



Annex 1 – Response to CRE Consultation

Q7 – Are you in favour of an implementation of the oversubscription and buy-back scheme as from 1st October 2013 with a temporary simplified buy-back mechanism

We note that an interim solution for the buy-back mechanism is proposed. Since the buy-back mechanism is not based on willingness to pay, but -for the time being- on a pro-rata approach it is neither a buy-back nor a market based mechanism which provides “financially firm” capacities. The proposed buy-back has a negative effect on all firm capacities, irrespective of whether they have been already contracted before the introduction of the overbooking and buy-back mechanism or thereafter. Therefore, all firm capacities can potentially be bought back by the TSO for a price lower than the real willingness to pay. In essence, this turns all firm capacities commercially in interruptible capacity. Furthermore, since a pro-rata buy back is implemented, small shippers with less flexibility in their portfolio may value the capacity at one single IP higher than shippers with a larger portfolio and more flexible sources of gas. Additionally, in case of a bundled product, the corresponding entry- or exit contract is directly affected as well.

Q10 – Do you agree with CRE’s orientation concerning the triggering of the buy-back by the TSO on an IP depending on the alignment of the firm commercialized capacities on each side of an IP?

As long as unbundled capacity products are marketed, there is no problem with a one-sided buy-back of capacity. However, once bundled capacities are offered, the TSO which needs to buy-back capacity due to a physical problem is required to buy-back both parts of the bundled product.

We agree that co-ordination between adjacent TSOs is necessary to establish an electronic platform for buying back the capacity. In this regard we would propose to take into account already established platforms to ensure a one stop-shop for capacity buying and capacity buy-back.

Q12 – Do you agree with CRE’s proposal not to early implement the day-ahead UIOLI mechanism at the IP Obergailbach?

We acknowledge that there is no legal obligation to implement the day-ahead UIOLI mechanism by October 2013. At the same time there is the possibility to already implement the mechanism before 2016. Both, the overbooking and buy back mechanism as well as the day-ahead UIOLI mechanism are therefore equivalent measures in a legal sense.

In order to provide the market with (bundled) firm day-ahead capacity it may be possible to combine the proposed overbooking and buy-back mechanism with the firm-day ahead mechanism at the IP Medelsheim-Obergailbach. We consider it important that the TSOs ensure consistent application when applying both mechanisms and especially when offering bundled capacities. This would may make it possible to offer a firm daily capacity product in both directions. At the same time several aspects need to be discussed in detail.

Furthermore, we suggest to also take into account small shipper portfolio's (cf. answer to Q7) and suggest to exempt small shipper portfolio's holding less than 10% of total capacity in line with the CMP guidelines Art. 2.2.3.5 from the buy-back procedure to the extend the TSO is able to ensure system stability without pro-rating these portfolios.