

Mrs. Fay GEITONA
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AMG/ GG

Dear Mrs. Geitona,
Dear Sir, dear Madam,

EURELECTRIC welcomes the ERGEG consultation paper on open season procedures. Europe crucially needs that more gas network capacity be made available to the market and this requires both a more optimised use of existing infrastructures and the building of additional ones. We fully agree in considering that open season procedures are very important to develop new infrastructures and to allocate their capacity, in order to better fit the market needs and ensure fair and non-discriminatory access to new infrastructures.

The ERGEG consultation document tackles the most relevant aspects of the procedures. However we consider that some refinement is needed on some points.

General comments

- A better clarification of the role of the “system operators” and of the “sponsor of projects” is needed. In the document, often, the two roles appear to be interchangeable and their different responsibilities are not clearly distinguished.
- The application of the Guidelines and of the open season procedure should be required for all investments that would significantly impact the market. It should thus notably apply to all investments inside an existing transmission network, when there is long-term physical congestion. For small investments and minor upgrades of existing infrastructures however, the open season would imply a complication and delay of the investment process.
- Although we agree that investment in transmission pipelines is at the present the most important element to focus on, great care should be taken that the Guidelines correctly address investment in all types of gas infrastructures. While the document correctly intends to be applied to “all infrastructures – i.e. transmission, distribution, LNG and storage” (see §13), the proposed guidelines seem however in some instances to only refer to investments in the transmission network. This is valid also for paragraph 20, which lists the information that should be provided in the open seasons’ notice. We therefore suggest adding to this list the specific information that should be made available in case of a storage or LNG investment project.

Specific comments

- Paragraph 11: The paper states that “when the number of refusal of access is relevant and the relevant regulatory authority sees that there is a physical congestion [...], they may indicate to the market that there is a need for new investments and require the SO to initiate an open season process”. We believe that when physical congestion occurs, the Regulator should in all cases require from the SO to initiate an open season procedure. We furthermore take the view that at each single refusal of access, the regulatory authority should check if there is evidence for a long-term physical congestion.

We therefore suggest rewriting the last sentence of paragraph 11 as follows: “For each refusal of access to the gas infrastructure (pipelines, storage or LNG facilities), the regulator should conduct an analysis to check if there is evidence on a long-term congestion. When the regulator concludes that there is long-term physical congestion, it shall require the SO to initiate an open season process”.

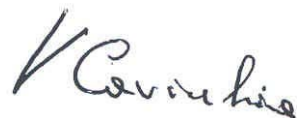
- Paragraph 20: The list of information required appears to be complete and appropriate in general. We would like to highlight the need for this information to be published in English, besides the national language and stress the importance that it is adequately publicised. The Guidelines’ reference to international media is thus welcome. The specification of a minimum three months period for the open-season is also welcome but we would also call for a maximum duration of the procedure to be specified in the guidelines (e.g. 6 months).
- Paragraph 20, sixth bullet: The paper states that “in any case the SO shall offer short term capacities on the market”. We agree that SO shall offer short term capacities at system level. However when the sponsor of a new infrastructure is different from the dominant operator, the requirement to oversize the infrastructure capacity in order to offer short term capacity could be a disincentive to invest for newcomers.
- Paragraph 29: The guarantee required by the sponsor at the time of capacity allocation should be reasonable (e.g. for a new transportation pipeline, it could amount to the entry tariff for one or two years maximum), otherwise it may unduly discriminate small users. The amount of the guarantee should also be included in the information list of paragraph 20.
- Paragraph 33: Coordination among system operators of transmission infrastructures is all the most important in a single European market that strongly relies on imports. Thus, it would be crucial that system operators develop regional planning processes that allow for real market integration. Paragraph 33 should then be revised as follows: “Adjacent system operators should carry out coordinated open season procedures, including coordinated capacity allocation, with a coordinated timing and compatible capacity allocation methods and terms of contract. They should furthermore develop regional planning processes”.

We hope that you will consider these comments with care and look forward to discussing them more in detail with you.

Very best regards,



Anne-Malorie GERON
Head of Markets Unit



Vincenzo CAVICCHIA
Chairman of EURELECTRIC WG Gas