

**RESPONSE TO ERGEG'S PUBLIC CONSULTATION
ON EXISTING TRANSPARENCY REQUIREMENTS FOR NATURAL GAS**

Eurogas welcomes and appreciates the ERGEG consultation on transparency requirements for natural gas. Eurogas 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.

Eurogas is convinced that a pragmatic, balanced approach to transparency requirements should be one of the cornerstones of the Regulation on Energy Market Integrity and Transparency (REMIT) on which DG Energy consulted stakeholders recently¹. Disclosure of data related to system operations together with trade transparency on an anonymous base to the public will facilitate market development and market integration.

Eurogas believes that reliability of price formation on competitive gas markets will be further enhanced as a consequence of an improved framework in transparency with regard to 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 Eurogas notes that in a few European countries already binding transparency requirements are not yet entirely respected. Thus Eurogas has concerns regarding the soon-to-be legally binding future requirements.

Eurogas would like to emphasize the need to establish a careful monitoring activity in order to ensure compliance with transparency requirements (legally binding, and soon-to-be). Additionally Eurogas recommends to ERGEG to bring forward a consistent monitoring at EU level by exploiting and encouraging best practices, where appropriate, through Regional Initiatives.

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 adequate for 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, and enquiries for past periods are limited.
- Improved transparency, even if it incurs more costs for TSOs, an issue which has to be recognized, 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

¹ European Commission – "Public Consultation by the Directorate General for Energy on measures to ensure transparency and integrity of wholesale markets in electricity and gas – 31 May 2010".

TSOs and additionally it suffers from some technical problems and lack of flexibility in possible queries.

- Eurogas would favour having access to a greater granularity of the data than currently available, to enable shippers to manage more efficiently their shipments.
- The provision of timely (including near real time where appropriate) and sufficiently comprehensive information from transmission operators about both the system status (to all users) and the individual user's own status (user kept confidential) are crucial for users to manage their portfolios in the most cost efficient way. Therefore consideration should be given to the introduction of further transparency obligations to meet this objective, through the appropriate Framework Guidelines or Codes.
- Access to such data is crucial to foster market development, in particular for transmission. Eurogas recommends more caution with regard to the approach to LNG and storage, for which transparency requirements have to be balanced against investors' interests and commercial sensitivities.
- Eurogas is also aware of the debate with regard to transparency on upstream outage and maintenance information. Some pragmatic solution needs to be found that respects commercial confidentiality, while meeting users' interests. Aggregated information on the ingoing and outgoing flows at relevant points to the market on anonymous basis may represent a pragmatic way forward for now.

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, Eurogas is 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 the view of Eurogas 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).

As a real improvement in transparency will be achieved only if the introduction of obligations to provide certain information comes with the introduction of standards related to the quality of the information service provided by TSOs, ACER with ENTSO-G should address the possibility of developing appropriate quality standards for TSOs in the provision of timely and reliable information.

Consideration also needs to be given to ways of ensuring compatibility of data formats with users' IT systems, to make it easier for users to analyze and integrate flow information to gain a more complete understanding.

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?

Eurogas already has provided ERGEG with a review on GGPSSO contents and attached is a separate paper on the areas that would benefit from increased transparency with regard to LNG terminals.

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.

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. In the context of other ongoing discussions, especially to transfer the GGP into mandatory requirements a balanced approach must be taken as mentioned above.

Eurogas 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.

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.

Requirements could be developed in the context of dedicated stakeholder meetings. The suggestions for LNG terminals transparency are attached.

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.

Eurogas'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:

- In general Eurogas supports similar transparency requirements to be applied both in the gas and the electricity sector concerning data related to system operations. Nevertheless in certain areas the technical, economic and geopolitical differences between the gas and the electricity markets will need to be taken into account.
- Further transparency should be considered with regard to the upstream sector but any resulting proposals should be pragmatic and appropriately respect commercial confidentiality.

Eurogas believes that a consistent framework on transparency for the gas wholesale market has to be developed, that is sensitive to the characteristics of the different market segments.

Adequate transparency with regard to DSO activity should also be ensured. TSOs should be able to obtain in a timely and reliable manner the information they need from DSOs such as data on off-takes at city gates etc.