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Statement on the consultation of the GMMO Ordinance Draft Amendment 2013

Dear Mr. Painz, Mr. Farmer, dear Sirs,

The European Federation of Energy Traders (EFET) would like to thank you for the opportunity to respond to your consultation on a draft amendment of the Gas Market Model Ordinance. From the perspective of a wholesale and trading association, most points appear to relate to clarification or correction, not to fundamental changes to the market arrangements.

We understand that amendment §23 requires all capacity to be assigned to a balancing account before a shipper can nominate gasflows against this capacity. However, the current version of §23(1) could cause unnecessary complication as regards the fact that the owner of capacity has to be the balancing group responsible party or at least a member of the balancing group he assigns capacity to. For a full assignment of secondary capacity, when a buyer is taking over all rights and obligations, this clause should work fine, but in the case of capacity sublet, this clause requires further amendment. Amendment is necessary in order to clarify that it is not the initial owner of the capacity (who will retain the obligations with the TSO) that is required to join the balancing group just the sublessee itself.

Regarding the bundling of capacities, the revised GMMO 2013 should clarify that only consistent products on both sides of the border should be subject to bundling. This is an issue we are also following up with the German regulator BNetzA, too. Our concern is that bundling risks developing multiples of capacity types (each combination of firm, interruptible, DZK etc. on the Austrian side, and firm, interruptible, conditional, temperature related, limited allocable etc. on the German side would result in up to 40 different combinations) and therefore creating unwanted fragmentation of the capacity market. Alternatively, bundling could be based on the lowest quality of product (e.g. firm exit and interruptible entry as a bundle will only give interruptible), which would understate the effective possibilities.

Also the GMMO 2013 should provide clarification about how the nomination / re-nomination of bundled capacities should work. Shippers should always know which of the two TSOs to nominate to, and for one bundled nomination only one confirmation dataflow should be allowed. Where capacity bundling with a single bundled nomination has previously been introduced, each TSO has confirmed the bundled nomination individually (in some cases with opposing signals). This resulted in error messages in the shippers data processing systems when confirmations were received but no initial nomination had been sent.

In the event TSOs are unable to process a coordinated bundled confirmation, we would prefer to nominate entry and exit separately.

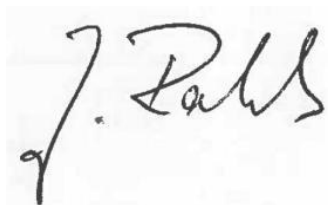
Finally we are not sure whether a discussion point we had during our meeting on February 11th, is to be included in this amendment or not, so we have taken the opportunity to re-iterate our concerns. We believe the guarantee to be provided to CEGH for the provision of Back-Up/Back-Down Services is an unnecessary hurdle to market entrants due to the fact that:

- a)** back-up/down services provide no added value to the standard balancing service – if the Market Area Manager cannot source balancing gas from the market in the first step, how can CEGH provide this service from the market?; and
- b)** the guarantee is not taking anticipated trading volumes into account, so every trader, however small he might be has to provide the same guarantee.

We understood from our discussion mentioned above that currently there is no room for general changes, but we would like to take the opportunity to emphasize that the currently applied balancing mechanisms needs some fundamental improvements. We would appreciate other opportunities to discuss our view on this. An element which we would like to mention at this stage is the hourly imbalance mark up fee, which we think is unfair. This is because although a BRG might be perfectly balanced in a day, it might still have to pay the fee in case it was out of balance for an hour. If a BRG is short in one hour and the next hour(s) such BRG will try to balance its position by going long for the same volume, it will still be charged the hourly mark up fee, although the BRG's daily position is balanced. This penalises BRG actions to balance its position.

Should you wish to discuss our response in more detail please do not hesitate to contact us.

Yours sincerely,



Joachim Rahls
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