

25 March 2009

Mrs. Fay Geitona  
Secretary General, CEER  
Rue le Titien, 28  
1000 Brussels,  
Belgium

**Re: ERGEG Principles - Capacity Allocation Methodologies and Congestion Management Procedures**

Dear Ms. Geitona,

Endesa Ireland welcomes ERGEG's proposals for capacity allocation methodologies (CAM) and congestion management procedures (CMP) to facilitate third-party access to the gas transmission network. Endesa Ireland supports the establishment of common rules at a European level, where necessary, to facilitate cross-border trade. Common rules will help to stimulate competition by reducing transaction efforts, making significant progress towards a single, European energy market.

In general, Endesa Ireland supports the proposals set out in the consultation paper and agrees that the decision to implement these measures should lie with the national regulatory authorities (NRAs), after consulting with stakeholders. The measures implemented should be appropriate for the national market, while ensuring compatibility with adjacent markets.

The CMPs proposed may be appropriate in Member States (MS) that are experiencing contractual congestion. However, in some MS, including Ireland, congestion is not a current problem. Endesa Ireland recognises that the consultation paper proposes that each NRA will determine if congestion is an issue within their jurisdiction and, if so, will require the implementation of appropriate tools to release capacity. However, the wording in G4.1.2 (below) suggests that adjacent MS should implement similar measures, whether or not the same problems are arising in the adjacent MS.

**G4.1.2 Limitation of existing re-nomination rights**

In order to make day-ahead capacity available, the national regulatory authority may reduce or remove existing rights for re-nomination of firm capacity and modify the lead-time of re-nominations. This concerns increases and reductions to the initial nomination.

If a reduction of existing re-nomination rights is applied, the modification may include a limitation of a certain amount of the capacity booked by the network user plus a certain amount of the technical capacity at the interconnection point concerned.

The percentage and the lead time of re-nominations shall reflect, in particular, the objectively justified needs of particular shippers or the requirements at specific points, and security of supply.

*National regulatory authorities in neighbouring Member States shall coordinate their decisions.*

Endesa Ireland is concerned that the phrase "Member States shall coordinate their decisions" is too broad can be interpreted to mean that neighbouring MS shall be required to implement common rules. Endesa Ireland suggests that this wording be modified to read "*National regulatory authorities in interconnected Member States that are implementing rules to reduce existing re-nomination rights shall coordinate their decisions*".

This wording will clarify that the requirement to coordinate is in relation to the reduction of re-nomination rights to ensure that compatible rules are implemented in interconnected MS. In MS where contractual congestion is not an issue, re-nomination rights should not be restricted.

Endesa Ireland hopes that this modification will be taken onboard and the final proposals for CAM and CMP will release capacity to market participants in congested markets, but will not restrict the existing flexibility in markets where congestion is not an issue.

Yours sincerely,



Deirdre Powers  
Manager, Regulatory Affairs  
Endesa Ireland, Ltd.