

## **“GTE+” FIRST CONSULTATION – IFIEC EUROPE CONTRIBUTION**

### **Introduction**

GTE has launched a consultation on GTE+ aiming at gathering stakeholders’ feedbacks on GTE+ proposals to move towards the single European gas market and to anticipate the implementation of ENTSOG.

Based on an internal analysis of the GTE+ consultation document dated 20<sup>th</sup> May 2008 (referred to as the “Document”), and on the outcomes of the Workshop held on 24<sup>th</sup> June in Brussels which two of its members were attending, IFIEC Europe would like to make its contribution by addressing some recommendations, more particularly on the priorities, the objectives and the timeframe proposed by GTE.

### **Does the program identify the correct priorities for GTE+ focus during 2008/2009 ?**

The priorities identified by GTE are all desirable to achieve the single European gas market. However, IFIEC Europe takes this opportunity to emphasize on some that are considered as absolutely necessary right now, and to rephrase them in a consumer’s perspective.

#### ***First, define clearly the consultation process***

It is absolutely necessary to have a common agreement on the rules and procedures for the consultation process, before getting into the substantive matters such as codes and guidelines. Everybody must acknowledge that all costs related to gas shipping, including capacity reservation, allocation mechanisms, congestion management, and balancing costs, are eventually charged to the end consumers, even though end consumers are most of the time not the grid users or the TSOs customers. In that respect, IFIEC Europe strongly urges GTE to define clearly and beforehand how the customers view will be taken into account in the consultation process.

#### ***Publish the data that are already available right now.***

The transparency platform is highly desirable, but by focussing mainly on the format, one might forget that it is much more important to have the data right now, whatever the format. Flows are already circulating through interconnexions and it is hard to understand why end users are currently not able to source gas from any exchange point in Europe and to have this gas easily and cost-efficiently shipped to their sites. To give an illustration, customers need to understand why there is no firm capacity available from Zeebrugge to the French border whilst there is free entry capacity in France, although the pipe is the same all the way through. This information is already available within the TSOs IT systems. The market just needs this information to be released, whatever its format. The release of this kind of information should not be postponed because we want a harmonized format that requires external specialized services that delay all the process.

#### ***Develop a European 10-year investment plan.***

IFIEC Europe strongly supports this initiative. It is a key step towards the single European gas market provided that the investments identified in the plan are realized.

Since national development plans already exist at member states levels, IFIEC Europe considers that the timeframe proposed by GTE could be significantly reduced. The consolidated plan at the European level should be produced during the first semester of 2009.

Then, IFIEC Europe wonders why this development plan should not form the basis of the TSOs investment plans, as stated in the Document. If the 10-year development plan identifies required investments, then TSOs should be committed to realize those investments.

***Improve TSOs coordination to sell capacities consistently on interconnexions, in the best interest of end consumers.***

To enable gas consumers to source gas from any exchange point in Europe and to have this gas easily and cost-efficiently shipped to their sites, and to avoid issues such as the one described between Zeebrugge and the French border, it is crucial to improve coordination between the TSOs, more particularly in terms of available capacity and type of subscription (period, firm/interruptible, nominations...).

During the 24<sup>th</sup> June workshop, it was mentioned by M. Janssen that most TSOs already offer the same shipping services. However, there are still discrepancies, more particularly in terms of balancing constraints. IFIEC Europe would also like to point out that harmonization, although highly desirable on these topics, should not lead to additional costs for the end consumers.

The process described in the Document seems rather long and complex. IFIEC Europe questions the relevance of conducting a sequential three phase program and would like to discuss this with GTE+ team members. Waiting at least until the end of 2009 to solve interconnexion issues that are of utmost importance to improve the internal gas market functioning does not seem ambitious enough.

**Are there any other priorities that should displace the priorities identified ?**

As for IFIEC Europe, as mentioned above, the most important priorities are :

- Define a clear consultation process in the best interest of end consumers;
- Publish the data that are already available right now;
- Develop a European 10-year investment plan that should form the basis for the TSOs investment programs;
- Improve TSOs coordination to sell capacities consistently on interconnexions.

All these issues should be analysed and solved in order to benefit to the end consumers.

**Are the objectives and deliverables associated with each plan realistic ?**

In terms of timeframe, IFIEC Europe would like to make the following comments.

- The schedule of ENTSOG organisational development will have to be aligned with the 3<sup>rd</sup> Directive requirements.
- Data should be published right now, there is no need to wait for the transparency platform to be operational.
- The winter outlook needs to be published before October, preferably before the end of June.
- The consolidated European 10-year investment plan should be published during the first semester of 2009.
- The process on capacity coordination is much too long. Most of the work could be done before the end of 2008.

**If delivered in a timely and responsive manner would the programme defined in this document constitute a significant step towards the development of the internal market ?**

The program will constitute a significant step towards the development of the internal market provided that :

- Data are actually published on a timely manner, more particularly on nominations and flows.
- Investments are actually done based on the 10-year Development Statement.

IFIEC Europe expects strong commitments from TSOs on these items.

**Do respondents have any additional comments or remarks to make ?**

IFIEC Europe would like to stress once more on the fact that all the actions described in the Document must be done keeping in mind the interest of the end consumer. In the end, all the costs to ship gas from one point to another and all the extra costs incurred by any kind of inefficiency in the system will be born by the end consumer, even though end consumers are most of the time not the grid users or the TSOs customers.

**Would you like to meet with GTE members to discuss the development of ENTSOG consultation and development processes ?**

IFIEC Europe would like to meet with GTE members to comment and discuss this contribution before the release of GTE+ final report .