

# **Bord Gáis Networks response to ACER’s green paper “Energy Regulation: A bridge to 2025”**

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## **General comments**

Bord Gáis Networks (BGN) is the Transmission System Owner in the Republic of Ireland and is the service provider to Gaslink ISO, the Independent System Operator.

In the document ‘European Energy Regulation: A Bridge to 2025, Public Consultation Paper’, ACER includes four priority questions:

1. Have we identified correctly the issues and trends within each area of the energy sector?
2. Have we identified an appropriate regulatory response?
3. Which regulatory actions are most important and should be prioritized?
4. Are there other areas where we should focus?

## **Answers to consultation**

### **1. Have we identified correctly the issues and trends within each area of the energy sector?**

Energy policy and regulation should enable optimal use of the existing infrastructures as well as to provide appropriate incentives for its maintenance and development.

#### **Gas Target Model**

BGN believe that the time has not yet come for a review of the Gas Target Model. We believe that the time should be given to full implementation of the Network Codes before further evaluation and refinement of the Target Model.

#### **Renewables growth driving changes in generation**

It is without question the share of intermittent renewable electricity generation will increase. Gas infrastructure and gas-fired power plants can contribute in meeting these challenges presented to electricity system balancing and backup, but must be appropriately remunerated to do so. If capacity mechanisms are to be part of the solution they should be designed so as not to create market distortion.

### **2. Have we identified an appropriate regulatory response?**

#### **Increased interaction between electricity and gas markets**

BGN considers that the coordination of gas and electricity markets should be improved in order to ensure that the integrity of the system is ensured, that the security of supply is warranted, and that there is no cross-subsidy between network users. Attention should be focused the interaction between the electricity and gas markets so as to ensure that requirements to provide flexibility to the renewables on the electricity system does not lead to discriminatory treatment of gas infrastructure users as this could risk decreasing the attractiveness of gas and gas infrastructures.

### **Long-term regulatory stability**

A stable and predictable regulatory framework, providing fair remuneration of the assets is necessary. Currently ACER does not include in the regulatory response concrete actions to ensure this. BGN do not believe that the emerging Framework Guidelines on Tariffs provides any long any incentives to shippers to book on a long-term basis, which could be to the detriment of new investments. In particular BGN would call for the pricing of short term products to be reconsidered.

### **Governance of ACER and ENTSOs**

BGN is of the opinion that the fundamental roles of the entities are well defined in the Third Energy Package and does not think that further legislation regarding the role of ACER or ENTSOG as well as the roles of other entities is needed. BGN would encourage NRAs to ensure that ACER is provided with the necessary resources to ensure it can properly fulfil its important role.

### **3. Which regulatory actions are most important and should be prioritized?**

Completion of the remaining framework guidelines and network codes should be a priority. We would also be of the view that monitoring of the consistency of application of the codes and the Third Package in general should be a priority.

### **4. Are there other areas where we should focus?**

- Ways of ensuring consistency and coherence between the Commission's policies and ACER's regulatory proposals in order to ensure a proper investment climate. In particular, concerning the lack of clarity of the long-term role of gas, while huge investments are required in gas infrastructures to achieve the EU internal gas market and to enhance security of supply.
- An acknowledgement that long-term capacity bookings are crucial to ensure new investments and maintain existing capacities. A refocus of the provisions of the CAM code and the Tariff Framework Guidelines towards the rewarding of long term users of the gas transmission systems is required.