

Consultation Stogit Network Code update n. 35 – storage capacity allocation 2019/2020



EFET comments - 15 March 2019

The European Federation of Energy Traders (EFET) welcome the opportunity to respond to the consultation updating Stogit Network Code, following ARERA deliberation n. 612/2018. We have for long deemed necessary to clarify all aspects relevant to the formation of imbalance prices in cases of alert and emergency situation in the Italian gas system.

Capacity allocation

In first place, we stress that it is in the duty of a regulated business like Stogit to always maximise the allocated amounts and flexibility to storage users. Even in situations of stress, the maximum amount of capacity should be made available on a short term basis and it should be up to users to strive balancing the system. In relation to the above, we welcome the update on a daily basis of the capacity available, as it would help users to optimise their positions and ultimately help the system.

Auction timing

Stogit proposes that the new timing for day ahead auctions will be at 15h30 and 19h00; instead, the timing for within day auctions would remain at 11h00 and 16h00. However, the timing of the publication of the results of the second day ahead auction has not changed and should be possibly be anticipated to 20h30 at least.

Nominations

We welcome the proposal clarifying that all Stogit non-nominated storage capacity will be sold back via the first day ahead auction.

The last nomination gate closure has been moved to 18h00. However, the confirmation schedule so far has not been amended. Overall, this only makes sense if all non-nominated capacity is put on offer in the last day ahead auction and hence also the timing of the confirmation should be adjusted.

Capacity and gas transfers

The 1000€ fee on all capacity transfers has been abolished. This a very much welcome improvement. However, the 1000€ fee for gas transfers to third parties remains. We believe that all kind of transfers should be facilitated and hence fees on all the transactions should be removed. Should there be any inherent costs for Stogit, these could be added to its overall operational costs.

New service

The 'servizio di banda' will allow storage users to reduce the mandatory minimum stock levels and it will be sold via pay as bid auctions with a reserve price set and published by Stogit. In our view, this product is actually a financial product as it would work as an option on the penalty otherwise incurred in case the mandatory minimum stock levels are not achieved. Moreover, one would expect the price to be just below the penalty level which most likely would make the service fairly useless.

We believe it is essential to guarantee that the injection capacity would be linked to the shippers' actual stock in order to made available and ensure to them enough capacity to the fulfilment of all their

contractual obligations during the injection phase. In this respect, we believe that the assignment of the injection capacity, according to the so called Ru,k ratio (Chapter 6, paragraph 2.3), should not be affected by the “servizio fuori banda” and should allow storage users to reach the required minimum injection profiles at the end of each month. Overall, we recommend Stogit to reconsider the introduction of this product and simply reduce the mandatory minimum stock levels. The additional flexibility would in this case be priced by the market at the time of purchase of the standard product.

Guarantees

The code will allow for the automatic renewal of the bank guarantees on a voluntary basis. This is a provision that should be regarded positively, provided banks are able to offer open guarantees

Discretionary measures

The Code update proposal introduces elements of discretion (chapter 18 para 2.1 – misure gestione di crisi) in the way Stogit is likely to operate in emergency situations giving the operator the right to organise auctions to offer Additional Withdrawal Capacity and Anticipated Additional Withdrawal Capacity at times different from the standard ones.

To maximise market transparency and predictability, we recommend clarifying the conditions upon these discretionary powers would emerge.