



Dear Madam, Sir

## **Gazprom Marketing & Trading Limited (GM&T) response to**

### **Preliminary scoping document for public consultation**

**on potential "FG rules for trading related to technical and operational provisions of network access services and system balancing (FG RfT)"**

GM&T is the UK registered subsidiary of the Gazprom group responsible for the optimisation of Gazprom's energy commodity assets through GM&T's marketing and trading network. GM&T is active as a shipper and marketer of gas at various interconnection points especially in North West Europe.

#### **General Comments**

GM&T believes that there are topics in the area of *technical and operational provisions of network access services and system balancing* identified by ACER that merit additional harmonisation efforts. Nevertheless we do not believe that a new Framework Guideline and Network Code is an efficient method to achieve the desired result.

Most of the issues we notice arise from the implementation of rules – like Congestion Management Procedures (CMP) and early implementation of Capacity Allocation Methods Network Code (CAM NC)– which is taking place without proper coordination across borders. Therefore we believe that the drawbacks of an additional Framework Guideline/Network Code process are greater than the expected benefits.

Definitely there are areas of terms and conditions of capacity products that can be subject to further harmonisation and the development of Guidelines for Good Practice and adjustments to the CAM NC are more suitable to tackle the issues we highlight.

#### **Answers to consultation questions**

Q1: Are the topics identified above the most relevant ones when it comes to Rules for Trading at EU level? Please specify which issue - if any - would merit further elaboration and rank the three most important Rules for Trading aspects.

Yes, GM&T believes that the topics identified cover relevant areas for the scoping exercise. Whilst we acknowledge that the areas identified are relatively broad, we would like to highlight some specific topics: rights to nominate/re-nominate capacity, timing and procedural issues for capacity booking and trade notifications, capacity transfers process, rights and obligations.

## Capacity products and terms and conditions of capacity contracts

Q2: Do you agree that the key features of capacity products (besides its location, its direction and its duration) are as follows:

- Firmness: unconditional firm / conditional firm (e.g. depending on temperatures) / interruptible
- Allocability: free allocability / restricted allocability to designated points / restricted to designated points but combined with interruptible free allocability to all points including VTP
- Tariff relations between different capacity products

Please rank the most important aspects of capacity products for your business. If there are other aspects you find more important, please name them and explain why.

Yes, we agree that the key features mentioned are important:

- Information on the level of **firmness** is important to understand the level of the risk exposure of the capacity portfolio to potential interruptions. Such risks have to be taken into account when pricing deals.
- **Free or restricted allocability** is relevant for the same reason above and to understand the effective rights and obligations underlying the capacity that is acquired e.g. whether secondary sublet capacity is 'contaminated' by firm day-ahead use-it-or-lose-it (see also answer to Q17 on this example).
- Certainty of **tariffs** applicable is of utmost importance:
  - o tariff changes are announced with very short notice and changes may intervene during the contractual period;
  - o TSOs do not provide sufficient transparency on the methodologies applied to enable estimations of tariffs applicable over the medium and long term;
  - o clarity about all additional charges applicable is often missing and capacity tariffs are used for purposes other than the recovery of the TSO allowed revenues.

All these elements introduce distortions as they affect the intrinsic value of capacity and they lead to risk premiums creating inefficiency, therefore they should be addressed.

We would like to highlight also other relevant elements that we take into account:

- Congestion management rules, nomination and re-nomination rules applicable and likelihood of interruptibility (on each side of the border): these aspects are necessary to understand how the capacity products can be used and what are the risks related to some events (e.g. interruption, buy-back, etc.).

- Method of allocation, transparency on capacity available and potential for congestion: these allow understanding the effective possibility to access capacity and support the evaluation of the capacity.
- Other conditions, such as the need to have a license or satisfy other requirements, before and/or after entering into a capacity contract (e.g. reporting).

Q3: Do you think that certain user categories (e.g. power plants, household suppliers, traders, gas producers, storage users etc.) have specific requirements/needs regarding capacity products? If so, which?

GM&T believes that a wide range of products available and high flexibility in terms of timing for booking, nomination, re-nomination and secondary capacity trading should accommodate all the categories. GM&T believes that in general there should not be a requirement to book entry/exit transportation capacity from/to storage since this creates artificial constraints.

As trader and wholesale market participant we find the time schedule of the auctions too rigid to accommodate needs of capacity to support structured deals which involve the utilisation of cross-border capacity. Indeed some commercial initiatives are not developed due to the inability to access capacity outside of the standardised scheduled other than very short term.

We suggest exploring the possibility that TSOs set up capacity auctions in a transparent and timely manner upon request of interested parties also for products and at times that do not fit with the CAM NC schedule.

Q4: Do you have experience with different levels of product firmness and allocation restrictions (i.e. different capacity designs<sup>1</sup>)? Please provide examples.

Yes, we have experience of different levels of product firmness. For instance we have experience with FZK – firm capacity, bFZK capacity products (‘conditional firm’) and DZK – dynamically allocable capacity products in Germany.

Q5: Are different types of product features (in terms of firmness and freedom of allocation) barriers for cross-border trading? If yes, please provide an example of such a barrier. If yes, do you think that a set of “standard capacity products” in terms of quality (e.g. firmness rules, allocability) enshrined in a network code would provide a solution? Do you believe that

<sup>1</sup> Lowering the firmness or limiting the allocability of the firm products can be an alternative to offering less firm capacity in terms of quantity, but it may be a step away from the ideal entry-exit system. To achieve the ideal entry-exit system either less firm (more interruptible or less freely allocable) capacity can be offered (quantity) at the same costs or the necessary investments have to be delivered by TSOs resulting in higher costs. Standardising product features leads to higher product mismatches in terms of volume offered at both sides of an IP at the same cost (i.e. without investment).

the benefit of implementing such a solution outweighs the costs? Could you provide examples of such solutions?

GM&T agrees that having different levels of firmness of capacity is distant from the ideal entry-exit model identified in the KEMA study. Heterogeneity of capacity products is a barrier for cross border trading in case of different features at the two sides of a border, especially in case of bundled products.

As stipulated by the CAM NC<sup>2</sup>, TSOs should maximise the availability of firm capacity. This should happen in a dynamic way including maximisation of firm capacity at day-ahead stage. Failing such maximisation is an unjustified barrier to cross-border trading.

Other examples of barriers to cross border trading:

- Restrictions to renomination rights within-day for day-ahead capacity on one side of the border, because it creates an artificial system imbalance and hinder the possibility to contribute balancing the system (e.g. NL-DE, renominations possible on the NL side but not on the DE side).
- An increasing number of different types of capacity products that makes difficult to assess efficiently the risks associated with each of capacity types offered (increase transactional costs).
- Lack of standardisation on conditions that may trigger interruptions/limitations in the use of capacity. This increases the cost to assess the probability of interruption.

Some suggestions to overcome such barriers are:

- Remove restrictions to within day renominations of day-ahead capacity before it will be mandated by the Balancing NC.
- Simplify and rationalise the number (quality) of capacity products that can be made available. The introduction of a set of "standard capacity products" in terms of quality is supported in this sense. This should never in any case lead to lowering the amount of capacity made available and creating artificial congestions.
- Publish clear rules on how and when interruptions may happen and in a standardised manner to facilitate the identification of the key conditions.

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<sup>2</sup> Article 6 "Capacity calculation and maximisation".

Q6: In your view, is the way capacity is allocated (primary market) or traded (secondary market) expected to create any problem or barrier to gas wholesale trading after the full implementation of the NC CAM? (Please differentiate in your answer between IPs covered by NC CAM and those outside its scope, e.g. LNG, storage)? If not, what outstanding barriers remain after NC CAM implementation? Please provide specific cases and examples, if possible.

The CAM NC should introduce wide harmonisation in key aspects of allocation of capacity across the EU, such as allocation through auctions and a minimum set of products (yearly, quarterly, monthly, daily, and within-day).

However we emphasize some issues:

- Timing of day ahead auctions: the timing defined by CAM (15:30 UTC) is far too early in the afternoon and this strongly hinder day ahead trading opportunities. The timing of the auctions should be postponed at a later time in the afternoon.
- Within day auctions are planned to be introduced between 01:30 UTC on day D-1 and 00:30 UTC on day D (winter time). The lag between day-ahead auctions and within-day auctions is far too wide (10 hours) and it should be reduced by delaying day-ahead auctions e.g. at 17:00 UTC and/or anticipating within-day auctions 20:00 UTC.
- Balance of the Month (BoM) products: if no monthly capacity is acquired, the only alternative is to access capacity on a day-ahead basis which is burdensome, it poses unnecessary risks and it does not take into account the practice in the market to negotiate BoM commodity contracts.
- Quarterly auctions: quarterly auctions should be done on a *rolling* basis rather than on an *annual* basis considering that there are already *annual* yearly auctions in CAM.
- Absence of a fall back solution: a fall back solution should be made available in case the 'normal' route to access capacity is not available. This should work for all capacity products, from years ahead to within-day.

IN general all these elements underline the need to allow access of capacity *at the time* when is needed and in the *amount* that is needed. Any restriction for technical or procedural reason is problematic and should be removed.

Furthermore, we would like to emphasize the lack of flexibility of the CAM NC to manage *specific* situations such as at the IP of Bacton (GB): Bacton is currently characterised by a high level of fungibility – it is at the same time the IP for UK off-shore production, IP with IUK (GB-BE) and IP for BBL (BE-NL). A stringent interpretation of the CAM NC may require an artificial split of capacity between the 'EU' and 'non-EU' components. This is likely to create artificial bottlenecks and the outcome is the exact opposite of the objective of the Internal Energy Market.

Additionally, we would like to highlight problems related to the *phase-in* of the CAM NC. For instance so far we have experienced:

- Very limited coordination across borders that materialises in discretionary arrangements and/or disadvantages. Some examples:
  - o By introducing priority for allocation of bundles where capacity is available on both sides of the border, the risk of capacity mismatches remains entirely with shippers holding unbundled capacity and no mitigation options have been offered (such as capacity reset, favouring matching of existing capacity holding, etc.). This has happened for instance at the DE-FR border;
  - o Very little evidence about the fulfilment of the obligation for adjacent TSOs to adopt a joint method to calculate, re-calculate and maximise technical capacities and this exacerbates the issues related to bundling.
- Discretionary implementation: transitional arrangements are left to the appreciation of NRAs and TSOs and have led to lower flexibility e.g. within-day auctions delayed at (unspecified) later stage (DE, IT) while day-ahead interruptible capacity is not offered if firm is not sold out (or almost) first; suspension of capacity booking for during the winter period (NL).
- Poor standardisation of terms and conditions of capacity products: the number of clauses falling in the standardised area (PRISMA) is primitive compared to the number of conditions applied by single TSOs.

Q7: Do non-harmonised contract definitions or terms between neighbouring entry-exit zones limit cross border trade? If yes, please provide examples. Do you think that equal contractual definitions of product characteristics (in terms of firmness or freedom of allocation) can be achieved by compatible contract terms alone (product description along certain parameters) or can this only be achieved by a single standard contract established at EU level?

The heterogeneity of definitions and terms between of capacity products materialises in barriers for cross border trading when they limit flexibility without justification e.g. restriction of within-day renomination rights for capacity acquired day-ahead.

Additionally different contractual definitions require capacity holders to comply with different rules. This increases transactional costs e.g. bundled product but different credit/payment arrangements.

Q7a: Considering the variety of private law regimes across EU, do you believe a single standard contract established at EU level is feasible? If yes, do you believe that the benefit of such standard contract established at EU level outweighs the costs of its implementation?

The diversity in terms and conditions is related to differences in regulatory regimes and market design rather than to the variety of law regimes across the EU. However this should

not jeopardise the possibility to harmonise part of terms and conditions of capacity contracts. This is a process that requires time and understanding of the interdependencies and it cannot be achieved in a short time period.

The example of CASC.EU<sup>3</sup> in the electricity market is a good illustration on how the harmonisation of terms and conditions is a continuous path that may require partial harmonisation of market design and (step-by-step) delegation of certain functions from single TSOs to the auction office. The commitment of TSOs is however essential to ensure that such a process is continued and harmonisation improves over time and, where necessary, changes to market design and/or technical procedures will be introduced to remove unnecessary barriers.

Q8: Have you experienced inefficiencies and risks which make it necessary to harmonise certain clauses in capacity contracts and/or contractual terms and conditions of different TSOs at EU level (given the variety of private law regimes applied across Europe)? If so, what are the inefficiencies and risks experienced that require harmonisation and why?

The different contractual arrangements of TSOs increase transactional costs and operational risks e.g. when evaluating to enter into a new market-area we evaluate the potential issues that we can encounter when managing capacity contracts and dealing with a new counterparty (the TSO).

A concrete example already mentioned is the restriction to renomination rights within-day for capacity acquired day-ahead on the German border with the Netherlands. Such restrictions void the flexibility available on the Dutch side and force imbalances in case of unforeseen events. Taking into account that day-ahead capacity products are not sold at a discount compared with longer term contracts, this is unjustified.

Q9: Assuming everything else being equal (e.g. tariffs), do you prefer:

- a) firm products with limited allocability/locational restrictions (ex-ante information on conditions of use) or
- b) interruptible products (with ex-post information on actual occurrence of interruptions<sup>4</sup>)?

The views of GM&T are expressed in response to Q5. We would like to reiterate that efforts to maximise the amount of firm capacity, simplify and rationalise the number of type of

<sup>3</sup> The central auction office for cross-border transmission capacity for Central Western Europe, the borders of Italy, Northern Switzerland and parts of Scandinavia established in 2008.

<sup>4</sup> The actual occurrence of interruptions of interruptible capacity depends on the flows in the network. These flows are triggered by nominations/renominations of shippers, which can change until two hours before the flow. The TSOs, therefore, cannot precisely anticipate (ex-ante) the interruptions in the network. Hence, any calculated probability of interruption can only be a proxy to the actual occurrence of interruptions.

capacity available and standardise the format of publication of information on the conditions of use should in any case go at the expense of the amount of capacity made available.

Shippers and traders will be enabled in this way to evaluate and manage risks appropriately.

Q10: Given the Balancing NC implementation, which should foresee within-day obligations as an exception, do within-day standard capacity products ("rest-of-day capacity products"<sup>5</sup>) create any barrier to trade?

No, rather the opposite; the availability of capacity products should be consistent with the balancing regime and in any case, also where within-day obligations apply, rest-of-day capacity products enhance flexibility and increase efficiency of the market allowing to cope with unpredictable events.

Q11: Are there any differences in the legal framework/capacity contracts that undermine the concept of a bundled capacity product (treatment after allocation)? If yes, please describe the differences as well as the risk for market participants resulting from those. Please provide specific examples.

GM&T believes that there are differences in the legal framework that undermine the concept of bundled capacity as *the only way* of allocating capacity when CAM NC will be fully implemented and restricting the flexibility to create portfolios of capacity according to the risk profile desired. The permanence of such differences makes the benefits of bundling of capacity very limited. Some of issues we see are:

1) Before allocation:

- Need to enter into transportation agreements with both TSOs underlying the bundled capacity. The shipper is therefore obliged to enter into a new transportation contract and take onboard a new counterparty (the TSO) and, where applicable, need to require a license to operate in the wholesale market. Alternatively it should restrict its activity to the virtual trading point of the market area from which it is 'exporting'. More flexible arrangements should be explored e.g. allowing matching the nomination of cross border capacity with a balancing responsible party on the other side of the border.
- Capacity mismatch (e.g. bundling of different type of 'firmness' of capacity) and availability of unbundled capacity (see also response Q6, first bullet).

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<sup>5</sup> Article 9(6) of NC CAM



2) After allocation:

- utilisation of capacity (nominations, re-nominations): a single product may be subject to different (re-)nominations procedures and currently we do not have certainty that the Balancing NC will be applied at all borders consistently;
- congestion management rules applying on the two sides of the border or other limitations (firm day-ahead UIOLI, interruptions, overselling and buyback, etc.) that may apply differently from the two sides of the border;
- limitations in the disposal of capacity compared with the existing arrangements i.e. bundled capacity can be traded only as a bundle.

Q12: Are there any other obstacles that hamper the use of capacity contracts across borders in the EU?

Please see the examples mentioned in the responses to the previous questions.

Q13: Do you think that a) binding EU rules, b) non-binding guidance or c) no rules at all (awaiting the implementation of existing NCs) address the above issues best? If needed, you can differentiate between different topics.

GM&T believes that the issues highlighted above may be addressed by providing guidance to *facilitate* the implementation on the CAM NC and by amending the CAM NC in some parts in the parts recalled above.

### **Secondary capacity markets**

Q14: Do you think that rules are needed in order to stimulate secondary trading in Europe (taking into account the facilitation of trading already in place nationally or at EU-level, including joint booking platforms as demanded by NC CAM)?

GM&T believes that the congestion management rules introduced through the CMP Guidelines i.e. oversubscription and buyback, long-term use-it-or-lose-it, are sufficient to stimulate secondary trading and incentivise shippers to optimise booking of capacity.

Q15: Do you see a need for a fully anonymised secondary capacity market (including third-party clearing) or is a bilateral capacity transfer (with consistent information to the TSO) sufficient?

A choice between these types of services is beneficial. However we do not envisage that secondary trading of capacity may reach a level of liquidity sufficient to justify central clearing in all cases i.e. at all borders.

Q16: Do you see the need to harmonise the handling of secondary capacity transfers to the primary market with reference to e.g. contract durations, handling, deadlines etc.?

GM&T believes that arrangements for secondary capacity transfers should be widely flexible. If any level of harmonisation is sought, this should provide more flexibility to shippers e.g. shortening lead-times for capacity transfers too distant from the delivery day.

Q17: Are there any rules hampering secondary trading of bundled capacity products? If yes, which ones and where? (Please provide specific cases, examples.)

Yes, where different rules are applicable on the two side of the border: for instance, as pointed out in response to Q2, where capacity acquired on the DE border from large shippers through a sublet, this remains 'contaminated' by firm day-ahead UIOLI i.e. restriction of renomination rights, whilst it is not on the other side of the border. The constraint on the DE side removes flexibility instead potentially available on the other side.

GM&T believes that this is an undue restriction to the sublessee that should be removed as it undermines the value of having bundled products.

More in general due to the way in which bundled products have been introduced, secondary trading of capacity will be limited to those counterparties who have capacity on both sides of a border.

Q18: What would be, in your view, the most efficient way of secondary trading of capacity: a) mandatory trading on a limited number of liquid secondary platforms as for primary capacity or b) keep the current regime as is (e.g. many options, venues, etc.)?

GM&T believes that the CMP Guidelines are sufficient to stimulate secondary trading as it is in the primary interest of shipper to dispose of the capacity they are not intended to use.

The *allocation of* (primary) capacity should be considered as conceptually different from *trading of* (secondary) capacity since primary capacity can be only 'issued' (allocated) by TSOs and the harmonisation of arrangements is essential to facilitate shipping of as across Europe. In case of secondary capacity it is relevant whether appropriate mechanisms are in place to incentivise market participants to trade capacity rather *where* and *how* secondary platforms are set up.

Q19: Would you support additional transparency rules for secondary trading and what should, in your view, those rules focus on (e.g. reporting on transactions, potentially incl. price)?

The Implementing Acts on transaction *reporting* under REMIT will include also transactions of capacity. This will cover both primary and secondary capacity trades. The details required to be reported will include nearly sixty data-fields that include also the price.

When coming to *transparency*, there are no specific provisions on post-trade transparency for capacity or commodity under REMIT. However we would not oppose in principle to the publication of information concerning standard capacity transactions, provided they would be anonymous and certain waivers would be granted (e.g. large in scale transactions).

Q20: Do you think that a) binding EU rules, b) non-binding guidance or c) no rules at all (awaiting the implementation of existing NCs) address the above issues best? If needed, you can differentiate between different topics.

We do not see the need for additional rules in this area. If there is any intention to introduce post-trade transparency obligations, we believe that a legal basis should be provided e.g. through specific acts of the EU Commission.

### **Virtual trading point design/access and hub issues**

Q21: Are there any design elements of hubs which provide a barrier to cross-border trade (e.g. independence of the hub operator from traders)? If yes, which ones? Please provide specific cases, examples.

The design of gas hubs in Europe has followed different routes often determined by structural conditions (number of TSOs, grid constraints, number of interconnections, penetration of LNG, predominantly importing v. exporting market, etc.).

Barriers *to cross-border trading* are usually related to access and/or management of cross border capacity. Definitely constitute barriers to cross-border trading: the absence of a virtual trading point; the lack of transparency in capacity allocation; limitations in the use of capacity (e.g. restriction on renominations); non-market based balancing regimes; lack of minimal forward view on capacity tariffs and short notice announcements of changes in price changes; very high multipliers for short term capacity; limitations in the access and utilisation of flexibility sources (storage, line pack, etc.).

When not providing *barriers* to cross-border trading, design elements *do not facilitate* cross border trading which reduces the efficiency of the markets.

Q22: Are the fees (if any), the methods to calculate these fees, the general terms and conditions and/or contracts for service providers/intermediaries for transferring gas via trade notifications according to article 5 of the Balancing NC discriminatory and do they constitute a barrier to trade? If so, please state which of the elements above are problematic and which entry-exit systems are affected. Are there any other issues that create barriers to trade?

Fees for transferring gas via trade notifications at virtual trading points distort price signals and should be avoided. For instance fees for trading at virtual and physical trading points apply at: the Austrian VTP, the Belgian Zeebrugge Hub (both Beach and ZTP), PEG north, south and TIGF, German Gaspool and NCG. For instance we have noted that very recently at the Dutch TTF, GTS has announced that fees will be removed.

Similarly, fees charged by NRAs based on *revenues* of licensed shippers and/or collected on top of transportation charges (volume based) are detrimental to trading.

Q23: Do non-standardised formats represent a barrier for cross-border trading? If yes, do you see a need to establish a standardised data exchange format for trading of wholesale gas products to be used as interface between all potential balancing and trading venues - including key inputs<sup>6</sup> (e.g. trading parties, time, location of trade, trading volumes and price, etc.)?

The standardisation of formats should be part of the Interoperability and Data Exchange Network Code. The implementation of common units, principles for gas allocation, operational balancing agreements, matching rules, data exchange formats is definitely supported as it should reduce the operational risk of dealing with multiple TSOs.

Perhaps an area of improvement is the process of notification-matching-confirmation of trades at the virtual trading point that in some cases foresee time consuming procedures (e.g. PSV) with limited possibility to introduce automated processes.

Q24: How could the establishment of organised market places at hubs trading platform (via VTPs) be facilitated and should the Agency foresee rules to facilitate it?

GM&T does not believe that the creation of an organised market should be facilitated by the Agency.

The trading arrangements and the operational procedures applied by the operators of the virtual trading points should be transparent, information should be up to date and available in national language and in English and operational procedures (e.g. nominations notifications) should be in line with the best practices. It should be then open to operators

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<sup>6</sup> Balancing NC Article 13 provides most of these inputs

of organised market places to diversify the offer with new services e.g. central clearing. This should not be mandated or introduced through a top-down approach. Where this has happened, results in terms of liquidity have been rather poor.

Q25: Do you think that a) binding EU rules, b) non-binding guidance or c) no rules at all (awaiting the implementation of existing NCs) address the above issues best? If needed, you can differentiate between different topics.

GM&T does not believe that binding EU rules are necessary, however non-binding guidance promoting alignment with best practices is an option to pursue. This guidance should provide a stimulus to hub operators to facilitate trading operations.

### **Transparency rules**

Q26: Do you think that contractual conditions of capacity services (incl. usage conditions) are transparent and clear enough and easy to access (taking into consideration the establishment of joint booking platforms such as PRISMA)? If not, please name the TSOs/platforms where this is not the case and evaluate it along any of these three parameters (i.e. non-transparent, unclear or difficult to access).

Contractual conditions of capacity services are not always available in English language and regularly updated. Consultations are normally available only in the national language and especially now that relevant changes are expected due to the introduction of the Network Codes, this is a major flaw for transparency.

Moreover the way in which information are published are largely different between TSOs. The level of standardisation in the publication of terms and conditions of capacity products is limited.

Finally, the establishment of PRISMA has been welcome, nevertheless this should not stop the progression towards more harmonised terms and conditions (see also response to Q7) e.g. providing a reliable harmonised fall-back solution.

PRISMA should become also the place where information about the applicable tariffs and charges are collected and published in a standardised manner. This would avoid dealing with the lack of clarity on the charges applicable when buying and using capacity.

Q27: Do you consider that the contractual conditions of capacity products with limited allocability (e.g. interruptible hub access, but firm cross-border flow) are transparent and clear enough? If non-transparent and clear enough, what should be improved? (Please provide specific cases, examples.)

Contractual conditions of capacity products with limited allocability are published in a non-standardised manner which makes it more difficult to identify correctly the different conditions applicable.

We suggest a standardized format to publish such information and facilitate the understanding. A simplification and rationalisation of the number of different products is also desirable.

Q28: Do you have access to sufficient information on the condition(s) for interruption of a capacity service and/or its probability? If not, please specify where this is not the case.

Q29: Do you have sufficient information on the occurrence of the condition(s) for interruption and/or its probability? If not, please specify, where this is not the case.

We have access to minimal information necessary about interruptions, but the information under what circumstances such interruptions happened is normally not disclosed.

The more historical statistical data on interruptions, including circumstances of the events, are published the better it is for a proper assessment of the risk we may encounter when entering in capacity trades. In addition information on upcoming/expected events (e.g. timely publication of maintenances), an assessment of the probability of interruption should be provided.

Q30: Do you think that a) binding EU rules, b) non-binding guidance or c) no rules at all (awaiting the implementation of existing NCs) address the above issues best? If needed, you can differentiate between different topics.

Non binding guidance should be more straight-forward, however it would require a commitment from TSOs. If this is not satisfactory, then changes to the Annex of the Regulation 715/2009 on transparency, followed by proper enforcement, is necessary to increase transparency on capacity management.

### **Licensing requirements for market participants other than TSOs**

Q31: Do you see a problem with regard to different licensing requirements in the EU? If yes, please name the Member State, explain the main issues and propose solutions (such as minimum requirements for licenses at EU level, etc.)

The obtainment of licenses in many EU countries is normally burdensome and requires providing regularly documentation about the corporate structure, the members of the BoD, in some cases the demonstration on technical, financial and operational capabilities to deal in the gas market. Often licensing conditions for suppliers and traders are not distinguished.



GM&T believes that licensing requirements at national level for market participants in the wholesale market should be abolished because conditions are largely changed compared to the starting of the liberalisation.

Indeed it should be noted that REMIT is introducing mandatory registration of wholesale market participants that will take place in the second part of 2014. ACER, together with the NRAs, will monitor the behaviour of market participants. Powers to require additional information and to investigate (should be or) have been conferred to NRAs through the implementation of REMIT. Therefore, any additional license requirement seems an unnecessary duplication.

Finally, the terms and conditions to access transmission system operators and/or virtual trading points should provide sufficient protection in terms of financial, operational and technical capability of market participants to meet all the necessary requirements.

Q32: Do you think that a) binding EU rules, b) non-binding guidance or c) no rules at all (awaiting the implementation of existing NCs) address the above issues best?

GM&T believes that a process should be initiated at EU level to remove unnecessary licensing requirements across the EU in light of the recent developments. This would reduce the bureaucratic burden on market participants.

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Company name: Gazprom Marketing and Trading Ltd

Type of organisation: shipper/gas trader/gas supplier

Contact person: Riccardo Rossi

Phone, e-mail address: +44 207 756 9098; [riccardo.rossi@gazprom-mt.com](mailto:riccardo.rossi@gazprom-mt.com)