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EDISON RESPONSE TO E-CONTROL PUBLIC CONSULTATION ON THE DRAFT OF THE GAS SYSTEM CHARGES ORDINANCE 2013

WHO WE ARE

Established in 1881, Edison is one of Europe's oldest energy companies. In 2009, it reported sales revenues of 8.867 mln €, and is carrying out an ambitious investment plan in the electricity and gas sectors. Edison had to diversify its business, when the national monopoly on electricity was established in Italy in 1963. Thanks to the first wave of EU Directives in 1996, it could re-focus its business on energy once again, thus becoming the largest new entrant on the Italian market.
Edison is one of the largest electricity generator in Italy: thanks to more than 3000 MW of new highly efficient and low emission plants (CCGT thermo plants,), as well as hydro and wind power plants, the Company has now a total installed capacity of about 9000 MW. In the hydrocarbons business, Edison has an integrated presence in the natural gas chain, from production to importation, distribution and selling, with sales of 13.2 billion cubic meters in 2009.
In 2009 the new LNG terminal in Rovigo started to contribute to the diversification of Italy's supply sources with its regasification capacity of 8 bcm of natural gas a year, equal to 10% of Italy's demand for natural gas. The start-up of Galsi and ITGI pipelines will further connect Italy to Algeria and Caspian Sea, two areas rich in hydrocarbons.

Edison is an active member of the intraday market operated in France by EPEX Spot and makes transactions at the Italian, Swiss and German (through implicit allocation) borders.

GENERAL REMARKS

Edison welcomes the possibility to submit its comments to the Draft of the Gas System Ordinance 2013, provided that it represents a fundamental act within the broader process of revision of the gas market rules undertaken by the Austrian system.

Given the importance of this consultation for players on the Austrian market, we would have appreciated a longer time for consultation and, in particular, we wished that an English version of the document had been published earlier on E-Control website. This would have provided all network users with enough time to internally assess possible impacts of the proposed measures. We hope that this will be taken into consideration for future documents.

As concerns a more technical analysis of the proposals, Edison would like to express its support for the decision of E-CONTROL to apply multipliers higher than 1 to the price of capacity booked by way of short-term contracts (quarterly, monthly and daily products). In our view, this approach will limit any possibility of structural under-recovery for the TSO, that would imply the need to introduce further ex-post mechanism and charges. Moreover, the contemporary presence of congestion management measures introduced by the Gas Market Model Ordinance 2012, and in particular of limitation to renomination rights (section 11, para. 3) and long term Use-It-Or-Lose-It (section 12), will limit the possible drawbacks of incentivising long-term bookings. Indeed, their implementation will prevent users booking long-term capacity from hoarding and leaving their capacity unused.

Nevertheless, when dealing with the issue of congestion management measures, such as short-term Use-It-Or-Lose-It and limitation of renomination rights, we would like to recall the importance that their introduction comes along with a real possibility for network users to offer and sell onto the secondary market capacity on a day-ahead basis and with a day-ahead notice, when more reliable information on the needed amount of capacity to be nominated are available. We therefore suggest that sessions for secondary day-ahead capacity trading that will take place on the online platform established by Section 10 of the Gas Market Model Ordinance 2012 are designed in order to allow network users to trade capacity as closest as possible to the closure of the nomination window.
Moreover, we wish that the future implementation of European Network Codes will lead to further integration of adjacent markets, making timelines for capacity transfers on the secondary market consistent along the whole transmission chain and not only within a specific national market: certainly, harmonisation of gas day and the introduction of CAM Network Code requirements will play an important role in reducing existing criticalities between the Italian and Austrian border.