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E.ON Position on

Existing transparency requirements for natural gas

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1 General Remarks

E.ON welcomes and appreciates the ERGEG consultation on transparency requirements for natural gas. E.ON believes that transparency is crucial to promote a level playing field in the market by reducing information asymmetry and ensuring a more efficient functioning of wholesale market competition.

E.ON is convinced that detailed transparency requirements should be one of the cornerstones of the Regulation on Energy Market Integrity and Transparency (REMIT) on which DG Energy consulted stakeholders recently. Disclosure of data related to system operations together with trade transparency on an anonymous base to the public will facilitate in our perspective market development and market integration.

E.ON believes that reliability of price formation on competitive gas markets will be further enhanced as a consequence of an improved framework in transparency regarding data related to system operations. Consumers will benefit from a better functioning of gas markets. Furthermore, transparency will have a crucial role in promoting demand elasticity to price signals.

At the moment E.ON notes that in a few European countries already binding transparency requirements are not yet entirely respected. Thus we reveal our major concerns regarding the soon-to-be legally binding future requirements.

We would like to emphasize the need to set a careful monitoring activity in order to ensure compliance with transparency requirements (legally binding, and soon-to-be). Additionally we recommend ERGEG to bring forward a consistency monitoring at EU level by exploiting, where appropriate, Regional Initiatives also through the proposition of best practices.

2 Specific Remarks

Question 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 most part of the existing binding requirements are generally fine with our needs. However we would like to underline that:

- Actual flows on transportation systems should be made available. Furthermore, it is not always possible to download raw data from websites as well as queries for past periods are limited.
- It must, however, be recognised that fuller disaggregated disclosure of information in some markets implies the risk of increasing the costs of balancing actions for TSOs. However, this should be seen as a competition issue more than a consequence of better transparency. Improved transparency facilitates more competition amongst shippers for system balancing services, and hence increases liquidity and allows for a more efficient market. Furthermore, enhanced transparency contributes to the better identification, and regulation of competitive responses to any possible abuse. Clearly, balancing costs will need to be borne by the market as a whole through relevant balancing charges.
- The current ENTSO-G transparency platform represents in our view a valuable starting point, however it does not include the relevant information for all European TSOs and additionally it suffers of some technical problems and lack of flexibility in possible queries.
- We would appreciate having access to more disaggregated data, included consumption and upstream production on individual basis above a certain threshold of capacity.

In our view access to data related to system operations is crucial to allow market development. E.ON favours the establishment of a transparency framework in such data sets for gas and electricity markets based on the same principles. We are convinced that a transparency framework which includes provisions to disclose data on transmission, production, storage and LNG, should be established to ensure transparency and market integrity in the energy market.

In particular we believe that information concerning the functioning of the system, i.e. availability of transportation and storage infrastructure or actual flows on these systems, can if possessed by single market participant at best give that party an unfair advantage and at worst might be considered to be acting on inside information. Therefore, public disclosure of such data would in our view create a level playing field for all market participants removing the information asymmetry that otherwise would emerge on events that can influence market results.



Question 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.

As mentioned above, we are concerned that not all system operators are compliant with the existing binding requirements. Indeed the EU Commission opened infringement procedures against specific countries on this topic.

In our view some obligations should be defined in a better way, at least including a minimum set of information needed (e.g. amount of capacity offered, starting date). Additionally, deadlines should be introduced in order to foster harmonisation (starting from broad ranges down to more harmonised deadlines).

Quality of publication is thus usually acceptable when data is available and the ENTSO-G transparency platform provides a valuable solution as to where to concentrate relevant data.

Question 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?

E.ON has provided ERGEG with a deep scrutiny on GGPSSO contents.

Harmonized market rules in transportation and storage would create synergies for market participants, enhance transparency, facilitate trading and supplying of end consumers, and create an improved framework for new investments and competition. Accordingly, in respect to negotiated and regulated third part access, E.ON supports measures which promote harmonized arrangements across member states.

The main objective should be to give all market participants the obligation to fulfil the transparency requirements rather than specific market participants. Therefore we believe that it is not adequate to specify the different transparency requirements within the GGP's for the different market-segments but to take on an approach covering all different market segments across Europe.

Question 4: 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?

The current GGP LNG and SSO are of voluntary nature and they refer to Good Practices in TPA arrangements to facilities considered essential to develop market competition.

E.ON believes that transparency requirements regarding the availability and the use of those infrastructures should be part of a specific framework rather than being part of a set of arrangements to ensure an effective TPA. Therefore E.ON believes that those transparency requirements should be applied to all facilities regardless of access rules or exemptions in place. Transparency in conditions and prices/tariffs applied by Storage Operators and LNG terminals should instead remain part of TPA arrangements.



Question 5: 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.

E.ON supports measures seeking to deliver additional information transparency to develop further wholesale markets. Currently transparency requirements in the GGP's are defined in a general way. This is consistent with their voluntary nature. However, if transparency requirements for data related to system operations will be identified separately, they should be detailed in a more specific manner clarifying responsibilities, deadlines and updates needed for each type of information subject to mandatory disclosure.

In our view transparency requirements on data related to system operations included in the current GGP SSO/LNG provide a degree of discretion that inevitably leads to a non-harmonised set of information published at the European level.

As for the electricity sector, E.ON supports public disclosure of system operation related data at single (relevant) facility level to all market participants. Therefore we would like to see a mandatory set of rules containing provisions regarding transparency on availabilities (both planned and unplanned) and actual flows at single facility level for those facilities that might have an impact on market outcomes.

Additionally we would like to have in place a system of Urgent Market Messages (UMM), meaning a web-based notification in real time of any relevant event that could have effects on market outcomes, such as unplanned outages on infrastructures (interconnections, storage fields, production field, LNG terminals) beyond a certain threshold. Of course a thorough analysis should be performed in order to define those events subject to public disclosure (e.g. unplanned outage,...)

Question 6: 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.

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.

E.ON's perspective on transparency of data related to system operations to develop wholesale markets is noticeably explained in answers to previous questions. However we would like to stress a few points:

- Wherever possible taking into account the nature of the markets E.ON supports similar transparency requirements to be applied both in the gas and the electricity sector concerning data related to system operations
- E.ON would like to see a specific set of rules to be applied to all relevant facilities that could affect market outcomes
- E.ON is in favour of public disclosure of data at single (relevant) facility level. This would remove issues related to information asymmetry market participants



E.ON believes that a consistent framework on transparency for the gas wholesale market should cover production, transmission, LNG and storage.

Transparency in the wholesale market, defined as information on executed transactions with respect to standardized products would involve parties that are different from TSOs, generators and consumers. Thus E.ON believes that provisions on the wholesale market should be defined separately, within the framework to develop the Regulation on Energy Market Integrity and Transparency (REMIT).