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Dear Colleagues,

EconGas GmbH would like to take the opportunity to respond to the consultation on CMP measures to be implemented on the BBL pipeline system. Before providing our view on the specific questions in the consultation document, please let us share some general thoughts on the issue.

Firstly, in our view regulation EC 715/2009 and in particular amendment decision from 24/08/2012 clearly state that ALL of the CMP measures listed shall be implemented by European (i.e. EU) transmission system operators. In this respect, we would support that the current consultation not only opts for implementing OSBB and FDA UIOLI mechanisms. In order to be in line with abovementioned regulation, surrender of capacity (2.2.4) and long term UIOLI mechanisms (2.2.5) will also have to be in place and should therefore be covered. Regarding this, we consider the following elements as actually more beneficiary to mitigate contractual congestion than the suggested OSBB and FDA UIOLI schemes.

- Surrender of capacity:
 - o Results in the potentially largest amount of capacity being freed up on a longer term (and also shorter term) basis. Flexibility on a shorter term basis is easier to create without applying potentially costly measures such as OSBB.
 - o Shippers do not suffer from intrusion into contractual rights as surrendering is done on a voluntary basis.

- TSOs will benefit from the highest degree of certainty regarding long term capacity and availability planning.
- Long term UIOLI:
 - The introduction of long-term UIOLI results in extensive implications on shippers capacity rights. As a result, shippers with long-term contracts might face uncertainties in transportation portfolio planning and unavailability of own capacity. When implementing such measure these consequences should therefore be absorbed by a termination right for existing long-term contracts.

Apart from this, we would also like to take the opportunity to communicate our position regarding the specific questions set out in the consultation document.

- 1) *Which of the potential options – OSBB or FDA UIOLI – do you prefer – why?*
- We see that the higher potential for capacity being made available on a short term basis, especially on BBL, can be reached by applying the FDA UIOLI mechanism. However it has to be argued that this mechanism clearly has the potential to generate additional profit for the TSO as some capacity is sold (and paid for) twice.
 - The potential and effectiveness of an OSBB scheme cannot be evaluated at this stage, as there is no indication provided what the TSO will deem as “insufficient offer”. There is also no indication offered to at which level the starting price of the OS auction will be set.
 - OSBB can also not be judged appropriately at the moment as the “pot” solution is not defined at all. Respectively, we cannot identify how the socialization of the pot will work (in both positive and negative directions). Will the whole bulk of shippers (regardless of an active participation in the scheme) have to pay a socialized fee if the TSO loses from the OSBB scheme. The latter would not be acceptable for us even though it would mean that shippers will be remunerated in case the TSO generated profits from the OSBB scheme.
 - The idea of all shippers being interrupted pro rata is not supported by EconGas. Although a financial refund is envisaged, it seems unreasonable that all shippers are interrupted just because the TSO sold excessive (firm) capacity. It limits capacity planning and might lead to profit loss in times of high market spreads and thus capacity demand.
 - We would also like to add that the OSBB scheme only makes sense if the auction schedule is harmonized with adjacent TSOs’ day-ahead auctions, as additional exit/entry capacities in NL/UK may be required.
 - In general, under the current BBL tariff structure (short term is very expensive) both measures will not have an impact as there is no market for additional short term capacity.



- 2) *Which of the potential options discussed in this document would provide the greatest flexibility that you are seeking in flowing gas from the NL to the UK, subject to requirement of the CMP guidelines?*
- As already mentioned above, the greatest level of flexibility for shippers will be created by long-term capacity surrender possibilities. This would imply that potential bidders on the day-ahead market know sufficiently beforehand how much capacity will be available.
- 3) *Do you agree with the advantages/disadvantages presented?*
- Especially the advantages/disadvantages of the OSBB scheme cannot be judged at the moment, as the design and details of the scheme are too little elaborated.
 - The FDA UIOLI scheme does not guarantee that there will be firm capacity available (considering all existing shippers nominate 100% of their capacity at a full degree of contractual congestion).
- 4) *How would you value the potential threat of curtailment under an OSBB mechanism with a pot, relative to the potential loss of flexibility due to restriction of renomination rights under the FDA UIOLI mechanism?*
- The OSBB scheme and its possible impact on day-ahead flexibility cannot be properly evaluated at the moment as there are too many uncertainties (product prices, quantities, "pot" size).

EconGas GmbH would be happy to be informed about any further consultations regarding market developments on the BBL pipeline. In case there is need for additional feedback or should you have further questions, please contact Mr. Alexander Frank (alexander.frank@econgas.com; tel: +43 (0) 50205 8416).

With best regards,
EconGas GmbH