

Response of Czech Gas Association to ERU/E-Control consultation on the integration of gas markets of Czech Republic and Austria

I. General remarks

We support further cross-border market integration within the CEE region, where the proposed option could eventually enhance competition in this region and increase the market liquidity and could also be seen as the first step on the way to the creating a trading region in the future and to the phased implementation of the on-going cross-border market integration project (i.e. the CEETR project covering Austria, the Slovak and Czech Republic).

So far the CEETR project comprises also the Slovak Republic, we encourage NRAs/TSOs to involve the Slovak Republic or Slovak NRA/TSO respectively, into the on-going consultation process in order to ensure consistency with the proposed cross-border market integration project (CEETR project). Furthermore when taking into account cross-border interconnection capacities between the Czech Republic and Austria, where there are no direct connections (with significant physical gas flows) these two countries are only connected through the Slovak Republic. We consider the involvement of the Slovak Republic in this consultation process as a prerequisite for the well-functioning implementation of the proposed option. Another option is to focus on the cooperation also with Germany as implied in the proposal for a regulation repealing Regulation (EU) No 994/2010 concerning measures to safeguard security of gas supply (region Central-East: Czech Republic, Germany, Poland and Slovakia).

To fully exploit the potential of the TRU service, it would be beneficial to have a TRU option offered directly at a virtual trading point. The concept proposed allows the TRU option to be added only to a booking of an entry capacity and thus limiting potential benefits of this additional service for specific situations only. A product offered directly at virtual trading point would allow traders who purchased gas at a Czech or Austrian virtual trading point to also take advantage of the service proposed. Connecting the virtual trading points through TRU is the key to move towards desired convergence of both markets.

From the consultation paper it is not clear how exactly the TRU follows the existing (Czech) gas market model (e.g. the physical implementation of the project, the evaluation of imbalances and related processes, detailed assessment of the impacts on the market, traded volumes, initial setting prices etc.). In this context, it would be appreciated to provide an example of the usage the TRU from which it would be understandable how exactly the whole process of TRU properly use.

II. Specific inputs

Please write your inputs having regard to the rules of public consultation

No.	Reference to consultation document	Comment, question, etc.	Justification
p. 7-8	TRU flexibility/allocation	So far TRU might be allocated at any entry point, we miss further information on TRU allocation in case of other than interconnection points (IPs).	TRU will be allocated via the PRISMA platform. Currently PRISMA allocates gas capacity at IPs.
p. 9-10	E. Proposed timetable	We encourage NRAs/TSOs to publish at	Shippers need more detailed information on

	F. TRU impacts, costs and benefits	least a rough estimation of price for TRU option/service.	price of this service against which they could roughly evaluate their expectations on costs related to the proposed TRU option (service).
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III. Summarizing questions

How would you evaluate the proposed model for Austrian-Czech gas market integration overall?

We welcome the proposed TRU option as the first step towards future cross-border market integration in the CEE region.

However the consultation document fails to envisage more details on the technical feasibility of the proposed option. We consider following points as main bottlenecks of the proposed option:

- Lack of details on potential physical restrictions on the provision of TRU option/service, i.e. insufficient cross-border physical capacities between the Czech Republic and Austria, only connection (with considerable physical gas flows) through the Slovak transmission system, but the Slovak Republic is not involved in the consultation process/proposed integration option.
- A lack of details at the extent/volume of TRU option/service and its dependence on quantities of commercial gas flows.

Therefore we are keen to see more details on the technical feasibility of the proposed option as well as the extension of proposed integration option to the Slovak market followed by the involvement of Slovak TSO/NRA in the consultation process.

How would you evaluate the proposed services/product for Austrian-Czech gas market integration overall?

Should the proposed option encompass the Slovak market as well, we consider this market integration measure as an intermediate step for the future cross-border market integration in CEE region.

Do you share the evaluation of the costs and benefits of an Austrian-Czech gas market integration provided in this document in relation to the development of the gas markets of the Czech Republic/Austria?

We would appreciate more information on the estimated price of the TRU option proposed and evaluation the impact of the implementation this service (i.e. TRU option) on gas pricing in both markets concerned, in order to enable the shippers to further evaluate the economic benefits of this service. Information as published in the consultation document is insufficient to allow the shippers doing that.

Do you have additional comments or suggestions for enhancement related to the Austrian-Czech gas market integration which you would like to share?

Besides our comments as mentioned above we would appreciate the further involvement of stakeholders in conjunction with discussions on the expected integration process and

developments in CEE region.

We agree with ERÚ and E-Control that a transparent and clearly defined legislative framework is necessary for introduction the TRU option. However, with respect to the uncertainties as stated above, we take eventual current implementation of TRU premature at this moment. We believe the legislation proposed change is inadequate. Moreover there would also be necessary to adjust the Energy Act and also the compatibility with NC CAM is questionable (for instance, TSO primarily offers a capacity, not an option).

Would you be interested in participating in a dedicated Stakeholder event on the Trading Region Upgrade?

X	Yes
	No

Prague 19th April 2016