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Public Consultation Questionnaire for the preliminary scoping on potential Framework Guidelines on “Rules for Trading related to technical and operational provisions of network access services and system balancing (FG RfT)”

Contact details

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Identified topics

ACER has identified the following topics that could fall within the scope of a potential FG RfT:

- Capacity products and terms and conditions of capacity contracts (limitations to free allocability and standardisation)
- Secondary capacity markets
- Virtual trading point (VTP) design/access, and hub issues
- Transparency rules
- Licensing requirements for market participants other than TSOs

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.

A1: *Yes, they are.*

Ranking:

- 1) *Virtual trading point (VTP) design/access, and hub issues*
- 2) *Capacity products and terms and conditions of capacity contracts (limitations to free allocability and standardisation)*
- 3) *Secondary capacity markets*

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.

A2: Yes, we agree. Tariff relations between different capacity products are the most important aspects for our business.

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?

A3: We don't see the need to have specific requirements regarding capacity products. Maximum flexibility should be offered to all market participants. Mainly power plants, traders, producers and storage users need the same capacity products.

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

A4: Yes, we have experience with scheme of firm / conditional firm / interruptible capacities 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 the benefit of implementing such a solution outweighs the costs? Could you provide examples of such solutions?

A5: Different types of product features could create barrier for cross-border trading because they can create uncertainty about firmness of capacity in both systems. TSO should be motivated to offer coordinated capacities with similar features via e.g. extra profit for them.

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.



A6: During the implementation and short time after full implementation of the NC CAM, the wholesale trading can be affected because of completely new set of conditions in the market and different availability of the capacity products.

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?

A7: We think that generally TSOs should be motivated to offer as much harmonized contract as possible. Compatible contract terms should be sufficient measure to achieve that.

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?

A7a: We do not see the solution in the establishment of the EU single standard contract. We think that implementation of a single standard contract established at EU level will not have such an impact on cross-border trade to outweigh the costs of its implementation.

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?

A8: No.

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)?

A9: We prefer interruptible products.

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”¹³) create any barrier to trade?



A10: No, we don't see any barrier.

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.

A11: The same units should be used at minimum, the same "gas day", OBA regimes at all borders etc.

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

A12: Different units for capacity booking (m^3/MWh), different norms (conditions) for recalculation from m^3 to MWh.

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.

A13: We would prefer non-binding guidance.

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)?

A14: Non-binding guidance would be helpful.

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?

A15: We see anonymized secondary market as a good tool.

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.?

A16: Yes.

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



A17: We cannot answer this question due to the lack of experience.

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.)?

A18: We see as a better option mandatory trading on a limited number of liquid secondary platforms as for primary capacity. Access to these platforms could be offered through more venues. In this context, we welcome a preparatory work on EFET framework agreement which should be available in coming weeks.

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)?

A19: We support establishment of a central clearing party with obligation to publish basic anonymous information, as traded volume (volume), price or price index etc. We also see the necessity to strengthen transparency in primary trading. It is more important and should be solved at first.

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.

A20: We are of the opinion that binding EU rules will be needed to achieve a progress.

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.

A21: Generally, hub operators should be independent from traders.

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?



A22: Specific obstacles are entry fees for access to hub which are newly applied in Slovak and Austrian border. Fees should be reasonable to support trade and liquidity.

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 inputs¹⁴ (e.g. trading parties, time, location of trade, trading volumes and price, etc.)-?

A23: Generally, non-standardised formats represent a barrier for cross-border trades and we support establishment of a standardised data exchange format for trading of wholesale gas products.

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

A24: The basic condition is to have enough capacities between VTPs and fair prices of these capacities. Then the organized market places establish naturally.

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.

A25: Non-binding guidance to let a room for natural market evolution.

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).

A26: We think that joint booking platforms as PRISMA offer enough transparency. We strongly appreciate to add user friendly reports in suitable electronic format.

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.)

A27: It should be only bundled capacity products offered at the borders or between hubs. We do not understand what "interruptible hub access" means.



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.

A28: *Yes, we have.*

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.

A29: *Yes, we have.*

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.

A30: *Non-binding guidance.*

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.)

A31: *We do not see it as a main problem.*

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?

A32: *Non-binding guidance.*