



EREG Report on Monitoring the implementation of the Guidelines for Good TPA Practice for Storage System Operators (GGPSSO)

Ref. E05-STO-06-03

2005-09-07

1. Executive Summary

Introduction

On 18 March 2005, ERGEG presented the Guidelines for Good TPA Practice for Gas Storage System operators (GGPSSO) to the European Commission. The GGPSSO were accepted by all interested parties for implementation from 1 April 2005. The Guidelines were developed through extensive and transparent public consultation. The GGPSSO are designed to set out the **minimum requirements** for the provision of storage services in line with the Directive 2003/55/EC (the Gas Directive).

The European Commission asked ERGEG to monitor implementation of the GGPSSO. ERGEG has prepared an initial monitoring report, based on questionnaire responses received from National Regulatory Authorities (NRAs), Storage System Operators (SSO) and storage users. This report will also be presented at the Madrid Forum on 15-16 September 2005. A final report will be issued later in the year.

ERGEG received 39 questionnaire responses from SSOs representing around 87% of the storage working capacity in the EU. 33 questionnaire responses were received from storage users. All non-confidential responses are available on the ERGEG website (www.ergeg.org).

Initial results

The availability of access to storage plays a key role for the development of gas to gas competition in Europe. In a predominant number of cases, storage still represents the major flexibility instrument for suppliers. Especially for new (smaller) suppliers the availability of flexibility instruments is a prerequisite for entering a market. It is therefore important that there is a level playing field in all Member States with regards access conditions to storage services and facilities.

The initial results of the monitoring indicate that progress has been made in implementing the GGPSSO and improving access conditions for users. Some of the requirements of the GGPSSO have been implemented by a number of SSOs but there are significant areas where implementation is not so good - in particular for transparency and the development of secondary markets.

There is not sufficient transparency relating to the provision of operational data – particularly for aggregated inflows and outflows of gas. The majority of SSOs consider that they are exempted from publishing this information as they have less than 3 users; or because of commercial confidentiality; or IT issues. In addition, SSOs have not consistently notified NRAs where it has not published specific data. The publication of the main commercial conditions, which is required by the Gas Directive, does not appear to have been implemented in some cases.

The development of secondary markets has not been satisfactory. A majority of SSOs have not put in place bulletin boards and not all SSOs allow the secondary trade of unbundled services.

The responses from storage users – particularly those that are not affiliated in some way to an SSO – also highlight significant concerns regarding the implementation of the GGPSSO.

Some storage users consider that the full menu of services required by the GGPSSO are not being offered by all SSOs. A number of storage users, which are not part of an integrated company including an SSO, indicated that they are not consulted effectively on the services offered. Some users are also critical of the capacity allocation mechanisms used by SSOs.

Most storage users are critical on the level of transparency of information provision including that it is not always published in a user-friendly way. Storage users interested by secondary trading indicate that while trading is sometimes possible in theory, it is impossible in practice because of the lack of liquidity of this market.

The majority of SSOs only have a small number of users – only Centrica Storage Limited (UK), Stogit (IT) and Enagas (SP) have more than 10 users. All other SSOs, have on average 3 to 5 users.

The problems of access to storage are compounded by the fact that, in many Member States, there are not alternative flexibility tools that can be used by market participants. This raises significant concerns regarding the efficiency and effectiveness of these markets.

ERGEG's final conclusions, including next steps, will be published later in the year after taking account of the views of stakeholders. This final report will set out which SSOs comply overall with the GGPSSO.

The DG TREN report on the implementation of the internal gas market and the sectoral review of energy being carried out by DG Competition may also raise issues relating to access to storage. Together with ERGEG's work on monitoring implementation of the GGPSSO, the European Commission will need to consider what is required to ensure that access to storage facilities and services are provided on a fair and non-discriminatory basis including the necessary competencies for National Regulatory Authorities (NRAs).

2. Introduction

The Guidelines for Good TPA Practice for Gas Storage System operators (GGPSSO) presented by ERGEG came into effect on 1 April 2005. The Guidelines were developed through extensive and transparent public consultation and are aimed at setting out the **minimum requirements** for the provision of fair and non-discriminatory access to storage facilities and services in line with the Gas Directive¹.

Although the Gas Directive establishes responsibility for national regulators to monitor storage access conditions (Article 25.1.f), the European Commission requested that ERGEG monitor implementation of the GGPSSO.

Method

To take this work forward, the ERGEG Storage Task Force (led by CRE and AEEG)² developed questionnaires for:

- National Regulatory Authorities (NRAs);
- Storage System Operators (SSOs); and
- Storage users.

Responses from NRAs

There are storage facilities in 15 EU Member States and responses were received from the respective NRAs in each of these countries. ERGEG also received a response from the Romanian NRA.

Responses from SSOs

ERGEG received 39 responses from SSOs:

- 36 responses from SSOs operating storage facilities in the EU, which represent approximately 87% of the working gas capacity in the EU;
- 3 responses from Romanian SSOs.

¹ In accordance with Articles 2(9) and (19) of the European Directive 2003/55/EC (the Gas Directive).

² The French and Italian regulatory authorities.

Some of the German SSOs contacted by their national regulatory authority (before it was officially established as the gas and electricity national regulatory authority when new legislation came into force) declined to respond to the questionnaire, for the following reasons:

- GVS and IVG consider that they are not SSOs and that the questionnaire does not apply to them;
- Enercity and RWE DEA explained that they would submit a response later – not received to date.

EWE's response was only received in August and will be taken into account in the final EREG report.

Responses from storage users

EREG received 33 responses from storage users including new entrant companies and those that are affiliated in some way to SSOs.

All non-confidential responses, including those of the NRAs, are available on EREG's website³ - a list of respondents is in Appendix 2.

a. Purpose of this document

The purpose of this document is to set out **EREG's initial results** on monitoring implementation of the GGPSSO. EREG's final report will be published later in the year after it has taken account of the views of stakeholders.

The structure of this document follows that of the GGPSSO although there is also a background section (Chapter 3) on the EU gas storage market:

- Chapter 4 – Roles and Responsibilities of Storage System Operators;
- Chapter 5 – Confidentiality Requirements;
- Chapter 6 – Necessary TPA Services;
- Chapter 7 – Storage Capacity Allocation and Congestion Management;
- Chapter 8 – Transparency Requirements;
- Chapter 10 – Secondary markets;
- Chapter 11 – Implementation of other GGPSSO requirements (those required by 2006).

³ www.ereg.org.

Monitoring the “tariff structure and derivation” requirements within the GGPSSO is beyond the scope of this report. Some information on tariffs is presented in Chapter 2 (Background on the EU gas storage market) and in Chapter 7 (Transparency requirements).

The report does not provide a detailed assessment on the effectiveness of particular access arrangements at each storage facility – but rather takes a European wide perspective on the extent to which the GGPSSO has been implemented.

Only actual implementation is looked at in this report (i.e. responses from SSOs referring to “plans” and “intentions” are not included).

b. Responding to this document

ERGEG invites interested parties to comment on this document including the implementation assessments at the end of Chapters 4 to 10.

Responses should be received by **7 October 2005** and sent to:

Una Shortall
Secretary General
CEER Secretariat
Rue le Titien 28
1000 Brussels
Belgium

Or by e-mail at : gasstoragemonitoring@ceer-eu.org

Unless marked as confidential all response will be published by placing them on the ERGEG website. If there is anything confidential please include it in a separate annex to your main response. It would be helpful if responses could be submitted electronically.

3. Background – overview of storage markets and regulation in the EU

The following table presents the working storage capacity⁴ for each Member State (as provided by ERGEG members)⁵.

Working capacity in the EU

Country	EREG member	Working capacity (bcm)
Germany (DE)	BNETZA	19.1
Italy (IT)	AEEG	12.8
France (FR)	CRE	11
Netherlands (NL)	DTE	5
United Kingdom (UK)	OFGEM	3.5
Hungary (HU)	HEO	3.4
Austria (AT)	E-Control	2.5
Latvia (LV)	PUC	2.3
Czech Republic (CZ)	ERU	2.1
Spain (SP)	CNE	2.1
Slovak Republic (SK)	RONI	1.7
Poland (PL)	ERO	1.3
Denmark (DK)	DERA	0.8
Belgium (BE)	CREG	0.7
Total EU working capacity		68.3

Article 19 of the European Directive 2003/55/EC (the Gas Directive) requires that all Storage System Operators (SSOs) provide fair and non-discriminatory Third Party Access (TPA) to their facility (unless an exemption has been granted under Article 2(9)), when technically and/or economically necessary for providing efficient access to the system for the supply of customers.

There is therefore a legal basis for TPA to storage in all EU countries with storage capacity. However, in some countries (e.g. Poland) national legislation to transpose the Gas Directive was passed only recently, which means there is limited experience of TPA to storage.

In some other Member States, the regulatory framework has recently been reviewed or will be changed in the near future:

- Belgium - the law transposing the Gas Directive was passed in June 2005 and contains some important provisions with regard to access to storage;
- France - a decree on storage capacity allocation is in preparation;
- Hungary - a decree on storage secondary markets is also expected;

⁴ Capacity used for storage purposes.

⁵ Where an ERGEG member is not listed this is because there is no working storage capacity in that country.

- Spain - secondary markets are not allowed by national legislation but this is expected to change in 2006.

The Gas Directive leaves Member States with the option of whether a negotiated and/or regulated TPA regime should be implemented for storage. As a result, access regimes vary across the EU.

In Belgium, Italy and Spain, **access** to storage is almost entirely regulated (tariffs, terms and conditions and storage capacity allocation is regulated by the relevant NRA), whereas in Austria, Denmark, France, Germany and the Netherlands, access to storage is negotiated. In the other countries - Czech Republic, UK, Hungary, Latvia and Poland, access to storage is partially regulated (either terms and conditions and/or storage capacity allocation and/or tariffs).

Tariffs are negotiated (or ex post regulated) in the following countries: Austria⁶, Czech Republic, Denmark, France, Germany, Hungary, Netherlands, Slovakia and UK. In Belgium, Hungary, Latvia and Poland tariffs are proposed by the company and approved by the relevant NRA.

SSOs included in the monitoring exercise

This monitoring report covers 32 SSOs across the EU.

7 SSOs responded but are not included in the main report either because their facility is not subject to TPA, they are not part of the EU or the facility is not yet operational (a summary of their responses is included for information in Annex 1).

Information on technical storage capacities⁷, available storage capacities⁸ and numbers of customers (provided by the 32 SSOs included in the scope of the monitoring exercise) is in the table below.

⁶ The NRA however is empowered to fix which cost components have to be used to calculate tariffs.

⁷ Technical storage capacity is the maximum storage capacity (injectability, deliverability and space) that the SSO can offer to storage users, excluding storage capacity for SSOs operational needs (GGPSSO Annex).

⁸ Available storage capacity means the part of the technical storage capacity that is not contracted or held by storage users at that moment and still available to the storage users for firm and interruptible services, and is not excluded from TPA under Article 2(9) of the Gas Directive (GGPSSO Annex).

Information on SSOs⁹

Name of SSO	Country	Technical capacity (bcm)	Available capacity	Number of system users who own capacity rights
Stogit	Italy	12.5	no	34
Gaz de France	France	8.8	no	Confidential
E.On Ruhrgas	Germany	5	yes	<3
Wingas	Germany	4.2	yes	>3
MOL	Hungary	3.4	no	3
CSL	United Kingdom	3.2	no	39
Latvijas Gaze	Latvia	2.3	no	4
TIGF	France	2.2 (estimation)	yes	4
VNG	Germany	2.1	Confidential	1
RWE Transgas	Czech Republic	2.1	Confidential	1
Enagas	Spain	2.1	no	12
OMV Gas (OGG)	Austria	1.8	yes	5
NAFTA	Slovak Republic	1.7	no	Confidential
NAM	Netherlands	1.4	yes	4
BEB	Germany	1	no / Confidential ¹⁰	3 - 5
DONG D&S	Denmark	0.8	yes	5
RAG	Austria	0.7	yes	4
Fluxys	Belgium	0.7	no	3 (including TSO)
RWE Energy & KST	Germany	0.6	yes	<3
GdF E&P (DE)	Germany	0.5	no	3
BP	Netherlands	0.3	yes	0
SSE	United Kingdom	0.3	no	7
Edison Stoccaggio	Italy	0.3	no	8 (including TSO)
Bayerngas	Germany	0.3	Confidential	<3
Avacon	Germany	0.09	Confidential	<3
swb Netze	Germany	0.09	no	1
Gas Union	Germany	0.08	no answer	<3
EEG	Germany	0.06	no	<3
SW Kiel	Germany	0.05	no	<3
Thüringen Gas	Germany	0.05	no	4
E.On Hanse	Germany	0.05	confidential	<3
Gasag	Germany	not known	no answer	<3

⁹ As provided for by SSOs in their responses to the questionnaire. Date of reference: 1 April 2005. Some SSOs maintained some information as confidential under GGPSSO 6.2. GdF E&P (DE) has explained that under mining law it is responsible for the technical management of some underground storage facilities in Germany which have been established as mineral oil and storage sites. Therefore, the responses of GdF E&P (DE) to the GGPSSO questionnaire refers to its role as technical operations manager under mining law. Gasag (DE) was not able to answer certain questions. This is because an accident at one of the probes sites of the Berlin storage facility means there has been there is a lack of operational data. EWE answer, received late, will be integrated in the final document.

¹⁰ BEB revealed information on capacity only for Harsefeld facility and not for Doetlingen and Uelsen.

Legal status of the SSOs included in the scope of the study

The 32 SSOs covered in this report can be classified as follows:

- For 20 SSOs, **there is no legal separation between the SSO and other gas businesses of the overall company** including production and/or supply activities: Gaz de France (FR), E.On Ruhrgas (DE), Wingas (DE), Latvijas Gaze (LV), VNG (DE), RWE Transgas (CZ), NAFTA (SK), NAM (NL), RAG (AT), RWE Energy & KST (CZ), GdF E&P (DE), Bayerngas (DE), Avacon (DE), swb Netze (DE), Gas Union (DE), EEG (DE), SW Kiel (DE), Thüringen Gas (DE), E.On Hanse (DE) and Gasag (DE);
- 8 SSOs are separate from other gas activities of the overall company, at least in their legal form. However, the gas supplier or producer wholly owns or has a significant stake in the SSO:
 - 6 SSOs are 100% owned by a gas supplier or producer, including Stogit (IT), MOL (HU), CSL (UK), DONG D&S (DK), SSE (UK), Edison Stoccaggio (IT);
 - BEB Speicher (referred to as BEB in this report) (DE) is 100% owned by BEB. BEB also has a 100% stake in a gas transmission company. BEB is a 50/50 JV between Esso and Shell. Both companies are involved in gas marketing activities in Germany;
 - BP (NL) is the operator (therefore the SSO) of the Alkmaar Storage facility (which is owned by three partners: BPNE, Petro-Canada, Dyas). BP is a gas producer and supplier.
- 4 SSOs **operate as a “combined operator”** in the sense of Article 19 of the Gas Directive. The combined SSO and TSO is separate, at least in its legal form, from other gas businesses of the overall company:
 - Enagas (SP) is the Spanish TSO and SSO. Gas Natural (main gas supplier in Spain) has a minority stake in it;
 - TIGF (FR) is a wholly owned subsidiary of Total. Total has also set up Tegaz (100% owned) in order to develop gas supply activities;
 - OGG (AT) has a 50% stake in EconGas, the main gas supplier for large customers in Austria;
 - Fluxys (BE) is owned by the same shareholders as Distrigas, the main gas supplier in Belgium.

Storage capacities are sometimes contracted on long term basis, even though there are exceptions to such a practice (e.g. Italy). According to a consumer association “*some storage operators still claim to be 100% sold out for many years, in at least one case for more than the next 20 years*”.

4. Roles and responsibility of Storage System Operators

Most SSOs covered in this monitoring report appear to be controlled by a gas producer and/or supplier and can be considered as part of a “vertically integrated company”¹¹. Therefore, monitoring that they act in accordance with the principles of non-discrimination, transparency and competition is particularly important for these companies – although it is also relevant for companies that are “independent”.

Paragraph (1.3) of the GGPSSO requires that...*“In the case of a SSO being part of a vertically integrated company, the SSO should draw up a document setting out all the terms and conditions relating to storage use by the affiliate company to be made available to the relevant national regulatory authority upon request by 1 September 2005”*.

The Gas Directive does not provide that SSOs shall be legally unbundled from other gas supply and/or production of the company. The GGPSSO do require that terms and conditions related to storage use by an affiliate company are set out in a document – so that the relevant national authority is able to monitor that these terms and conditions are not discriminatory.

22 SSOs claim to have implemented that requirement:

- 13 SSOs, not legally unbundled from a gas producer and/or supplier: Gaz de France (FR), E.On Ruhrgas (DE), Wingas (DE), VNG (DE), RWE Transgas (CZ), RWE Energy & KST (DE), Avacon (DE), swb Netze (DE), Gas Union (DE), EEG (DE), sw Kiel (DE), Thüringen Gas (DE), E.On Hanse (DE);
- 9 SSOs separate at least in their legal form from other gas supply and/or production activities conducted by their affiliate, or part of a combined operator, Stogit (IT) MOL (HU), CSL (UK), TIGF (FR), OGG (AT), DONG D&S (DK), Fluxys (BE), SSE (UK), Edison Stoccaggio (IT);
- some SSOs (e.g. CSL) confirmed in the questionnaire that such documents exist;
- for other SSOs, the relevant national regulatory authority receives a copy of all storage contracts and is therefore able to monitor that the non-discrimination requirement is met (i.e. CRE for TIGF, E.Control for OGG, DERA for DONG D&S) or has confirmed that there is a code or some other comparable document (Stogit (IT) MOL (HU), Fluxys BE), SSE (UK), Edison Stoccaggio (IT)).

¹¹ In the sense of article 2 (20) of the Gas Directive, “a vertically integrated company means a natural gas undertaking or a group of undertakings whose mutual relationships are defined in Article 3(3) of Council Regulation (EEC) N° 4064/89 of 21 December 1989 on the control of concentrations between undertakings and where the undertaking/group concerned is performing at least one of the functions of transmission, distribution, LNG or storage, and at least one of the functions of production or supply of natural gas”. This means that if a SSO is controlled by or control an undertaking/group performing at least one of the functions of production or supply of natural gas, it is considered as part of a vertically integrated company.

7 SSOs, including Latvijas Gaze (LV), NAFTA (SK), NAM (NL), RAG (AT)¹², GdF E&P (DE), Bayerngas (DE), Gasag (DE) indicated in the questionnaires that they did not produce the document required by the GGPSSO.

3 SSOs claim that the question does not apply to them and therefore did not provide an answer: Enagas (SP), BEB (DE) and BP (NL):

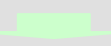

- the question may not be applicable to Enagas, as the affiliate, Gas Natural, only has a minority stake in the SSO; in any case, the Spanish national regulatory authority (CNE) has confirmed that terms and conditions are the same for any user;
- ExxonMobil (a 100% ExxonMobil affiliate, where BEB is a 50% ExxonMobil affiliate) confirmed in the "letter to storage users" that such a document exists and is used by them;
- therefore implementation of this requirement is unclear only for BP.

These documents were required by most national regulatory authorities except for Germany, Latvia and in the Czech Republic, where the NRA is not legally competent to require such a document. In Austria, the request of these documents by the national regulatory authority is substituted by obligatory submission of storage contracts to the national regulatory authority. In the Czech Republic, the NRA can monitor the implementation of the storage code issued by the SSO.

¹² The document required by the GGPSSO does not exist; the national regulatory authority, however, receives a copy of all storage contracts and is therefore able to monitor that the non-discriminatory requirement is met

Compliance/non compliance GGPSSO (1.3)

Document setting out all the terms and conditions relating to storage use by the affiliate company

GGPSSO requirement implemented  Comply	Unclear if GGPSSO requirement implemented Did not provide an answer to the questionnaire	GGPSSO requirement not implemented  Do not comply
Stogit (IT) Gaz de France (FR) E.On Ruhrgas (DE) Wingas (DE) MOL (HU) CSL (UK) TIGF (FR) VNG (DE) Enagas (SP) RWE Transgas (CZ) OGG (AT) ¹³ BEB (DE) DONG D&S (DK) Fluxys (BE) RWE Energy & KST (DE) SSE (UK) Edison Stoccaggio (IT) Avacon (DE) swb Netze (DE) Gas Union (DE) EEG (DE) SW Kiel (DE) Thüringen Gas (DE) E.On Hanse (DE) RAG (AT) ¹⁴	BP (NL)	Latvijas Gaze (LV) NAFTA (SK) NAM (NL) GdF E&P (DE) Bayerngas (DE) Gasag (DE)
88%	0.5%	11.5%

Comply: responses to at least one questionnaire (NRAs, SSOs, Users) indicate that this document exists. ERGEG has not assessed the content of the documents.

Unclear if GGPSSO requirement implemented: the SSO does not consider that it is a vertically integrated company and that this requirement is applicable, and therefore did not provide an answer to the questionnaire

Do not comply: responses to the questionnaires indicate that this document does not exist

Overall assessment of compliance

24 SSOs, representing 88% of the storage capacity monitored, appear to comply with that requirement of the GGPSSO.

Analysing the content of such documents, including whether they are effective, is beyond the scope of this report and should be monitored at national level.

¹³ See footnote 12

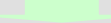


¹⁴ See footnote 12

5. Confidentiality requirements

It is important that effective arrangements are put in place to ensure that confidentiality of information is maintained to ensure equal market conditions and avoid to distortions – particularly where the SSO is part of a vertically integrated company. The GGPSSO include a number of requirements including on the use of IT systems and information management and control – this section assesses compliance in the following areas:

- paragraph 5.1.a requires that SSOs keep databases related to storage operations separate, as a way to ensure that commercially sensitive information from storage users' account remains confidential;
- paragraph 5.1.b requires that...*“staff working for any affiliate business (e.g. supply) must have no access to information which could be commercially advantageous such as details on actual or potential storage users, and is not made available to all market parties”*;
- paragraph 5.1.c requires that...*“it shall be incumbent upon the companies concerned, upon request of the relevant national regulatory authority, to prove an effective establishment of firewalls between the SSO and the supply branch of the vertically integrated company”*;
- paragraph 5.1.d requires that...*“cost effective solutions should be implemented to ensure that the SSO and the supply business are not located in the same place, provided that such a measure is proportionate”*.

Overall assessment of compliance/non compliance GGPSSO (5.1.a-d)

GGPSSO requirements implemented  Comply	GGPSSO only partially implemented  Partial compliance	GGPSSO requirements not implemented  Do not comply
Gaz de France (FR) CSL (UK) TIGF (FR) OGG (AT) DONG D&S (DK) Fluxys (BE)	Stogit (IT) E.On Ruhrgas (DE) Wingas (DE) MOL (HU) VNG (DE) RWE Transgas (CZ) Enagas (SP) NAFTA (SK) NAM (NL) BEB (DE) RAG (AT) RWE Energy & KST (BE) GdF E&P (DE) BP (NL) SSE (UK) Edison Stoccaggio (IT) Bayerngas (DE) Avacon (DE) swb Netze (DE) Gas Union (DE) EEG (DE) SW Kiel (DE) Thüringen Gas (DE) E.On Hanse (DE)	Latvijas Gaze (LV) Gasag (DE)
30%	66%	4%

Comply: responses to the SSO questionnaire –sometimes completed by the NRA when checking the response– indicate that all the requirements (separate databases/new IT systems developed separately and code of conduct/compliance programme and separate buildings for the SSO and the supply business) indicate that these requirements are implemented. ERGEG has not assessed the efficiency of these measures.

Partial compliance: responses to the questionnaire indicate that implementation is partial (separate databases/new IT systems developed separately or code of conduct/compliance programme or separate buildings for the SSO and the supply business) or the SSO did not provide an answer to some of the questions.

Do not comply: responses to the SSO questionnaire indicate that none of these requirements are implemented.

Assessment of compliance against 5.1.a

19 SSOs claim to have implemented that requirement: Stogit (IT), Gaz de France (FR), E.On Ruhrgas (DE), Wingas (DE), MOL (HU), CSL (UK), TIGF (FR), VNG (DE), Fluxys (BE), RWE Energy & KST (DE), BP (NL), SSE (UK), Bayerngas (DE), Avacon (DE), Gas Union (DE), EEG (DE), SW Kiel (DE), Thüringen Gas (DE), E.On Hanse (DE).

11 SSOs have not implement said requirement: Latvijas Gaze (LV), RWE Transgas (CZ), OGG15 (AT), NAFTA (SK), NAM (NL), DONG D&S (DK), RAG (AT), GdF E&P (DE), Edison Stoccaggio (IT), swb Netze (DE) and Gasag (DE).

¹⁵ Not a vertically integrated company but part of a vertically integrated company.

2 SSOs say that the question is not applicable to them, Enagas (SP) and BEB (DE) and did not provide a response to the questionnaire on that point - therefore, implementation of that requirement is unclear.

Assessment of compliance against 5.1.b

25 SSOs say they have implemented a code of conduct and/or a compliance programme, or ensure that the objective of these requirements is met through other means. SSE (UK) for example, does not have a formal code of conduct or compliance programme. However, staff are trained and regularly reminded of duty of confidentiality. These SSOs are: Gaz de France (FR), E.On Ruhrgas (DE), Wingas (DE), MOL (HU), CSL (UK), TIGF (FR), VNG (DE), OGG (AT)¹⁶, NAFTA (SK), NAM (NL), BEB (DE), DONG D&S (DK), Fluxys (BE), RWE Energy & KST (DE), SSE (UK), Edison Stoccaggio (IT), Bayerngas (DE), Avacon (DE), swb Netze (DE), Gas Union (DE), EEG (DE), SW Kiel (DE), Thüringen Gas (DE), E.On Hanse (DE), Gasag (DE).

5 SSOs do not have a code of conduct and/or a compliance programme, Stogit (IT), Latvijas Gaze (LV), RWE Transgas (CZ), RAG (AT), GdF E&P (DE).

2 SSOs say that the question is not applicable to them and did not provide a response: Enagas (SP), BP (NL) - therefore, implementation of that requirement is unclear.

Assessment of compliance against 5.1.c

The arrangements made by 11 SSOs to implement the GGPSSO requirements with regard to confidentiality are monitored or supervised by at least one relevant national regulatory authority: Stogit (IT), Gaz de France (FR), MOL (HU), CSL (UK), TIGF (FR), Enagas (SP), OGG¹⁷ (AT), DONG D&S (DK), Fluxys (BE), SSE (UK) and Edison Stoccaggio (IT).

An external audit assessing whether the SSO ensures that the confidentiality of information is protected was conducted for 11 SSOs: E.On Ruhrgas (DE), Wingas (DE), VNG (DE), CSL (UK), NAFTA (SK), BEB (DE), RWE Energy & KST (DE), Avacon (DE), Gas Union (DE), SW Kiel (DE) and Thüringen Gas (DE).

Confidentiality measures for the following SSOs are not monitored externally: Latvijas Gaze (LV), RWE Transgas (CZ), NAM (NL), RAG (AT), GdF E&P (DE), Bayerngas (DE), BP (NL), swb Netze (DE), EEG (DE), E.On Hanse (DE), Gasag (DE).

Monitoring/supervision by the relevant national regulatory authority varies greatly depending on the legal/regulatory framework in each Member State. In France and Austria, the relevant national regulatory authority is simply notified. At the other end of the scale, the arrangements made by the SSOs in the UK (CSL, SSE) are monitored by both the regulator (Ofgem) and the competition authorities.

¹⁶ Document in the form of a general compliance programme of the company, not explicitly related to storage.

¹⁷ National regulator monitors the general compliance programme of the company in context with grid unbundling provisions: no explicit monitoring of storage, however.

Confidentiality is audited externally for a number of German SSOs. For 3 (E.On Ruhrgas, BEB, RWE KST & Energy), the audit was conducted in relation with the Marathon case. An external audit cannot be considered as an effective substitute for monitoring by the relevant NRA.

Assessment of compliance against 5.1.d

14 SSOs operate from a separate building: Stogit (IT), Gaz de France (FR), CSL (UK), Latvijas Gaze (LV), TIGF (FR), RWE Transgas (CZ), OGG (AT), DONG D&S (DK), Fluxys (BE), BP (NL), swb Netze (DE), SW Kiel (DE), E.On Hanse (DE), Gasag (DE).

15 SSOs: operate from the same building as the supply business: E.On Ruhrgas (DE), Wingas (DE), MOL (HU), VNG (DE), NAM (NL), RAG (AT), RWE Energy & KST (DE), GdF E&P (DE), SSE (UK), Edison Stoccaggio (IT), Bayerngas (DE), Avacon (DE), Gas Union (DE), EEG (DE), Thüringen Gas (DE).

2 SSOs did not provide an answer to that question and therefore implementation cannot be assessed: Enagas (SP), BEB (DE).

The GGPSSO mentions that compliance against 5.1d is subject to “cost effective solutions”. Assessing whether a decision by an SSO to locate/not locate in a separate building is cost-effective is not within the scope of this report.

Overall assessment of compliance

6 SSOs, representing 30% of the storage capacity monitored, appear to have taken steps to ensure that appropriate arrangements are in place to protect the confidentiality of information. For as much as 66% of storage capacity monitored however compliance is unclear.

Effective implementation of these requirements by SSOs is important, in particular where there is vertical integration, to ensure equal access is non discriminatory.

6. Necessary TPA services

In order to ensure a well-functioning and flexible storage market SSOs need to provide a range of services on a fair and non-discriminatory TPA basis. This will help ensure that storage plays an effective role in the development of competition in gas across the EU. Storage is particularly important for new entrant suppliers as the availability of flexibility instruments is often seen as a prerequisite to enter the market. – indeed in most national markets storage represents the major flexibility instrument for suppliers. A lack of flexible storage services could therefore lead to barriers to competition.

The GGPSSO include requirements relating to the provision of TPA services as follows:

- paragraph 3.1 requires that...“storage capacity not excluded from TPA pursuant to the Gas Directive, when technically and economically necessary for efficient access to the network, shall be offered to storage users on a non-discriminatory basis that facilitates competition and trade”. Paragraph 3.1 of the GGPSSO also requires that...“exclusion of storage capacity from TPA shall be approved or monitored by the relevant national regulatory authority”;
- paragraph 3.2 requires that... “any storage capacity needed for any PSO (Public Service Obligations) should be offered on a TPA basis; requirements of non discrimination still apply”;
- paragraph 3.3.a requires that...“the SSO shall offer in the primary market, [...], a menu of services, including [...] bundled services (SBU) of space and injectability/deliverability with determined technical ratios and with an appropriate size”;
- paragraph 3.4.a requires that...“service offered [...] shall be developed with proper consultation with storage users and take into account market demand”;
- paragraph 3.5 requires that...“the SSO shall offer a service which includes an obligation to allocate the gas which has been nominated [...]”;
- paragraph 3.7 requires that...“injection and withdrawal of gas should, in principle, be possible at any time”.

Assessment of compliance against 3.1

Only 3 SSOs indicated that some capacity is excluded from TPA under art. 2(9) of the Directive¹⁸. These were Gaz de France (FR), Fluxys (BE) and Bayerngas (DE).

In addition, in the Netherlands, the NRA has indicated that 70% of the capacity is excluded from TPA. In a number of cases the exclusion of capacity from TPA has not been approved or monitored by the relevant NRA as follows:

- Austria (2 SSOs: OGG, RAG);
- France (2 SSOs: Gaz de France, TIGF);

¹⁸ In some countries storage capacity is not excluded under art 2(9) but TSOs and producers are granted an allocation priority (e.g. Italy).

- Germany (14 SSOs: E.On Ruhrgas, Wingas, VNG, BEB, RWE Energy & KST, Bayerngas, Avacon, swb Netze, Gas Union, EEG, SW Kiel, Thüringen Gas, E.On Hanse, Gasag);
- the Netherlands (2 SSOs: NAM, BP), and Spain (1 SSO: Enagas).

This does not mean that these SSOs are not implementing the requirements of the GGPSSO - but rather that there is no formal competence in national legislation for a relevant NRA to approve or monitor exclusion of storage capacity from TPA. This means that it is essentially up to the SSO to determine how much capacity is offered to third parties. Reasons for exclusion are usually not made public by the SSO. An exception is Netherlands, where the rules regarding capacity exclusion from TPA in the public domain.

Assessment of compliance against 3.2

In Austria, Germany and in the UK no party is responsible for PSOs according to national legislation.

With regards to other Member States, the remaining 14 SSOs declared that there are PSOs placed on SSOs, shippers or other market participants. For only 2 of these SSOs - Latvijas Gaze (LV) and NAM (NL) – does it appear that capacity for PSO is not offered on a TPA basis.

The GGPSSO also require that parties responsible for PSOs demonstrate that they do not use more storage than is required to meet their PSO obligation. The relevant NRA in Belgium, Netherlands and Hungary require that this be demonstrated by the party responsible for the PSO.. In the rest of the EU (where PSOs exist) this requirement is not applicable/relevant for several different reasons - often specific to each country¹⁹.

Assessment of compliance against 3.3.a

Only Stogit (IT) and Latvijas Gaze (LV) do not offer bundled services – but in the case of Stogit (IT), the Italian regulatory framework requires only the provision of unbundled services.

19 SSOs allow users to pool their nominations with a view to overcoming potential capacity thresholds: WINGAS (DE), MOL (HU), VNG (DE), OGG (AT), NAFTA (SK), NAM (NL), BEB (DE), RAG (AT), Fluxys (BE), RWE Energy and KST (DE), BP (NL), Edison Stoccaggio (IT), Bayerngas (DE), Avacon (DE), Gas Union (DE), EEG (DE), SW Kiel (DE), Thüringen Gas (DE), E.On-Hanse (DE).

¹⁹ In Poland, the experience is limited as legislation was just passed (May 2005); in Spain and Slovakia the NRA is not competent for such a requirement, according to national legislation; in France, there is no obligation to book storage to satisfy the relevant PSOs; in Italy national law provides for the maximum amount of storage capacity for PSOs; in the Czech Republic the national legislation requires that any storage user proves its capacity needs; in Denmark it has been reported that there is no incentive to oversubscribe.

Assessment of compliance against 3.4.a

Consultation with all users, including new entrants is an important aspect of helping to ensure that access is provided on a non discriminatory basis. Although some SSOs consult with users on the provision of services there are significant areas of concern – particularly in that new entrants appear to have less input into any consultation process in comparison to companies affiliated to the SSO. The following points emerge:

- 5 SSOs conducted a consultation process supervised by relevant national regulatory authority: Stogit (IT), CSL (UK), Enagas (SP), NAFTA (SK), Fluxys (BE);
- 9 SSOs conducted open consultation process with some sort of public announcement: Gaz de France (FR), VNG (DE), NAM (NL), BEB (DE), BP (NL), swb NETZE (DE), Gas Union (DE), EEG (DE), SW Kiel (DE); in particular in France, the NRA (CRE) has organised a public consultation on Gaz de France and TIGF offer of services and subsequently made recommendations;
- Some SSOs (16 in total) consult both actual and prospective users through bilateral contacts: E.On Ruhrgas (DE), WINGAS (DE), MOL (HU), TIGF (FR), VNG (DE), OGG (AT), NAM (NL), BEB (DE), DONG D&S (DK), RWE Energy and KST (DE), BP (NL), Avacon (DE), Gas Union (DE), EEG (DE), SW Kiel (DE), Thüringen Gas (DE);
- 15 SSOs consult some, but not necessarily all users, through bilateral contacts: Stogit (IT), E.ON Ruhrgas (DE), RWE Transgas (CZ), VNG (DE), NAFTA (SK), NAM (NL), RAG (AT), Fluxys (BE), GdF – E&P (DE), Edison Stoccaggio (IT), Bayerngas (DE), Avacon (DE), Gas Union (DE), SW Kiel (DE), E.ON-Hanse (DE).

Assessment of compliance against 3.5

20 SSOs out of 32 declared that they comply with this requirement: Gaz de France (FR), E.On Ruhrgas (DE), MOL (HU), CSL (UK), TIGF (FR), RWE Transgas (CZ), Enagas (SP), VNG (DE), NAFTA (SK), NAM (NL), BEB (DE), DONG D&S (DK), Fluxys (BE), RWE Energy and KST (DE), BP (NL), SSE (UK), Avacon (DE), EEG (DE), Thüringen Gas (DE), E.ON-Hanse (DE).

For those that indicate that they do not comply some, including Stogit (IT), Latvijas Gaze (LV), WINGAS (DE) and Edison Stoccaggio (IT) explained they do not offer such services mainly because it would not be consistent with national balancing rules or general market rules.

Whether additional costs for this service are recovered in the general tariffs is not clear. The only SSO that publishes a separate charge for the provision of this service is Thüringen Gas (DE).

Assessment of compliance against 3.7

22 SSOs out of the 32 (representing the 91% of European storage capacity) indicate compliance against this requirement: Stogit (IT), Gaz de France (FR), E.ON Ruhrgas (DE), WINGAS (DE), MOL (HU), CSL (UK), TIGF (FR), RWE Transgas (CZ), Enagas (SP), VNG (DE), OGG Gas (AT), NAFTA (SK), BEB (DE), DONG D&S (DK), Fluxys (BE), RWE Energy and KST (DE), GdF – E&P (DE), SSE (UK), Edison Stoccaggio (IT), Avacon (DE), EEG (DE), E.ON-Hanse (DE).

For those SSOs that indicate non-compliance, some including RAG (AT), NAM (NL), BP (NL) and Thüringen Gas (DE) explained that it is because of technical constraints.

Stogit (IT), Gaz de France (FR), TIGF (FR), Enagas (SP) and BP (NL) make a separate and additional charge for this service. It has also been reported by some users that MOL (HU) also makes an additional charge for this service.

Users' views on 3.1 - 3.7

The majority of users argued that the overall impact of the GGPSSO on the services offered by the SSOs has been poor as many SSOs did not improve their range of services.

Some storage users indicated that the reason is the fact that in some countries (e.g. Hungary, Italy and UK) most of the GGPSSO provisions were already in place before the implementation date.

Some other users in Austria indicated that there had been some generic improvement. Also in Hungary some progress has been reported (introduction of interruptible and virtual capacity).

Some users of 2 SSOs complained that the size of bundled units offered by the SSOs is not appropriate for their commercial needs.

Some storage users reported that storage services have mainly been developed through bilateral contacts between SSOs and storage users. However, in some cases no consultation has been conducted as storage services have been defined by existing storage users. New entrants in particular complained about the lack of effective consultation.

Overall assessment of compliance

In some countries it is unclear that all the storage capacity, apart from the amount excluded under art. 2(9) of the Gas Directive, is offered to the market.

Some SSOs appear not to comply with the GGPSSO basic requirements in the sense that some services are missing in the "menu of services" to be offered as of 1 April 2005. In particular, the following services are not offered in some cases: obligation to allocate the gas which has been nominated, injection and withdrawal possible at any time. Where IT investments are claimed as the reason not to offer or to delay the necessary TPA services agreed in the GGPSSO, this decision was monitored by the relevant national regulatory authority only in 2 countries (Belgium, Denmark). Finally, there are indications in the

responses received from storage users that users – especially new entrants – were not always “properly” consulted.

Bilateral consultation seems predominant, and this limited way of consulting hampers a transparent non discriminatory definition and provision of services.

7. Storage capacity allocation and congestion management

It is important that storage capacity is allocated on fair and non-discriminatory basis to ensure that no distortions or barriers to entry are created within the market. This means setting out rules about how users' capacity rights are treated. Congestion within the storage facility can also arise and different methods are available to alleviate this issue. The GGPSO contains requirements on these issues to provide guidance on how they should be implemented and used. These are as follows:

- paragraph 4.1 requires that storage capacity allocation and congestion management shall ...“[...] facilitate the development of competition, [...] being flexible and capable of adapting to evolving market circumstances and discourage hoarding”; these procedures shall also “not create undue barriers to market entry and not prevent market participants, including new market entrants and companies with a small market share, from competing effectively”;
- paragraph 4.2 requires that “in case of congestion non discriminatory, market-based solutions shall be applied [...] and alternative solutions such as pro-rata mechanisms may be considered if they ensure equivalence in terms of non-discriminatory and competitive access [...]”;
- paragraph 4.4 requires that “The SSO shall actively endeavour to discourage hoarding and facilitate re-utilisation and trade of storage capacity by all reasonable means, including at least the offer on an interruptible basis of all unused capacity”.

Assessment of compliance against 4.1

In 9 countries - Belgium, Czech Republic, Denmark, Hungary, Italy, the Netherlands, Latvia, Spain, United Kingdom - capacity allocation arrangements are defined by national legislation and/or regulated by the relevant national regulatory authority.

In 6 countries - Austria, France, Germany, the Netherlands, Poland and Slovakia capacity allocation is negotiated.

In France, the SSOs (Gaz de France, TIGF) apply a capacity mechanism allocation that is based on some general provisions contained in national legislation. A more detailed decree is in preparation by the Government on this issue.

There are a number of different approaches that can be taken to capacity allocation. These are presented by the SSOs as follows:

- first come first served²⁰ (12 SSOs): Stogit (IT), WINGAS (DE), CSL (UK), Enagas (SP), OGG (AT), NAM (NL), DONG D&S (DK), RAG (AT), BP (NL), SSE (UK), Edison Stoccaggio (IT), GASAG (DE);

²⁰ A capacity allocation method under which the first storage user to have requested capacity shall be the first to be offered such capacity.

- first committed first served²¹ (12 SSOs): Gaz de France (FR), E.On Ruhrgas (DE), VNG (DE), BEB (DE), RWE Energy and KST (DE), Bayerngas (DE), Avacon (DE), swb Netze (DE), Gas Union (DE), EEG (DE), SW Kiel (DE), Thüringen Gas (DE);
- capacity follows the customer²² (5): Stogit (IT), Gaz de France (FR), TIGF (FR), Edison Stoccaggio (IT);
- market based (5 SSOs): Stogit (IT), CSL (UK), NAM (NL), BEB (DE), Edison Stoccaggio (IT);
- “other” mechanisms (6 SSOs): MOL (HU), TIGF (FR), RWE Transgas (CZ), Fluxys (BE), BP (NL), E.On-Hanse (DE).

The GGPSSO do not prescribe which capacity allocation that should be used – therefore assessing which mechanism is the most appropriate is beyond the scope of this report.

Users’ views on 4.1

Some users expressed concerns about the weaknesses of the capacity allocation mechanisms applied by some SSOs. According to a consumer association *“some storage operators still claim to be 100% sold out for many years, in at least one case for more than the next 20 years”*. Where long term arrangements for capacity allocation are combined with a lack of effective UIOLI provisions this may have the impact of foreclosing the storage market to potential new entrants.

The following weaknesses of the capacity allocation mechanisms applied by some SSOs were identified by storage users:

- industrial customers have indicated that if they have no retail contracts they are not able in practice to book storage capacity with some SSOs. One general response indicates that this could be the case for other some other continental SSOs;
- on at least on one occasion, access to a storage system was denied because of the first-come-first-served mechanisms. Moreover, this SSO can book for its own operational needs up to 50% of the capacity at its facility - with no control by a relevant national regulatory authority;
- users of a particular storage facility were unhappy with the previous system of capacity allocation in terms of the way priority rights were allocated. However, new legislation has just come into force and it is too early to assess what impact this may have;
- some users of another storage facility are unhappy with the way in priority rights are allocated and claim that the market is being foreclosed.

²¹ A capacity allocation method under which the first storage user who commits (e.g. credit guarantees) for capacity shall be the first to be offered such capacity.

²² In case of capacity allocation mechanisms linked (e.g. by law) to the supplies (mainly households) on the final market by the storage users, should the storage users itself lose any customer, he loses the linked capacity. Thus such capacity is granted to the new supplier (storage user).

Assessment of compliance against 4.2

5 SSOs do not apply any congestion management mechanism (Latvijas Gaze (LV), DONG D&S (DK), RAG (AT), GdF – E&P (DE), SW Kiel (DE)). It should be recognised however that in some of these countries there appears to be some spare capacity, which makes congestion management unnecessary at this stage.

18 SSOs declared that, in case of congestion, pro-rata mechanisms are applied (or will be applied): Stogit (IT), Gaz de France (FR), E.ON Ruhrgas (DE), CSL (UK), VNG (DE), NAFTA (SK), NAM (NL), BEB (DE), Fluxys (BE), BP (NL), SSE (UK), Edison Stoccaggio (IT), Bayerngas (DE), Avacon (DE), Gas Union (DE), EEG (DE), E.ON-Hanse (DE), Gasag (DE).

Such mechanism has been used by Stogit (IT), Gaz de France (FR), CSL (UK), Fluxys (BE), SSE (UK), Edison Stoccaggio (IT). Also Enagas (SP) experienced in the past some congestion but applied other congestion management mechanisms. OGG (AT) and RAG (AT) use short term products to meet intraday congestion²³.

Assessment of compliance against 4.4

7 SSOs out of 32 reported not to comply with such a requirement Gaz de France (FR), E.ON Ruhrgas (DE), GASAG (DE), GdF – E&P (DE), Latvijas Gaze (LT), swb Netze (DE), Thüringen Gas (DE). Also OGG (AT) and RAG (AT) have not put place any anti hoarding procedures; in the case of OGG (AT) non-compliance is justified by the absence of long term congestion.

Other SSOs comply with anti hoarding/sales on interruptible basis requirement, except for Stogit (IT), TIGF (FR), NAFTA (SK) and Fluxys (BE) - where the information provided in response to the ERGEG questionnaire was not sufficiently clear.

In addition 15 SSOs out of 32 use some other means to discourage hoarding and facilitate re-utilisation and trade of storage capacity: Stogit (IT), E.ON Ruhrgas (DE), WINGAS (DE), CSL (UK), TIGF (FR), RWE Transgas (CZ), Enagas (SP), NAM (NL), BEB (DE), Fluxys (BE), RWE Energy and KST (DE), Edison Stoccaggio (IT), Gas Union (DE), EEG (DE), Thüringen Gas (DE).

Users' view s on 4.2 – 4.4

The majority of users highlighted that the overall impact of the GGPSSO on congestion management is weak. The SSOs have not improved substantially their procedure for congestion management in line with the GGPSSO requirements. It shall be also noted however that in some countries (e.g. IT) such mechanisms are fixed by the legislation and in some other countries congestion is not an issue.

²³ However, this is merely a measure of security of supply rather than congestion management.

Overall assessment of compliance

The evidence gathered with the monitoring activity on capacity allocation mechanisms and congestion management shall be tackled together with the role of anti hoarding mechanisms and the restricted amount of available capacity. The presence of these elements may play a significant role in foreclosing the market – particularly to new entrants.

A number of SSOs have adopted anti hoarding procedures. Their effectiveness remain to be assessed. Also, it remains to be assessed whether and to what extent capacity allocation and congestion management mechanisms facilitate the development of competition, take into account the integrity and the maintenance of the storage system, do not create undue barriers to entry, and ensure the maximum availability and efficient use of storage – all as required by the GGPSSO.




8. Transparency requirements

Operational information

The GGPSSO provide a list of operational information to be published by SSOs. Publication of relevant data is crucial to the efficient and transparent operation of the storage market as it helps to ensure that market players can take commercial decisions with full knowledge of information. The GGPSSO contain a number of requirements in relation to publication of information.

The table below sets out an overall assessment of compliance against **all** of the requirements relating to transparency of capacity data – a break down of compliance against the individual requirements follows afterwards.

Compliance/non compliance GGPSSO (6.5.a, 6.6.a, 6.6.b)
Transparency - capacity data

GGPSSO requirement implemented  Comply	GGPSSO requirement not implemented  Partly comply	GGPSSO requirement not implemented  Do not comply
Stogit (IT) Gaz de France (FR) MOL (HU) CSL (UK) Enagas (SP) NAM (NL) BEB (DE) Fluxys (BE) BP (NL)	E.On Ruhrgas (DE) TIGF (FR) VNG (DE) RWE Transgas (CZ) NAFTA (SK) BEB (DE) RWE Energy & KST (DE) Bayerngas (DE) GdF E&P (DE) Avacon (DE) swb Netze (DE) Gas Union (DE) EEG (DE) SW Kiel (DE) E.On Hanse (DE) Gasag (DE) RAG (AT)	Wingas (DE) Latvijas Gaze (LV) OGG (AT) NAFTA (SK) SSE (UK) Thüringen Gas (DE)
56%	26%	18%

Comply: the data (technical, available and contracted or held storage capacity are published), even though sometimes they do not correspond exactly to the GGPSSO definitions.

Partly comply: the data is not published or only partially (technical or available or contracted or held storage capacity). The SSOs have indicated in their response to the questionnaire that they have less than three users (see "Reasons for not publishing the data").

Do not comply: the SSO has more than three users. However some data is not published.

Assessment of compliance against 6.5 (list of operational information to be published via an online information system)

For some SSOs, who declare that they publish the data, it is not made available online: MOL (HU), Latvijas Gaze (LV), DONG D&S (DK), SW Kiel (DE). These SSOs did not specify how the data were published.

Some SSOs, including E.On Ruhrgas (DE) and RWE Transgas (CZ), and EEG (DE) do not always publish available capacity numerical data, but use a system of “traffic lights” instead. The GGPSSO explicitly require that SSOs publish numerical data.

Assessment of compliance against 6.5.a (capacity data published)Technical storage capacity

21 SSOs indicated in their responses to the questionnaire that they publish the required technical capacity data : Stogit (IT), Gaz de France (FR), E.On Ruhrgas (DE) , Wingas (DE), MOL (HU), CSL (UK), Latvijas Gaze (LV), VNG (DE), RWE Transgas (CZ), Enagas (SP), NAM (NL), BEB (DE), DONG D&S (DK), RAG (AT), Fluxys (BE), RWE Energy & KST (DE), BP (NL), SSE (UK), Edison Stoccaggio (IT), EEG (DE), SW Kiel (DE);

11 SSOs do not publish this data: TIGF (FR), OGG (AT), NAFTA (SK), GdF E&P (DE), Bayerngas (DE), Avacon (DE), swb Netze (DE), Gas Union (DE), Thüringen Gas (DE), E.On Hanse (DE), Gasag (DE).

Available storage capacity

13 SSOs say that they publish the data for available storage capacity: Stogit (IT), Gaz de France (FR), E.On Ruhrgas (DE), MOL (HU), CSL (UK), TIGF (FR), Enagas (SP), NAM (NL), BEB (DE), Fluxys (BE), RWE Energy & KST (DE), BP (NL), Edison Stoccaggio (IT);

19 SSOs do not publish this data: Wingas (DE), Latvijas Gaze (LV), VNG (DE), RWE Transgas (CZ), OGG (AT), NAFTA (SK), DONG D&S (DK), RAG (AT), GdF E&P (DE), SSE (UK), Bayerngas (DE), Avacon (DE), swb Netze (DE), Gas Union (DE), EEG (DE), SW Kiel (DE), Thüringen Gas (DE), E.On Hanse (DE), Gasag (DE).

Contracted or held storage capacity

9 SSOs publish contracted or held capacity data: Stogit (IT), Gaz de France (FR), MOL (HU), CSL (UK), Enagas (SP), NAM (NL), BEB (DE), Fluxys (BE) and BP (NL) [\[contracted or held = 0 as number of customers equals 0\]](#).

23 SSOs do not publish any of this capacity data: E.On Ruhrgas (DE), Wingas (DE), Latvijas Gaze (LV), TIGF (FR), VNG (DE), RWE Transgas (CZ), NAFTA (SK), DONG D&S (DK), RAG (AT), OGG (AT), RWE Energy & KST (DE), GdF E&P (DE), SSE (UK), Edison Stoccaggio (IT), Bayerngas (DE), Avacon (DE), swb Netze (DE), Gas Union (DE), EEG (DE), SW Kiel (DE), Thüringen Gas (DE), E.On Hanse (DE), Gasag (DE).

Assessment of compliance against 6.6.a (*methods of determining available storage capacity published*)

13 SSOs claim that they publish their methods of determining available capacities – 10 of these also say they publish the operational parameters (rules of ownership, use of working gas): Gaz de France (FR), E.On Ruhrgas (DE), MOL (HU), CSL (UK), RWE Transgas (CZ), Enagas (SP), OGG (AT), BEB (DE), Fluxys (BE), RWE Energy & KST (DE), BP (NL), Edison Stoccaggio (IT), EEG (DE).

19 SSOs do not publish their methods for determining available capacity : Stogit (IT), Wingas (DE), Latvijas Gaze (LV), TIGF (FR), VNG (DE), NAFTA (SK), NAM (NL), DONG D&S (DK), RAG (AT), GdF E&P (DE), SSE (UK), Bayerngas (DE), Avacon (DE), swb Netze (DE), Gas Union (DE), SW Kiel (DE), Thüringen Gas (DE), E.On Hanse (DE), Gasag (DE).

In a number of instances however the level of detail in the data that is published by SSOs is minimal (e.g. available capacity equals technical capacity minus contracted or held capacity) – and the definitions used may not correspond to those in the GGPSSO.

Assessment of compliance against 6.6.b (*TSO's pre-emptive rights with operational rules and processes attached published*)

Only 5 SSOs publish some information with regard to TSO's pre-emptive rights with operational rules and processes attached: Stogit (IT), Gaz de France (FR), MOL (HU), CSL (UK) and Fluxys (BE);

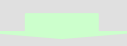


3 SSOs, RWE Transgas (CZ), BEB (DE), DONG D&S (DK), have indicated that the question is not applicable to them.

Assessment of compliance against 6.5.b (*aggregate use of storage published*)

Publication of use of capacity information is particularly valued by market participants as it allows them to form opinions about whether refusal of access is because of genuine capacity constraints or capacity hoarding.

According to the GGPSSO, the following operational information shall be published: for each storage site or group of storage facilities, aggregated inflows and outflows and historical utilization rates at least on a weekly basis for the immediately preceding week.

Compliance/non compliance GGPSSO (6.5.b)
Transparency – aggregate use of storage

GGPSSO requirement implemented  Comply	GGPSSO requirements not implemented properly or indication that the SSOs have less than 3 users  Partly comply	GGPSSO requirement NOT implemented  Do not comply
CSL (UK)	Stogit (IT) Gaz de France (FR) E.On Ruhrgas (DE) TIGF (FR) VNG (DE) RWE Transgas (CZ) NAFTA (SK) BEB (DE) Fluxys (BE) RWE Energy & KST (DE) GdF E&P (DE) SSE (UK) Edison Stoccaggio (IT) BP (NL) Bayerngas (DE) Avacon (DE) swb Netze (DE) Gas Union (DE) EEG (DE) SW Kiel (DE) E.On Hanse (DE) Gasag (DE)	Wingas (DE) MOL (HU) Latvijas Gaze (LV) Enagas (SP) OGG (AT) NAM (NL) DONG D&S (DK) RAG (AT) Thüringen Gas (DE)
5%	66%	29%

Comply: the data (aggregated inflows and outflows and historical utilization rates) are published

Partly comply: some data are published but they do not correspond to what is required in the GGPSSO (e.g. published on a monthly basis) or no data are published. However, the SSOs have indicated in their response to the questionnaire that they have less than three users (see “Reasons for not publishing the data”).

Do not comply: the SSO has more than three users. However the data are not published

Only 5 SSOs claim that they publish some data regarding aggregated inflows and outflows, and historical use of storage (GGPSSO 6.5.b): Stogit (IT), Gaz de France (FR), CSL (UK), SSE (UK) and Edison Stoccaggio (IT).

27 SSOs do not publish this data.

Even when the data are said to be published, the SSOs in question cannot be considered as fully compliant with the GGPSSO, for the following reasons:

- Stogit (IT) publishes injection monthly profiles and the guaranteed withdrawal profiles for shippers, which is not exactly what is required by the GGPSSO;
- The historical utilization rate published by Gaz de France (FR) corresponds to the net of injections/withdrawals for the preceding week divided by the technical capacity (no other data on gas in store published). It is unclear why storage users would need this information and it does not comply with the GGPSSO;

- Edison Stoccaggio (IT) does not publish the required data, but makes them available to the relevant national regulatory authority;
- SSE (UK) provides some of the required information over an intranet connection to anyone who has signed up to the storage contract – not to the market generally. Further operational data is provided to the TSO (National Grid Transco) who then publish on their behalf.

Only one SSO, CSL (UK), complies truly with this part of the GGPSSO requirements: aggregated nominations of storage nominations (aggregated injections and aggregated withdrawals – not the net) are published on the public section of STORIT (the online system for system users) four times a day. The website also clearly refers to the TSO (National Grid Transco) websites, where aggregate physical storage flows for the Rough facility are updated every Wednesday.

Reasons for not publishing the data

Where the data are not published:

- 18 SSOs consider that because there are less than three users for the facility/group of storage facilities in question, they are exempt from the requirement to publish the data: Gaz de France (FR)²⁴, E.On Ruhrgas (DE), TIGF (FR), VNG (DE), RWE Transgas (CZ), NAFTA (SK), BEB (DE), Fluxys (BE), RWE Energy & KST (DE), BP (NL), Bayerngas (DE), Avacon (DE), swb Netze (DE), Gas Union (DE), EEG (DE), SW Kiel (DE), E.On Hanse (DE), Gasag (DE);
- Whether not subject to the application of the “three minus rule”, 14 SSOs do not publish the data as required to avoid any potential market abuse or significant harm to storage users commercial interests (this includes also some SSOs in the category above): E.On Ruhrgas (DE), Wingas (DE), Latvijas Gaze (LV), VNG (DE), RWE Transgas (CZ), RWE Energy & KST (DE), GdF E&P (DE), SSE (UK), Avacon (DE), Gas Union (DE), EEG (DE), SW Kiel (DE), E.On Hanse (DE), RAG (AT);
- 13 SSOs claim that substantial IT developments are necessary and therefore that they were not able to meet the deadlines: Wingas (DE), MOL (HU), VNG (DE), RWE Transgas (CZ), BEB (DE), DONG D&S (DK), RWE Energy & KST (DE), BP (NL), Edison Stoccaggio (IT), Avacon (DE), swb Netze (DE), Gas Union (DE), E.On Hanse (DE) ;
- 6 SSOs refer to other reasons. 2 SSOs, Wingas (DE) and RWE Transgas (CZ) mentioned the lack of time between the adoption of the GGPSSO and the deadline.

²⁴ For some groups of storage facilities

Regarding the implementation of the “three minus rules”, the GGPSSO state that *“information should always be published by the SSO when three or more users have been allocated capacity by virtue of contractual or any other similar arrangements, excluding the portion used for production operations and, and excluding capacities reserved exclusively for transmission system operators in carrying out their functions”*. **This clearly does not automatically exclude the publication of data when a SSO has less than three users. The non-publication is an option.**

Also, the GGPSSO state that *“SSOs shall meet the deadlines on 1st April 2005”* (GGPSSO 6.10). While the GGPSSO also provide that *“where substantial IT developments are necessary, implementation should be no later than 1 April 2006”*, this clearly is an exception. In principle, SSOs shall meet the 1 April 2005 deadline. Assessing whether substantial IT developments are necessary or not is beyond the scope of this report. However, at least for data with regard to aggregated inflows and outflows and historical utilization rates, no substantial investment in IT should be necessary.

Finally, it seems that the GGPSSO requirement 6.3 (“...notifying the relevant NRA when information is not published...”) is very unevenly implemented although it is a simple notification involving “per se” no regulatory involvement. In only four countries (Belgium, Italy, Latvia, Netherlands) do the SSOs notify the relevant national regulatory authority. This concerns only six SSOs: Stogit (IT), Latvijas Gaze (LV), NAM (NL), BP (NL) and Edison Stoccaggio (IT). There is no notification in other countries.

Users’ views

Many users consider that transparency could be improved in some areas. Some of them have explained that accurate and frequently updated information on available capacities and historical use of storage is needed. One user considers that the lack of historical information confers an inherent advantage to incumbent companies that are part of a vertically integrated group.

The “three minus rules” is controversial. Some users are concerned that their commercial interests may be harmed if data is published where there are less than three users. Others, on the other hand, would like this rule to be abolished.

Out of all responses, only two users have made a request to the SSO not to publish some information because it would harm their commercial interests. This may suggest that the commercial interest argument is not as strong as presented by some users.

Overall assessment of compliance – operational data

Transparency in information provision should be considered as a prerequisite for non-discriminatory access to storage facilities. Where information is not equally provided to all storage users – including potential ones – market distortions are likely to result. This is especially the case where potential new users are not provided with the same information as existing customers. In the case of operational information, the fact that not even available capacity is known can significantly impact on obtaining effective access to storage.

There is very limited transparency on operational storage data in Europe. To date, the necessary GGPSSO requirements have not been implemented by SSOs. In particular, only one SSO publishes aggregated inflows and outflows, and data on the historical use of storage. A large number of SSOs have explained that this data are not published because of the “three minus rule”. Often, this rule is invoked by SSOs without any sort of regulatory control.

It is also disappointing that many SSOs seem to take it for granted that they have until 1 April 2006 to implement those requirements. The GGPSSO **exceptionally** allow SSOs to postpone the implementation of some requirements is to accommodate small SSOs. Unfortunately, many large SSOs seem to consider that the extended deadline also extend to them automatically.

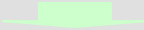

Commercial information

Assessment of compliance against 6.4.a and 6.5.c (tariffs and/or main commercial conditions including prices for standard services published)

Paragraph 6.3 of the GGPSSO, requires that the main commercial conditions (including prices for standard services) are to be published.

More specifically, the GGPSSO require that “in rTPA, the tariffs and tariff methodologies for each service offered shall be published ex ante. In nTPA, the main commercial conditions including the prices for standard services must be published and updated” (GGPSSO 6.4.a). This commercial information should be published on the internet.

Compliance/non compliance GGPSSO (6.4.a, 6.4.b)
Transparency – tariffs, main commercial conditions and necessary TPA services

GGPSSO requirement implemented  Comply	GGPSSO requirement NOT implemented  Do not comply
Stogit (IT) Gaz de France (FR) E.On Ruhrgas (DE) MOL (HU) CSL (UK) TIGF (FR) VNG (DE) RWE Transgas (CZ) Enagas (SP) OGG (AT) NAM (NL) BEB (DE) DONG D&S (DK) Fluxys (BE) RWE Energy & KST (DE) BP (NL) SSE (UK) Edison Stoccaggio (IT) EEG (DE)	Wingas (DE) Latvijas Gaze (LV) NAFTA (SK) RAG (AT) GdF E&P (DE) Bayerngas (DE) Avacon (DE) swb Netze (DE) Gas Union (DE) SW Kiel (DE) Thüringen Gas (DE) E.On Hanse (DE) Gasag (DE)
82%	18%

Comply: tariffs (rTPA) and/or main commercial conditions (nTPA) published, as indicated by SSOs responses to the questionnaire; necessary TPA services published.

Do not comply: only the tariffs (rTPA) and/or main commercial conditions (nTPA) or the necessary TPA services are published, as indicated by SSOs responses to the questionnaire; in some cases, the information is not published at all. Responses by SSOs were used but also the information collected in the users' questionnaire.

Where regulated, transparency of tariffs/terms and conditions are unlikely to be an issue. This concerns 5 SSOs: Stogit (IT), MOL (HU), Latvijas Gaze (LV), Enagas (SP), Fluxys (BE).

17 SSOs say that they apply main commercial conditions (including prices for standard services) and that are published: Stogit (IT), Gaz de France (FR), E.On Ruhrgas (DE), MOL (HU), CSL (UK), TIGF (FR), VNG (DE), RWE Transgas (CZ), OGG (AT), NAM (NL), BEB (DE), DONG D&S (DK), RWE Energy & KST (DE), BP (NL), SSE (UK), Edison Stoccaggio (IT), EEG (DE).

12 SSOs do not apply main commercial conditions (including prices for standard services) that are transparent: Wingas (DE), NAFTA (SK), RAG (AT), GdF E&P (DE), Bayerngas (DE), Avacon (DE), swb Netze (DE), Gas Union (DE), SW Kiel (DE), Thüringen Gas (DE), E.On Hanse (DE), Gasag (DE).

Some SSOs were placed in that category because users of their facility indicated that information was not being published in accordance with the GGPSSO.

SSOs are also required to develop user-friendly instruments for calculating charges for a specific service (e.g. a tariff calculator) (GGPSSO 6.5.c). Only 9 SSOs have implemented this requirement: Gaz de France (FR), E.On Ruhrgas (DE), Wingas (DE), CSL (UK), VNG (DE), OGG (AT), BEB (DE), RWE Energy & KST (DE), BP (NL).

Assessment of compliance against 6.4.b (necessary TPA services offered published)

Paragraph 6.4.b of the GGPSSO require that services offered, including the storage code/main standard storage conditions for each service, rights and responsibilities of all users, and rules (e.g. periods) for counterflows during injection and withdrawal are transparent in the same way.

There is some transparency (services offered and/or storage code/main commercial conditions and/or rights and responsibilities of all users and/or rules for counterflows during injection and withdrawal) on TPA services offered by the following 21 SSOs: Stogit (IT), Gaz de France (FR), E.On Ruhrgas (DE), Wingas (DE), MOL (HU), CSL (UK), TIGF (FR), VNG (DE), RWE Transgas (CZ), Enagas (SP), OGG (AT), NAM (NL), BEB (DE), DONG D&S (DK), Fluxys (BE), RWE Energy & KST (DE), BP (NL), SSE (UK), Edison Stoccaggio (IT), EEG (DE), SW Kiel (DE).

However, there is little or no transparency at all for the services offered by the following 11 SSOs: Latvijas Gaze (LV), NAFTA (SK), RAG (AT), GdF E&P (DE), Bayerngas (DE), Avacon (DE), swb Netze (DE), Gas Union (DE), Thüringen Gas (DE), E.On Hanse (DE), Gasag (DE).

Users' views

Users of the following SSOs confirmed that in nTPA, there is consistency between their contract and the main commercial conditions published by the SSO: Gaz de France (FR), E.On Ruhrgas (DE), MOL (HU), TIGF (FR), OGG (AT), BEB (DE), EEG (DE). According to one user, "there are indications that the final terms may vary between different storage users in a way that could lead to discriminatory access" but did not provide more details.

Some users complained that the information is not always published in a user-friendly way. In addition, some users have emphasized that a tariff calculator – which is explicitly required by the GGPSSO – is needed.

Overall assessment of compliance – commercial information

There seems to be a reasonable level of transparency on commercial terms applied by most SSOs in Europe.

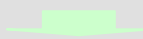
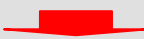
However, some SSOs operating under a negotiated TPA regime, did not implement these basic requirements of the GGPSSO. It is worthwhile to notice that the publication of the main commercial conditions is requested by the Directive (*[...] Member States shall require storage system operators and natural gas undertakings to publish their main commercial conditions for the use of storage, [...]*) and this requirement does not seem yet to be implemented in some cases.

9. Secondary markets

Secondary markets are very important for the development of competition in storage services as they can help to improve the availability and use of storage capacity which is a prerequisite for the development of gas to gas competition - especially in cases of congested storage capacity. Aside from the implementation of appropriate congestion management instruments – e.g. making unused capacity available to the market – SSOs should ensure the efficient use of capacity by allowing trading of capacity on secondary markets and facilitate the development of such markets.

The GGPSSO require that “the SSO shall allow and facilitate bundled and unbundled services to be freely tradable between registered users in a secondary market” (GGPSSO 9.1).

Compliance/non compliance GGPSSO (9.2) **Secondary market – implementation of a bulletin board**

GGPSSO requirement implemented  Comply	GGPSSO requirement not implemented  Do not comply
Stogit (IT) Gaz de France (FR) E.On Ruhrgas (DE) CSL (UK) TIGF (FR) VNG (DE) RWE Transgas (CZ) BEB (DE) DONG D&S (DK) RWE Energy & KST (DE) SSE (UK) Edison Stoccaggio (IT)	Wingas (DE) Latvijas Gaze (LV) MOL (HU) OGG (AT) ²⁵ NAFTA (SK) NAM (NL) RAG (AT) Fluxys (BE) GdF E&P (DE) BP (NL) Bayerngas (DE) Avacon (DE) swb Netze (DE) Gas Union (DE) EEG (DE) SW Kiel (DE) Thüringen Gas (DE) E.On Hanse (DE) Gasag (DE)
66%	34%

Comply: a bulletin board has been set up. ERGEG has not assessed the efficiency of this measure.

Do not comply: there is no bulletin board.

Compliance of Enagas (SP) cannot be assessed given that there is a conflict between national legislation and the GGPSSO secondary markets requirements.

²⁵ Non-compliance justified as currently there is no long term congestion.

Assessment of compliance against 9.1 (*allow and facilitate bundled and unbundled services to be freely tradable*)

As a minimum, SSOs should allow storage capacities to be freely tradable between registered storage users.

19 SSOs have implemented this requirement: Stogit (IT), MOL (HU), CSL (UK), RWE Transgas (CZ), VNG (DE), OGG (AT), NAFTA (SK), NAM (NL), BEB (DE), DONG D&S (DK), RAG (AT), Fluxys (BE), RWE Energy & KST (DE), BP (NL), SSE (UK), Edison Stoccaggio (IT), Gas Union (DE), EEG (DE), Thüringen Gas (DE).

7 SSOs also have implemented this requirement of the GGPSSO. However, they allow secondary trading of storage capacities for bundled services only: Gaz de France (FR), E.On Ruhrgas (DE), TIGF (FR), GdF E&P (DE), Avacon (DE), swb Netze (DE), E.On Hanse (DE).

6 SSOs do not allow secondary trading of storage capacity, including Wingas (DE), Latvijas Gaze (LV), Enagas (SP), Bayerngas (DE), SW Kiel (DE) and Gasag (DE).

The situation of Enagas deserves particular attention. In Spain, secondary trading of capacities is not permitted by national legislation. However, the Spanish national regulatory authority has confirmed that implementation of secondary markets is planned for 2006.

Two SSOs (Wingas – DE, RAG - AT) indicated that it prefers to concentrate on the primary market until demand develops for secondary trading.

Assessment of compliance against 9.2 (*bulletin board implemented*)

One specific requirement of the GGPSSO to facilitate the development of secondary markets is that SSOs implement a bulletin board (GGPSSO 9.2) in order for buyers and sellers of capacity to meet. In the US, the implementation of such instruments was key in the development of secondary markets of transmission and storage capacity.

Only 11 SSOs say that they have implemented this requirement of the GGPSSO: Stogit (IT), Gaz de France (FR) – but only for bundled services - E.On Ruhrgas (DE), CSL (UK), TIGF (FR) –bundled services only-, VNG (DE), RWE Transgas (CZ), BEB (DE), DONG D&S (DK), RWE Energy and KST (DE), and SSE (UK).

21 SSOs do not have a bulleting board for secondary trading, including Wingas (DE), MOL (HU), Latvijas Gaze (LV), OGG (AT), NAFTA (SK), NAM (NL), DONG D&S (DK), RAG (AT), Fluxys (BE), GdF E&P (DE), BP (NL), Edison Stoccaggio (IT), Bayerngas (DE), Avacon (DE), swb Netze (DE), Gas Union (DE), EEG (DE), SW Kiel (DE), Thüringen Gas (DE), E.On Hanse (DE), Gasag (DE).

In Austria, OGG considers that since there is enough capacity on the primary market, no further steps are necessary to facilitate the development of secondary markets.

Other steps taken by SSOs to facilitate secondary trading of storage capacity

Examples of steps taken by SSOs to facilitate secondary trading of storage capacity include:

- helping storage customers meet with each other:
 - TIGF (FR) publish user's references – subject to their authorisation - so that potential buyers/sellers can be identified easily.
- development of IT tools and trading platform:
 - MOL (HU) is developing its IT in order to facilitate storage secondary trading;
 - VNG (DE): a secondary storage capacity platform is under construction;
 - BEB (DE) intends to extend its platform trac-x for secondary trading of transmission capacity to storage.
- active promotion by the SSO of secondary trade of storage capacity
 - CSL (UK) is encouraging the use of brokers to help storage capacity and gas in store trade more frequently;
 - Edison Stoccaggio (IT) say that they contact users and propose them to trade on the secondary market; during the year, they follow the use of the storage capacity and study the possibility to trade and transfer capacity and gas in store between users.

Users' views

Some users recognise that some SSOs have set up a bulletin board which should facilitate secondary trading of storage capacity..

Users trade storage capacity on the secondary markets developed by the following SSOs: Stogit (IT), CSL (UK) and SSE (UK). For these SSOs, secondary trading of storage capacity developed before the adoption of the GGPSSO.

One user reported having used the bulletin board set up by BEB (DE), but another one remarked that offers are rarely displayed.

Some users explain that they are not interested in secondary trading of storage capacity. This is the case for OGG (AT) where users did not see a corresponding demand by now. Others have indicated that where secondary trading is allowed, it is sometimes difficult in practice. Some users of Gaz de France (FR) and TIGF (FR) are interested in trading unbundled storage capacities, which is not possible for now.

According to one user, the lack of development of secondary markets in the EU probably has more to do with market conditions (e.g. difficulty in access to transmission capacity or access to the market in general) than the actions taken by SSOs.

Overall assessment of compliance – secondary markets

13 large SSOs have published bulletin boards for secondary trading, which shows some good will. In some cases, there is more to do, like allowing and facilitating secondary markets of unbundled capacities.

The development of secondary markets of storage capacities in the EU is still limited. This further reduces the use of storage capacity.

10. Implementation of the other GGPSSO requirements (to be implemented by 2006)

For some requirements of the GGPSSO the date for implementation is later than 1 April 2005: with regard to necessary TPA services (deadline: 1 April 2006) and secondary markets (deadline: 1 April 2006 or 1 December 2006, where substantial IT developments are needed).


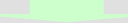

This section looks at what progress SSOs are making towards meeting these requirements.

Assessment of compliance against requirements with regard to necessary TPA services (deadline: 1 April 2006)

SSOs have until 1 April 2006 to offer unbundled services supplementing SBUs at least for available storage capacity at the beginning of the year, short-term services (<1 year) down to a minimum of one day and both firm and interruptible storage services (GGPSSO 3.3.b-d).

Compliance/non compliance GGPSSO (3.3.b, 3.3.c short term, 3.3.d)
Necessary TPA services – unbundled services supplementing SBUs, short term services down to a minimum period of one day, both firm and interruptible storage services

DEADLINE: 1 April 2006

GGPSSO requirement already implemented  Comply	GGPSSO expected to be implemented  Developing towards compliance	Unclear if GGPSSO requirement will be implemented  Unclear if will comply
Wingas (DE) CSL (UK) RWE Transgas (CZ) OGG (AT) BEB (DE) DONG D&S (DK) RWE Energy & KST (DE) SSE (UK) Edison Stoccaggio (IT) EEG (DE)	Stogit (IT) Gaz de France (FR) E.On Ruhrgas (DE) MOL (HU) TIGF (FR) VNG (DE) Enagas (SP) RAG (AT) ^{26*} Fluxys (BE) Gas Union (DE) SW Kiel (DE)	Latvijas Gaze (LV) NAFTA (SK) NAM (NL) GdF E&P (DE) BP (NL) Bayergas (DE) Avacon (DE) swb Netze (DE) Thüringen Gas (DE) E.On Hanse (DE) Gasag (DE)
24%	64%	12%

Comply: unbundled services supplementing SBUs, short term services down to a minimum period of one day and both firm and interruptible services are offered as of 1 April 2005.

Developing towards compliance: according to responses to the questionnaire, introduction of these services is planned so that the deadline is met.

Unclear if will comply: no response to the questionnaire or no planned date for the introduction of these services.

²⁶ RAG does not offer short term services down to a period of one day but argues that there is no market demand.

Unbundled services supplementing SBUs at least for available storage capacity at the beginning of the year

As of 1 April 2005, 15 SSOs already offer these services: Stogit (IT), Gaz de France (FR), Wingas (DE), MOL (HU), CSL (UK), VNG (DE), RWE Transgas (CZ), Enagas (SP), OGG (AT), BEB (DE), DONG D&S (DK), RAG (AT), RWE Energy & KST (DE), Edison Stoccaggio (IT), EEG (DE).

4 SSOs plan to introduce these services before the deadline: E.On Ruhrgas (DE), TIGF (FR), Gas Union (DE), SW Kiel (DE).

2 SSOs have indicated that the question is not applicable to them, as all the capacity is sold out: Fluxys (BE) and SSE (UK).

Short-term services (<1 year) down to a minimum of one day

12 SSOs have already implemented this requirement including E.On Ruhrgas (DE), Wingas (DE), CSL (UK), RWE Transgas (CZ), Enagas (SP), OGG (AT), BEB (DE), DONG D&S (DK), RWE Energy & KST (DE), SSE (UK), Edison Stoccaggio (IT), EEG (DE).

4 SSOs, including Stogit (IT), Gaz de France (FR), TIGF (FR) and VNG (DE) offer short-term services, but not necessarily one day services (e.g. Stogit indicates that one day services for the withdrawal season are being developed).

4 SSOs plan to introduce these services before the deadline, including MOL (HU), Fluxys (BE), Gas Union (DE), SW Kiel (DE).

Both firm and interruptible storage services

15 SSO offer both firm and interruptible services, including Stogit (IT), Wingas (DE), MOL (HU), CSL (UK), VNG (DE), RWE Transgas (CZ), OGG (AT), BEB (DE), DONG D&S (DK), RAG (AT), Fluxys (BE), RWE Energy & KST (DE), SSE (UK), Edison Stoccaggio (IT), EEG (DE).

5 SSOs plan to introduce these services before the deadline including E.On Ruhrgas (DE), TIGF (FR), Enagas (SP), Gas Union (DE), SW Kiel (DE).

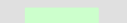
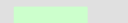
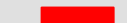
While the offer of interruptible capacity can help to ensure efficient use of capacity it is not clear if it meets the requirements of all market participants.

Assessment of compliance against requirements with regard to secondary markets (deadline: 1 April 2006 or 1 December 2006 where substantial IT developments are needed)

SSOs have until 1 April 2006 (1 December 2006 where substantial IT developments are needed) to implement some of the GGPSSO secondary market requirements. By that date, they should allow for title transfer for both bundled and unbundled capacities, recognise the transfer of rights where notified by storage users for both bundled and unbundled capacities and allow the new owner to aggregate such storage capacity operationally (GGPSSO 9.3).

Compliance/non compliance GGPSSO (9.1) Secondary markets

DEADLINE: 1 April 2006 (1 December 2006 where substantial IT developments are needed)

GGPSSO requirement already implemented  Comply	GGPSSO expected to be implemented  Developing towards compliance	Unclear when and if GGPSSO requirement will be implemented  Unclear if will comply
Stogit (IT) CSL (UK) RWE Transgas (CZ) BEB (DE) DONG D&S (DK) RWE Energy & KST (DE) SSE (UK) Edison Stoccaggio (IT) EEG (DE)	Gaz de France (FR) E.On Ruhrgas (DE) MOL (HU) TIGF (FR) VNG (DE) Enagas (SP) NAM (NL) Fluxys (BE) GdF E&P (DE) BP (NL) Avacon (BP) Gas Union (DE) E.On Hanse (DE)	Wingas (DE) Latvijas Gaze (LV) OGG (AT) NAFTA (SK) RAG (AT) Bayerngas (DE) swb Netze (DE) Thüringen Gas (DE) Gasag (DE)
35%	46%	19%

Comply: these requirement have already been implemented as of 1 April 2005.

Developing towards compliance: according to responses to the questionnaire, these requirements will be implemented so that the deadline is met.

Unclear if will comply: no response to the questionnaire or no plan to implement this requirement before the deadline.

Allow for title transfer for both bundled and unbundled capacities

14 SSOs allow for title transfer for both bundled and unbundled capacities as of 1 April 2005 including Stogit (IT), CSL (UK), RWE Transgas (CZ), OGG (AT), NAM (NL), BEB (DE), DONG D&S (DK), RAG (AT), Fluxys (BE), RWE Energy & KST (DE), BP (NL), SSE (UK), Edison Stoccaggio (IT), EEG (DE).

9 SSOs plan to implement that requirement on time, including Gaz de France (FR), E.On Ruhrgas (DE), MOL (HU), TIGF (FR), VNG (DE), Enagas (SP), Avacon (DE), Gas Union (DE), E.On Hanse (DE).

Recognise the transfer of rights where notified by storage users for both bundled and unbundled capacities

13 SSOs recognise the transfer of rights as of 1 April 2005, including Stogit (IT), CSL (UK), RWE Transgas (CZ), NAM (NL), BEB (DE), DONG D&S (DK), RAG (AT), RWE Energy & KST (DE), GdF E&P (DE), BP (NL), SSE (UK), Edison Stoccaggio (IT), EEG (DE).

10 SSOs plan to implement that requirement on time including Gaz de France (FR), E.On Ruhrgas (DE), MOL (HU), TIGF (FR), VNG (DE), Enagas (SP), Fluxys (BE), Avacon (DE), Gas Union (DE), E.On Hanse (DE).

Allow the new owner to aggregate such storage capacity operationally:

14 SSOs allow the new owner to aggregate such storage capacity operationally as of 1 April 2005 including Stogit (IT), E.On Ruhrgas (DE), CSL (UK), RWE Transgas (CZ), BEB (DE), DONG D&S (DK), RAG (AT), RWE Energy & KST (DE), BP (NL), SSE (UK), Edison Stoccaggio (IT), Avacon (DE), Gas Union (DE), EEG (DE).

7 SSOs²⁷ plan to implement that requirement on time including Gaz de France (FR), MOL (HU), TIGF (FR), VNG (DE), Enagas (SP), Fluxys (BE), E.On Hanse (DE).

Overall assessment – implementation of the other GGPSSO requirements

For a large number of SSOs, implementation appears to be completed already or well under way. Preparations are apparently more advanced in the area of necessary TPA services than in the area of secondary services.

However, some SSOs have no intention of implementing those requirements. Other have indicated that they will propose the services when there is market demand.

²⁷ See footnote 27.

Appendix 1

Implementation of the GGPSSO by other SSOs not included in the monitor report

Transco LNG Storage (UK)

Transco LNG Storage operates 4 LNG facilities in the UK (2,807 GWh). Transco LNG Storage has an exemption from TPA provisions under national legislation (the Gas Act). For that reason, Transco LNG Storage is not included in the exercise.

The capacity allocation mechanism is regulated and presented in the Network Code (approved by Ofgem). The TSO has the right to pre-emption in order to satisfy their Transporter obligations. The remaining capacity is offered to users via auctions. For the 2004/05 storage year, Transco LNG Storage has 10 capacity holders.

A Use-it-or-lose-it (UIOLI) mechanism is used to discourage hoarding and facilitate re-utilisation and trade of storage capacity, and secondary trading via bulletin board is facilitated.

Confidentiality is unlikely to be an issue as the SSO is completely separate from a supply and/or production company. In any case, databases are kept separate, a code of conduct and a compliance programme are implemented and the effectiveness of these arrangements are implemented by Ofgem.

Transco complies with the transparency requirements of the GGPSSO (all the data, including operational information, are published as required by the GGPSSO).

The pricing associated with the capacity overrun regime is to be designed to encourage the trading of capacity in the secondary market. The electronic bulletin board and efficient account management also promotes secondary trading.

Sydskraft (SW)

Sydskraft Gas is the SSO of a small demonstration facility with 8.5 mcm working gas. Permission to operate regarding security was given on 3 February 2005. Due to some measurements and availability problems, the storage facility will be tested with one customer within the Group from 1 July 2005 to 1 July 2006. Full commercial opening is planned from 1 July 2006 and users will be invited to book capacity from 1 March 2006. Because the monitoring exercise focuses on implementation of the GGPSSO as of 1 April 2005, Sydskraft is not included in the scope of the report.

The SSO is owned by Sydskraft Gas, an electricity company owned by E.On.

Tariffs for access to the storage facility will be regulated by STEM, the national regulatory authority in Sweden.

POGC (PL)

In Poland, legislation transposing the TPA to storage provisions of the directive has just been passed (May 2005). Therefore, experience with regard to TPA to storage is very limited. The SSO, POGC, sent out a response but not in the form of the questionnaire. The answers are presented hereafter.

POGC is a main player in production, import and trade of natural gas in Poland, wholly owned by the State. The SSO is not a separate legal entity yet. Databases are not kept separate.

The storage capacity is currently used for production, system and TSO needs.

POGC has not prepared the standard agreement for storage services yet. Discussions with potential customers or the national regulatory authorities (ERO) have yet to be held. POGC does not publish any operational information.

Storage costs are included in the general gas transmission tariffs approved by the Energy Regulatory Office.

In the very near future, POGC is going to prepare a draft of the storage code and a description of storage services. Both UGS code and storage services will be determined by:

- the transmission code (e.g. rules regarding interoperability between the transmission system and the storage system are to be determined);
- the new legislation on gas markets;
- introduce a new tariff system;
- organisation of a new IT platform for gas market purpose.

Romgaz, Amgaz, and Depomures (RO)

Three Romanian SSOs also sent out responses to the questionnaire. They are not included in the monitoring exercise because Romania is not yet an EU member.

- Romgaz operates a 2.7bcm storage facility and has 24 users;
- Amgaz operates a 40mcm storage facility;
- Depomures operates a 30mcm facility.

In Romania, tariffs for the use of storage facilities and access conditions are regulated.

Appendix 2

List of responses

Responses received from NRAs

AEEG (Italy)
ANRGN (Romania)
BNETZA (Germany)
CNE (Spain)
CRE (France)
CREG (Belgium)
DERA (Denmark)
DTE (Netherlands)
E-Control (Austria)
ERO (Poland)
ERU (Czech Republic)
HEO (Hungary)
OFGEM (United Kingdom)
PUC (Latvia)
RONI (Slovak Republic)
STEM (Sweden)

Responses received from SSOs

SSOs in the scope of the monitoring report:

Avacon (Germany)
Bayerngas (Germany)
BEB Speicher (Germany)
BP/holders of the Alkmaar Gas Storage licence (Netherlands)
Centrica Storage Ltd (United Kingdom)
DONG D&S (Denmark)
E.On Hanse (Germany)
E.On Ruhrgas (Germany)

Edison Stoccaggio (Italy)
EEG – Erdgas Erdöl (Germany)
Enagas (Spain)
EWE (Germany)
Fluxys (Belgium)
Gas Union (Germany)
Gasag (Germany)
Gaversorgung Thüringen/Allmenhausen storage facility (Germany)
Gaz de France (France)
Gaz de France Produktion Exploration Deutschland (Germany)
Latvijas Gaze (Latvia)
MOL Földgáztároló (Hungary)
NAFTA (Slovak Republic)
Nederlandse Aardolie Maatschappij /Gripskerk storage facility (Netherlands)
OMV Gas GmbH (OGG) (Austria)
Rohoel-Aufsuchungs (Austria)
RWE Energy & KST/ Stassfurt storage facility (Germany)
RWE Transgas (Czech Republic)
SSE Hornsea (United Kingdom)
Stogit (Italy)
swb Netze (Germany)
SWKiel (Germany)
Total Infrastructures Gaz France (France)
VNG – Verbundnetz Gas (Germany)
Wingas (Germany)

SSOs out of the scope of the monitoring report:

Amgaz (Romania)
Depomures (Romania)
POGC (Poland)
Romgaz (Romania)
Sydkraft (Sweden)
Transco LNG Storage (United Kingdom)

Responses received from storage users

-anonymous-

British Gas Trading Limited/Centrica Energy

Cepsa Gas Comercializadora S.A.

EconGas GmbH (2 responses applying each to a different SSO)

EFET

EMFESZ Kft

Enel Trade

Eni S.p.A (Gas & Power Division)

ExxonMobil International Limited

Febielec

Gas Natural Comercializadora

Gaz de France, Direction N goce (5 questionnaires)

MITGAS Mitteldeutsche Gasversorgung GmbH

MOL Gas Supply Plc. (3 questionnaires)

RWE Energy

Shell Espana S.A.

Uprigaz

9 confidential responses