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Re

Vattenfall response to "Transparency consultation"

Dear mrs. Fay Geitona,

Vattenfall welcomes the possibility offered by ERGEG to react to the public consultation on existing transparency requirements for natural gas. Please find below the answers to the consultative questions.

1. Do the existing legally binding and soon-to-be legally binding transparency requirements for transmission, LNG and storage satisfy your needs as a market participant? In case your answer is no, please specify what is missing in your view and why.

The level of information available per transmission system varies strongly per member state. Some member states have real time insight in the flows through their systems and can process and publish this information to the network users. In other member states information is much more limited and extreme investments would be needed to enable real time flow information. The achievable level of transparency may not be the same in every country because investing in the information provision may prove uneconomical.

We think the TSO should in any case publish all available information to accommodate the market.

2. Are you satisfied with the current level of transparency provided for by system operators? In case your answer is no, please specify whether this is the case due to the lack of transparency requirements or the quality of publication.

Regarding transmission systems we prefer the maximum level of transparency possible, taking the UK market as an example. Since storage is a competitive business, we think it should be treated differently than transmission, i.e. we do not feel there is a need for full transparency requirements regarding storages. Obligated information provision is only needed for storages which are technical an economically necessary for gas supply.

Regarding LNG we think some additional information should be made publicly available. The information requirements stated below are based on the existing situation in the Netherlands.

A Vattenfall company



LNG:

Entry system costs: In the Netherlands the tariffs to enter the Gate terminal are not publicly available – this should be freely available information.

Regas terminal: most terminals have some sort of nitrogen blending capability, it should be published how this capacity is allocated to terminal users and how a user's quality is calculated. LNG is delivered to a specific buyer with a specific quality, this is then blended in the tanks with other LNG such that a single spec' is sent out – it needs to be clear who carries the blending obligation and how it is calculated.

It needs to be clear how storage capacity in the tanks is allocated practically (which can be different from contractually) and whether there is truly a shared system or simply a deemed proportion of the total with costs for exceeding this amount.

Clarity over units is essential – in Gate for example their cubic metres are different from the Dutch NTS cubic metres.

3. Do the existing voluntary GGP for LNG System Operators and GGP for Third Party Access for Storage System Operators satisfy your needs as a market participant?
Do you think that those transparency requirements in the GGP LNG and GGP SSO which are not covered by the 3rd Package should become legally binding?

See answers to earlier questions.

4. Do you think that the voluntary GGP for LNG System Operators and GGP for Third Party Access for Storage System Operators shall include further transparency requirements? In case your answer is yes, please specify what is missing in your view.

See answers to earlier questions.

5. Is there an area along the gas value chain (production, transmission, LNG, storage, distribution, wholesale market) where in your view additional transparency requirements are needed? Please specify what you miss in your answer.

Wholesale market and transmission transparency is highly important to make markets work. We think that National Grid in the UK is the lighting example for Europe regarding transparency. Real time information on the amount of gas in the system support liquidity on the market.

6. Do you think that further transparency is required for the production (upstream) sector? If your answer is yes, please specify what is missing in your view, and what specific additional transparency requirements you would want to see? If your answer is no, please explain why.

Since EU domestic production is decreasing we believe focus should be on maximizing the extraction of natural gas in a competitive way. Competition and liquidity will result in competing gas flows from domestic production and imports.

Yours sincerely,

Martijn van Gemert
Manager Regulatory Affairs Gas & Power