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To: CAM_CMP_storage@ergeg.org
Subject: Reaction Nuon / Vattenfall to public consultation CAM/CMP for storages

Dear Mrs. Geitona,

Please find in this email the reaction of Nuon – Vattenfall to the ERGEG public consultation paper on CAM and CMP for effective access to storage.

First of all we'd like to stress that we fully support ERGEG's work on improving the functioning of the internal market. We very much believe in market integration and a fair level playing field for all market participants. Access to (natural) monopolistic infrastructure, such as gas transmission systems should therefore be regulated. Regulatory intervention in commercial activities should be left as much as possible to negotiations between market parties. We'd like to stress that in many countries the markets for flexibility and storage have developed very positively. This has led to new investments of a diversity of market players. In such markets, e.g. Germany and the Netherlands, tighter regulation could worsen the investment climate for storage. We'd like to stress that regulation that could lead to less investments in gas storage should be avoided as much as possible. Please find below our answers to the questions in the public consultation.

1. Auctioning can be a good method to allocate capacity if a product is scarce and sufficient bidders and askers take place in the auction. If these conditions are not in place, auctioning can lead to strange outcomes. If there is no scarcity, an auction is likely to end at the reserve price which effectively means regulated tariffs. We think that regulated tariffs for storage operators should be avoided to the largest extent possible.
2. Most important is information about maximum technical capacity, available storage capacity and send-in and send-out rates
3. UIOLI should not be aimed for in the storage market because storage capacity is also needed for arbitrage purposes which is vital for efficient price setting at the wholesale markets
4. Standardisation is nice in theory, but due to the very large differences between storage sites, e.g. injection rates, withdrawal rates and volume, it might be unrealistic to get to workable standard products.
5. Pricing strategies should be left over to the market. Price setting is the outcome of the negotiations between two companies. It should be beard in mind that the storage owner is not always the dominant party, in several markets true negotiations are possible.
6. Combined products are welcome if the market desires them. These products should not be the result of regulatory intervention.
7. Support the investment climate for investments in gas storages is the best way to improve access to flexibility.
8. If congestion at borders is solved, which should be the main priority for the regulatory community, cross-border offering of storage products will follow.
9. We think that regulatory intervention in the storage market should only be done if there are reported problems with access to storage and if there is a dominant storage owner.
 - 9.1 The way of using storage capacity should be left over to the capacity holder.

10. We think NRA's should be very cautious in intervening in the market for commercial activities.

If you'd have any further questions, please do not hesitate to contact us.

Kindest regards,

Stijn van den Heuvel.

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