Entry-Exit network access challenges

‘Entry-exit’ is the access scheme most likely to meet EU Gas Market objectives.

Significant progress has been made in many EU countries.

Every scheme to improve network access introduces challenges to those implementing the scheme.

Some genuine difficulties exist, but can be addressed... if there is the will to do so.

Other ‘problems’ are unfounded; perhaps some misunderstanding of entry-exit needs to be corrected?
Q. Are short distance transmission prices generally too high because the simple entry/exit socialises some costs?
- tariffs for entry/exit need to reflect the overall LRMC. The distance between the points may or may not be a significant factor
- in special circumstances, undue incentives might exist for 3rd parties to build a short new line to avoid high charges by the TSO. There are obvious remedies if this local issue arises.

A. No, short distance transmission is not a general problem, but caps on some short-haul charges might be needed
Q. Are Long Distance Transmission prices generally not cost reflective?
- Analysis of each TSO’s situation is required to see if any problems exist
- If necessary, expanding the zone over adjacent system(s) generally reduces anomalies
- In special cases, defining a separate transit or interconnector route might be the best solution

A. No, Long Distance Transmission is not a general problem. Prices can be based on LRMC. Special cases are possible
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Q. Are internal investment and capacity congestion more difficult to manage?
- Entry/exit booking (& the absence of contractual paths) maximizes TSO’s freedom to operate the physical system and improves capacity utilization
- in competitive markets ENTRY/EXIT increases available capacity, simplifies TSO administration & can provide some investment signals

A. No. TSOs are free to manage the flow & internal reinforcement remains driven primarily by physical assessments of the need to develop the Transmission System.
Introduction of E/E might lead to a short-term reduction in firm entry capacity, but overall the available capacity will increase.
Q. Does the existence of multiple TSOs make entry-exit impracticable?

- Multiple TSOs introduce a complexity, but there are solutions to different situations that can arise
- One example is to reduce or remove the x-border fees for the supplier who is transporting gas across the border to a nearby exit point. If necessary the TSOs could agree an inter-TSO compensation payment.
- Lessons can be learnt from the power market

A. No. Entry-exit helps reduce the barriers that can exist with multiple TSOs. Joint System Operation is a practical challenge, & TSOs can still ‘compete’ to reduce costs
Can the issues now being raised by some TSOs be resolved?

YES, the issues can be resolved.

But, implementing entry-exit is a difficult challenge in some countries and requires a positive approach from all parties to make real progress.