

From: Baerts M.-P. [<mailto:mpbaerts@febeliec.be>] **On Behalf Of** Claes P.
Sent: maandag 22 oktober 2012 11:20
To: Van Hauwermeiren, Geert
Cc: Claes P.
Subject: Consultation on cross border gas flows - response Febeliec

Consultation on cross border gas flows - response Febeliec

Dear Geert,

Please find attached a response from Febeliec to the consultation on cross border gas flows.

Question 1: What are your views on the economic efficiency of cross-border gas flows between GB, Belgium and the Netherlands? How important do you consider this review into cross-border flows to be?

First of all, Febeliec would like to thank the different regulators for this initiative. The consultation document clearly shows significant improvements are possible for the use of the different interconnectors. For Febeliec and industrial consumers in general, an efficient and optimal use of interconnection capacity is vital for an optimized market functioning and further market integration, two clear goals of the European energy policy. Febeliec would therefore also like to invite the CREG and the other concerned regulators to extend this analysis to the use of interconnectors with France and Germany.

Question 2: What is your experience with cross-border gas trading between GB, the Netherlands and Belgium? What, if any, are the key barriers to economically efficient gas trades happening across our borders? Please provide any evidence or analysis that would contribute to our understanding of the observed behaviour of cross-border gas flows.

Industrial consumers have little experience with cross-border trading, since the organization of the gas industry in Europe led to a situation where most of the time shippers take care of the gas supply. As a first step to improving efficiency, Febeliec would like to insist on the full implementation of the 3rd energy package.

Question 3: How could current market arrangements be improved so that they better promote the objectives of promoting a competitive internal market, eliminating restrictions on cross-border trade in gas and enhancing the integration of national markets as well as security of supply? In your response, please specifically refer to a) IUK, b) BBL, c) the adjacent market arrangements and d) whether more common arrangements are needed where relevant and possible.

See answer to question 2.

Question 4: Should we try to proceed with minimum necessary changes or should the regulators be looking more holistically at a wider review of arrangements that may present barriers? Should we be considering piloting some deeper regional integration or joining initiatives that are already going on in Europe?

The full implementation of the 3rd energy package should lead to significant improvements in the allocation mechanism, congestion management mechanism and, overall an optimal use of the existing capacity. If any further changes are needed, it would have to be evaluated after the implementation of the 3rd package.

Question 5: What process may help us to achieve the best outcome? What role should regulators, market parties and TSOs have in this process? How would it interact with pan-European policy initiatives?

End consumers are available to contribute to future improvements of the use of interconnectors. In the coming years, direct access to the interconnectors will be made more easy for end consumers, which would allow them to increase their experience with this issue. As for interaction with pan-European policy initiatives, Febeliec accepts further development of regional initiatives to the extent that they do not hinder the integration of a single European market in the longer term.

Many thanks,
Kind regards,

*Peter Claes**

on behalf of Febeliec

Federation of Belgian Industrial Energy Consumers

Diamant Building

Bld A. Reyers, 80

B-1030 BRUSSELS

☎ +32 496 59 36 20

febeliec@febeliec.be

www.febeliec.be

* acting as Manager of Eenergy VOF, General Manager of Febeliec

Febeliec represents the industrial consumers of electricity and natural gas in Belgium.