Subject: EFET¹ letter to GTS on a potential new service on the Dutch-Belgian border

As an active participant to the discussions around the changes on the Dutch gas market, EFET would like to raise the issue of a potential mismatch of capacities being allocated on the border with Belgium. EFET believes that harmonisation of capacity allocation mechanisms is not only a goal of NC CAM, but also contributes to better trading possibilities. We therefore ask GTS to further align capacity allocation and conditions with the NNO’s. Services or conditions that are offered on one side of the border should also be offered on the other side of the border in order to be useful. We therefore believe that a capacity switching service between gas qualities offered by GTS could benefit cross-border trading and increase the capacity bookings. Below we describe the issue in detail.

The Belgian TSO offers a service to switch capacity at a L-gas entry point to any H-gas entry point in the system, in line with parallel downstream physical L/H gas conversion. On the Dutch side of the border, such a service is not available. Consequently, shippers switching capacity in Belgium might end up with mismatched capacity on the Dutch side, which then becomes sunk. Despite the fact that cross-border exit points in the Netherlands are not labelled according to the gas quality (L/H), the corresponding entry points on the other side of the border do take the gas quality into account.

As an example, let us assume that under the current regime a shipper books 100 units of capacity at an L-gas entry point into Belgium and the corresponding 100 units of exit capacity from the Netherlands. It is possible for him to switch e.g. 5 units of L-gas entry capacity to an H-gas entry point in Belgium, but there is no possibility to perform a switch on the Dutch side. Thus, the shipper is left with 100 units of capacity on the Dutch cross-border exit point and 95 units of entry capacity into Belgium, and as a result ending up with a mismatch.

¹ The European Federation of Energy Traders (EFET) promotes competition, transparency and open access in the European energy sector. We build trust in power and gas markets across Europe, so that they may underpin a sustainable and secure energy supply and a competitive economy. We currently represent more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org.
For the above-mentioned reasons, EFET would very much appreciate a service on the Dutch side of the border that is similar to the one offered by the Belgian TSO and that would streamline cross-border shipping of gas.

Kind Regards,
On behalf of EFET TF BeNeLux,

Andrew Pearce
Chairman of EFET TF BeNeLux