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Commission de regulation de l'énergie (CRE)
Direction de la communication
15, rue Pasquier
75379 Paris Cedex 08
Sent by email to: dr.cp6@cre.fr

August 15 2018

Dear Sir/Madam,

Gazprom Marketing & Trading Limited (GM&T) feedback on CRE public consultation n° 2018-010 of July 2018 concerning the terms for marketing natural gas storage as of October 2018

Thank you for inviting our feedback on your proposal to the interim and final storage regime. In this letter we set out our views on your proposals:

Question 1. What is your feedback on the March 2018 auctions?

We believe they were successfully managed given the short lead time and sales window. We believe capacity should be offered as frequently and as soon as possible.

Question 2. Are you in favour of CRE's proposal concerning the maximum number of products that can be offered by each operator?

We do not believe there should be any limits to the different kinds of products that storage operators can offer, in so far as there are at least 5 working days' notice. We believe storage operators should have the freedom to learn from and adapt to the market in order to maximise the attractiveness of their products, increasing the probability storage will sell out at the highest possible price.

Question 3. Are you in favour of CRE's proposal concerning unsold capacities and short-term products?

We do not see the point of having such constraints. Storage operators should have the freedom to change their products in response to market needs, with the objective of maximising sales and auction revenues. Particularly, if insufficient products have not been sold by March 1, this could be a sign that different products are required.



Question 4. Are you in favour of renewing the auction rules of March 2018 for future commercialization?

GM&T are very satisfied with the current format. It is simple and quick. Multiple round auctions require too many resources and the gains are minimal. We would expect proof that multiple rounds do actually benefit shippers.

Question 5. Are you in favour of the proposed slots for the auction days?

Yes.

Question 6. Are you in favour of the envisaged publication modalities?

Yes.

Question 7. Are you in favour of maintaining the two separate auction platforms, as long as their terms of use are harmonized?

We agree the gains are minimal and harmonised terms and conditions would help achieve the same objective. We would like to see Storengy allow shippers to amend their bids online, without needing to call them.

Question 8. Are you in favour of a zero reserve price for auctions of storage capacities marketed for N + 1, excluding storage of gas B?

Yes.

Question 9. Are you in favour of marketing storage capacities for N + 2 to N + 4?

Yes.

Question 10. Are you in favour of keeping at least 50% capacity to market for N + 1?

We do not believe so much forward storage will be sold due to market risk and regulatory risk. Nevertheless, we do not see a problem with storage operators' proposals.

Question 11. Are you in favour of keeping at least 20% capacity to market for January and February for capacity injected from April?

Yes.

Question 12. Are you in favour of the reserve price formula proposed by CRE for marketing capacity for N + 2 to N + 4?

We prefer option A due to the simplicity of the formula.



Question 13. Do you support the proposed auction schedule for 2019-2020 capabilities?

Yes.

Question 14. Are you in favour of setting the annual auction schedule as of March 1, 2019?

Yes.

Question 15. Are you in favour of the limit of 10 TWh in total per auction day, excluding storage of gas B?

We prefer the 15 TWh per day limit as it gives the SSO more flexibility to choose how much to offer to the market, particularly in the latter stages of the sale season.

Question 16. What annual calendar do you want (including the number and periods of wickets per year, the number of weeks per wicket, the number of days per week of auction)? Are you in favor of separate wickets between the marketing of capacities for N + 1 and those for N + 2 to N + 4?

We prefer Option B. The offering of storage for N+1 is by far more important and the other years, and should be offered as frequently as possible.

Question 17. What is the deadline for operators to publish the precise auction schedule (products, quantities) that you think is preferable?

At least five working days

Question 18. Are you in favour of the proposed marketing methods for the B gas storage capacities?

No Comment.

We hope these comments are useful. We are very happy to arrange a meeting to discuss further.

Yours sincerely,

Francisco Gonçalves

Regulatory Affairs