

**EUROGAS COMMENTS ON ERGEG'S DRAFT GUIDELINES  
OF GOOD PRACTICE ON OPEN SEASON PROCEDURES (GGPOS)**

Eurogas welcomes ERGEG's Consultation document on Open Season Procedures (GGPOS).

Eurogas endorses ERGEG's view that open seasons offer a transparent market test on the market viability of a project. Open seasons in so far as they are the outcome of transparent consultations on users' needs and are accompanied by well functioning capacity allocation procedures have an important role to play in fostering competition.

Regarding allocation of capacities on new investments, the preferred form for Eurogas is an open season or booking "window", but differing solutions may be appropriate depending on the circumstances and relevant market. As a general rule systems put in place should give all parties equal opportunities to access capacities, and all potential shippers must have access to transparent information and receive non-discriminatory treatment.

Eurogas agrees that it should be possible for potential investors other than the system operator to launch projects, and regrets this is not possible in a number of Member States. Eurogas considers that the proposed Guidelines will be useful in clarifying a consistent approach. Eurogas has the following detailed comments.

**Application**

ERGEG asks if there are new infrastructures to which the guidelines should not apply. Although Eurogas supports a wide application of "open season", we would agree that in practice there are very different considerations for expansion to a local distribution line and a project like a new LNG terminal or major transport line. Especially in areas with more mature networks, new investment in distribution lines will typically be carried out on the basis of a more general network development obligation on the operator, and an open season would not really be appropriate. This may also be the case for some transmission lines, although in principle the guidelines should apply to large investments especially including national projects which are related to new entry and exit points or an enlargement of the flows at existing entry and exit points. Eurogas thinks that the market should be allowed to indicate its interest in all important projects, although in the case of investments that are partially or totally exempt from rTPA, it can be expected that the open season will apply only to that part of the project subject to TPA.

All additions to the gas system should be covered by the Guidelines (or for the most part) but, as mentioned above, some differing solutions may be appropriate sometimes, depending on the exact circumstances and relevant market.

**Guidelines on Open Season Procedures – First Step**

Eurogas can agree the basic two step approach, but Guidelines should not rule out the possibility that there could be more than one procedure to establish market demand.

Furthermore the proposed basis for second step, Capacity Allocation should be specified at the outset of the process.

Eurogas can agree with the items identified as information requirements in (20), providing it is clear that it is not understood as an exhaustive list. Depending on the project in question, users might also wish to have information on the project's potential contribution to network interoperability objectives, and also users should in general be aware of the timetable for regulatory approval.

Two additional comments are:

- the regulator's role as outlined by (19) is very important. Although it is implied, it should be clearly stated that the verification role should require the regulator not just to ask questions about the sponsor's proposal but to express any concerns he has.
- Eurogas does not consider it appropriate that a user should have to inform a sponsor on his "source of gas supplier". It is only important for the sponsor to know the expected upstream and downstream transportation system.

### **Second Step: Capacity Allocation following the open season**

It is not clear from (24) what expectations will be on the sponsor to continue with the project even if there are not excess market demands for the initial plan. There has to be a mechanism ensuring a required level of new investment on a scale to meet on an economic basis the needs of users (albeit underpinned partially by firm commitments).

With regard to tariffs, the Guidelines should ensure that the approved tariff (or at least the methodology) is transparent before system users are required to enter into binding agreements.

### **Results of the Open Season and Transparency**

Eurogas would prefer that for reasons of commercial confidentiality the names of prospective shippers and the percentage of total capacity gained should not be in the public domain but be accessible only to regulators.

### **Co-ordination with adjacent system operators**

This is a very important consideration, and the Guidelines should make it very clear where responsibilities lie.