

## **Report on obstacles in relation with network access**

authoring by Trianel European Energy Trading GmbH  
Michael Falak, Ulrich Jotzo, Dr. Bernd Seifert

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### **Transparency**

Regarding the German grid system a trader -as the typical Network user!- has neither direct access to information on capacities nor on bottlenecks. Instead of this you are obliged to ask the Transmission system operator (TSO) each time personally. There is no possibility to inform yourself about the actual capacity situation for instance on the *TENP* via Internet.

This is no customer driven approach and not sufficient to implement a feasible trading and access to the grid system.

One small exception from these experiences is Thyssengas, who were obliged to publish their available capacities in the internet. But the only figures they publish are the technical available capacity by a traffic light system, that means that you will not be informed about the real available capacity .

Furthermore a Network user has no information on the calculation method to recapitulate the prices.

Statements to the actual direction of flow are also missing totally. This means that a trader does not know anything about possible flow constellations which should have a deep impact on the capacity price.

Aside from the local distribution companies the TSO's in Germany (regional and supra regional transmission companies) always reject the postulation of publishing their principles of tariff calculation. They only refer to the benchmarks preferably in the Netherlands. Other benchmarks e.g. Italia or the UK won't be taken into consideration.

One fact is obvious anyway: Principles like the tariff mechanism (entry-/exit/cost-based etc.) or organisational issues (e.g. we see a strong urge that - comparable to the power TPA system in Germany - there is **one** TSO in each delivery case who is responsible for the entire grid access), aren't be made a subject of discussion. This problem is evident since the discussion about tariff models started more than two years ago (association agreement I).

### **Tariff mechanism for access to the grid**

One of the most important axioms for the access to the grid in Germany should be a comprehensible cost-based pricing approach. In addition to that the prices should also correspond to an international benchmarking approach. If you have a look at the results so far it becomes evident that benchmarks from successful other markets -like the UK- had not been taken into account.

Besides the distance related transportation fees will not only apply to the supra-national transmission companies but from 1<sup>st</sup> oct 2002 also to the regional transmission companies. This is contrary to a transaction-independent pricing model as well as a model which fits to an exchange capable pricing model.

### **Publishing of free capacities and Management of bottlenecks**

Concerning the allocation of capacities we consider a strong urge for mechanisms others than the actual principle "first committed, first served". This mode could not guarantee a non-discriminatory treatment for third parties. Here is typically given a competitive edge by the TSO regarding the information flow in a vertical integrated company. From our point of view you can only avoid these leak of information for third parties if you will have a comprehensive and always actual publication of the available capacities and on this basis regular capacity auctions like it is successfully practised in the UK since several years.

### **Secondary market for capacities**

A secondary market for capacity rights does not exist. This means that a third party won't have any possibility to sell back booked but not needed capacity to another market participant.

### **Access to storage facilities**

At present only five companies in Germany offer storage access and storage services. Besides these parties there are also some regional transmission companies like Gasversorgung Süddeutschland (GVS) or Heingas who have storages but are not obliged to offer and publish the conditions for the access to these facilities. This confines the possibilities of offering fully supplies in these areas. The access to the storages is normally organised through physical deliveries to and from the storage (BEB, Thyssengas, VNG and WINGAS). Only the Ruhrgas storage mechanism works different by a virtual access. The Ruhrgas storage model consists of one concrete entry- and one exit point. Thus storage users don't have any possibility to vary their entry- and exit points within the scope of a booked total capacity.

Another restriction consists of the prescribed calorific value of the natural gas. At present the storage access is confined to high-calorific value gas otherwise you have to consider additional costs for gas conditioning which leads to not competitive prices. The consequence is that fully supply of municipalities or industrial customers in a low-calorific value area aren't feasible, so nearly a quarter of the total sales volume in Germany is in advance out of the liberalised market.

Furthermore the offered tariffs for the access to storages are not cost-based. The calculation scheme hasn't been published. So it isn't understandable whether the tariffs are reasonable or not.

One fact to underline the non sufficient approaches for access to the storages is that Trianel - as an independent third party - until today has the one and only storage contract in Germany.

### **Contract periods for grid access and storage**

Until now TSO mainly offers their standard transport contracts which run for a gasyear (1<sup>st</sup> Oct till 30<sup>th</sup> Sept) respectively from 1<sup>st</sup> April til 31<sup>st</sup> March. Whereas a standard storage contract runs anticyclical to a typical transport contract (gasyear) from 1<sup>st</sup> April til 31<sup>st</sup> March. This means that a combination of a gasyear contract with a storage contract normally doesn't work.

Although TSO's meanwhile also offer contract periods for less than a year the prices are more expensive than for yearly contracts. From our point of view it's not understandable that these shorter periods are specifically more expensive than yearly ones. TSO's should be obliged to prove any premiums for contract periods for less than a year.

Moreover it is pretty disconcerting that contracts which run for a calenderyear cost e.g. at the Ruhrgas system 160% of the ordinary transportation fee of a gasyear or at Thyssengas 150%. So in our opinion is it absolutely necessary to adjust the historical-related contract periods to shorter contract periods the customers are asking for (until weeks or even days).

### **Balance areas**

In the power TPA system in Germany there is a possibility to pool different Network users to one balance area. The same approach would fit for the gas sector too and could help to simplify and improve the efficiency of the current TPA system.

### **Missing of operational standards**

The standardisation of operational procedures is one aspect which needs to be taken into account by TSO's indeed. One example: at the moment we can only recognize individual manners how a nomination sheet should look like. One party wants you to nominate daily or weekly only in Gigajoule (GJ), a second party consists of Million Mega Joule (MMJ) and a third party wants you to do it in kWh/h.

The information medium is not equal likewise. One TSO prefers nominations via router (telephone cable), another wants it via e-mail and the majority still requires faxsimile.

It is well known that a new informational standard ("Edigas") should be on its way to come, but up to the present we couldn't spot it in practice not even by companies like Ruhrgas, BEB or other major TSO's.

Don't hesitate to contact us directly in case of any further queries:

Trianel European Energy Trading GmbH  
Neuenhofer Weg 3  
52074 Aachen

<u>gas trading:</u>	<u>Telefon:</u>
Michael Falak	+49/(0)241-41320 22
Ulrich Jotzo	+49/(0)241-41320 19
Dr. Bernd Seifert	+49/(0)241-41320 24