AEEGSI Consultation Document No. 422/2015

EFET comments - 14 September 2015

The European Federation of Energy Traders (EFET) welcomes the opportunity to provide its comments to the consultation document n. 422/2015 in the context of the implementation of the Gas Balancing Network Code (BAL NC) in Italy.

We appreciate the efforts carried out by AEEGSI and SNAM Rete Gas in integrating the current national balancing discipline towards the implementation of the EU Regulation 312/2014 but, as the Authority correctly pointed out, although several principles, proposals and drafts were submitted to consultation, to date, nothing has been approved. Therefore, EFET believes that it is fundamental that the BAL NC implementation is postponed from the original 1 October 2015 deadline; failing to do so, market participants will not be able to adapt internal organisation, IT systems and, generally speaking, market strategies to implement and cope with the new regulatory framework. As stated in response to the previous consultation, EFET believes that any new starting date must provide at least three months between the approval of the complete set of rules and the start of the new regime.

As to the date in which the new regime should be implemented, EFET cannot provide the Authority with a specific suggested date, but we would like to point out the following:

- We believe that the new balancing regime should not be implemented during the winter period, which includes March 2016, as this could disrupt wholesale markets in the most critical months of the year.
- All BAL NC implementing rules, including any proposal on the management of additional storage withdrawal capacity (ref. Deliberation 353/2013/R/GAS) and intraday storage capacity auctions – that should have been the subject matter of a second round of consultation – must be approved before storage capacity auctions for the new storage thermal year 2016/2017 take place. The role of storage and the features of storage products (withdrawal profiles, renominations) must be known well in advance of auctions in order to assign an appropriate value to storage resources when bidding for capacity. EFET has long argued in favour of a more flexible utilisation of Italian storage sites and believe the implementation of the BAL NC can be the occasion for a comprehensive discussion involving the Authority, MSE, Stogit and market participants.
- The new timeline for implementation should not be simply postponed without indicating any new start date, but should be redefined within a comprehensive timetable that must include all deadlines for the publications and entry into force of AEEG’s deliberations, Snam Rete Gas and Stogit codes, and GME rules. Furthermore, the new
timeline should also define the start and end dates for the testing phase and the start of the full implementation of the BAL NC.

Furthermore, the Authority should set forth the rules applicable in the period between 1st October 2015 and the full implementation of the BAL NC. In particular, the Authority should clarify:

a) when intraday renominations are to be introduced at the Tarvisio entry point, including any changes to the D-1 and D+1 PB GAS;

b) what the role of storage and the features of storage products (withdrawal profiles, renominations) will be well in advance of the auctions for storage year 2016/2017.

Moreover, we warn against partial implementation of the BAL NC provisions (e.g. the announced shift to Kwh from the 1st October).

Finally, EFET believes that it is fundamental that intraday renominations on hourly or two-hourly basis are introduced in parallel at the Passo Gries Entry Point. In June, EFET addressed the relevant TSO to clarify its intentions to start offering such products. The Swiss TSO responded confirming their availability to introduce additional flexibility, indicating that they are waiting for the form and timing of the new Italian system to be agreed. The Swiss TSO also expressed a wish for the rules to be approved at least 6 months before their enforcement.