

Gas Storage - Legal Framework

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ECRB Workshop on Gas Market Models
16 November 2011, Vienna

Agenda

- **3rd Package**
- GGPSSO on CAM and CMP

3rd Package

- **Unbundling of SSOs - Article 15 Directive 2009/73/EC**
- **Third Party Access Regime – Article 33 Directive 2009/73 EC**
- **Transparency - Article 19 Regulation 715/2009**

Legal Unbundling SSOs

Exploration/Production

Supply

Unbundling

Storage

Legal Unbundling SSOs

- SSO being part of a vertically integrated company (VIC):
legal and organizational (even including power of decision) unbundling from business parts not comprising transmission, distribution and storage
- In the VIC, the employees responsible for storage are not allowed to be responsible for production and supply
- Power of decision concerning assets, necessary for operating, maintaining and developing storage
- Compliance officer is responsible for monitoring compliance and providing yearly report to NRA including measures to avoid discrimination

3rd Package

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- **Third Party Access Regime – Article 33 Directive 2009/73 EC**
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Article 33 Directive 2009/73/EC

Member States/regulatory authorities assess on the basis of criteria which access regime (negotiated or regulated) is most suitable

Monitoring Report on Article 33 Directive 2009/73/EC

- suggested goal and approach
 - questionnaire to NRAs to monitor the status quo of the implementation of article 33
 - identify the different criteria that are used to determine the access regime
- value for CEER members: status review can be used to assess the national criteria
- European Commission appreciates this monitoring as a valuable contribution and requests to present the results during next Gas Regulatory Forum (March 2012)

Case Study – Austria

TPA regime

- Competition test by E-Control
 - Assessment of the situation on the Austrian flexibility and storage market (competition level, price comparisons, products on offer, market concentration)
- Market participants were invited to communicate their views on the following questions:
 - Do you consider that there is sufficient flexibility available to all market participants in Austria?
 - Can all market participants use flexibility tools at reasonable cost?
 - Do you consider that there is effective competition on the Austrian storage market?
 - How could the access regime be improved?
 - Will the Austrian storage market develop competitiveness in the future?

http://www.e-control.at/en/market_players/natural-gas/natural-gas-market/storage

Case Study - Austria

TPA regime

Key findings:

- for most Austrian market players: storage the only relevant and economically feasible flexibility mechanism
- TPA rules and CAM failed to secure non-discriminatory access
- lack of appropriate and transparent CMP
- currently no effective competition on the Austrian storage market
- lack of competition should be addressed by way of clear and binding access rules (CAM and CMP)

Conclusion:

- the design of a new storage access regime should focus on rules for CAM and CMP
- regulating storage prices does not currently seem to be necessary

Case Study - Austria

TPA regime

- Ministry (BMWFJ) is able to impose rTPA via regulation with regards to:
 - Methods to set storage tariffs and/or
 - General terms and conditions and/or
 - Capacity allocation mechanisms
- Ministry's decision on imposing rTPA to be based on
 - a report done by E-Control:
 - Assessment of the situation on the Austrian flexibility and storage market (competition level, price comparisons, products on offer, market concentration)
 - Possibility for SSOs to communicate their position
 - At least every 3 years, or requested by SSO or storage user

Case Study – Austria

Tariff Setting under nTPA

- Tariffs (set on the basis of GTC) must ensure equal treatment
- Publication of calculation principles once a year and in case of changes
- If tariffs for a storage service exceed EU average by 20%, then E-Control sets cost basis for tariffs per decree
- Changes in storage tariffs to be notified to E-Control in advance

Case Study – Austria

Tariff Setting under rTPA

- E-Control must approve methods for tariff calculation:
 - Cost base
 - Other elements, based on contractual capacity use
- Methods can foresee market-based tariff setting (i.e. auctions)
- Principles to be respected:
 - Facilitate efficient gas trading and competition
 - Avoid cross subsidies
 - Provide incentives for investments
- Methods are subject to consultation with users prior to E-Control approval
 - Do not exceed EU average for comparable product by >20%
 - Price comparison to be made by SSOs
 - E-Control can require changes/new methods

3rd Package

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CEER Work Programme 2012

- Monitoring of implementation of transparency rules according to Article 19 Regulation
 - Compliance of SSOs with 3rd Package
 - Stakeholders' experience about the appropriateness of the rules in place for transparency
- Work start: Beginning 2012

- **"Energie-Control Austria Interpretative Note on Transparency Requirements and Third-Party Access Services Concerning Storage Facilities"**
 - Note interprets and details relevant provisions
 - aim to provide storage customers with information to take decisions
 - E-Control entrusted (by E-Control Act) with monitoring compliance of the market participants with all tasks assigned to them by E-Control Act or by way of directly applicable EU law
- ➔ End of consultation: 15th Nov. 2011

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Capacity Allocation Management

- Transparency
- Consultation with market
- Compatibility
- Combined Products
- Balancing Market
- Open Subscription Period
- CAM depending on result OSP
- Monitoring of capacity allocation conditions

Congestion Management Procedures

- Standardisation of Secondary Markets
- Standardisation of Terms and Conditions
- Renomination and unused capacity
- Dynamic Capacity Calculation
- Optimal use of storage and corresponding products
- Information on non-nominated capacity
- Transfer of Working Gas
- Pricing methods
- Aggregation and overcoming technical constraints

The background of the slide is a light blue gradient. On the left side, there is a faint, semi-transparent image of a high-voltage electricity transmission tower. On the right side, there is a faint, semi-transparent image of a gas stove burner with blue flames.

THANK YOU

FOR

YOUR ATTENTION !

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<http://www.energy-regulators.eu/>