www.acer.europa.eu/PC_2024_G_09_-_Public_consultation_on_amending_the_network_code_on_capacity_allocation_mechanisms_in_gas_transmission_systems)



booking from 2025 yearly auction onwards. Furthermore, offering the reshuffling service to new network users booking yearly products after 1st January 2025 would result legally in preferential treatment – meaning discrimination – and lead economically to market distortion.

Therefore, TAG GmbH does not share the proposal of E-Control, as represented, because not in line with the rules of Regulation 2017/459 (CAM NC).

The CAM NC, indeed, introduced standard capacity allocation mechanisms at the relevant interconnection points of a transmission system operator for offering and allocating a certain amount of transport capacity over a given period of time also called standard capacity products. The standard capacity products have to be offered by the TSOs as bundled capacity products meaning on a firm basis consisting of corresponding entry and exit capacity at both sides of every interconnection point.

As consequence, the standard capacity products, as listed in section 9 of the CAM NC, have to fulfil the rules of section 19 of CAM NC, where the TSO shall offer bundled capacity as the relevant standard capacity product on a booking platform, in accordance with the applicable allocation procedure, at a relevant interconnection point. The bundled standard capacity product is afterwards to be contracted by the network users in compliance with the applicable terms and conditions of the transport contracts of the respective transmission system operator. A capacity contract of a duration of one year therefore means, following the entering into force of the CAM NC, an agreement contracting a bundled yearly standard capacity product.

TAG GmbH therefore sees the inclusion of all yearly contracts within the eligibility of the reshuffling service as a conflict with the provisions and above all with the main goals of the CAM NC.

The service that E-Control intends to introduce indeed would determine, applied to the standard yearly products, the dissolution of a bundled capacity product, clashing with the essence of the CAM NC that is to increase and maximize the amount of bundled capacity to be offered at the respective TSOs relevant interconnection points for enhancing the offer of bundled products.

Such scope is also confirmed at section 21.6 of the CAM NC where is explicitly stated “....All capacity shall be bundled at the earliest opportunity. Existing transport contracts for unbundled capacity cannot be renewed, prolonged or rolled over after their expiration date. Such capacity shall become available capacity as of the expiration date of the transport contracts”.

TAG GmbH sees, therefore, such decoupling of bundled capacity in the intention of E-Control as a step back in the harmonization of capacity allocation offers and, consequently, not in compliance with the CAM NC.

Consequently, the application of the capacity exchange service to bundled capacities brings significant risks for the regulated European gas transportation:

1. On the one hand, the interconnected part of the bundled product that is not subject to the reshuffling service would not be usable any longer.



2. On the other hand, this could generate a market distortion since such a mechanism is not currently envisaged neither within the current, nor in the revised CAM NC.

For these reasons, it is imperative for TAG GmbH to clearly limit the scope of the exchange service only to capacity booked before the CAM NC came into force. This would have the benefit of not conflicting with CAM NC, but on the contrary, meeting its requirements - returning firm capacity to the market, maximizing bundled capacity, and allowing TSOs to earn potential additional revenues from the bookings of monthly and quarterly products (multipliers, auction premia), while maintaining financial sustainability.

Finally, it must be considered that future geopolitical developments and their impacts on the gas transportation cannot be predicted. Hence, TAG GmbH proposes to introduce in the ordinance a provision considering an annual evaluation made by E-Control with the purpose to assess if the reshuffling mechanism deems to be still supportive.

We are confident that our statement will be considered in the final version of the Ordinance.