

To the attention of:

ARERA, Autorità di Regolazione per Energia Reti e Ambiente

Piazza Cavour, 5

20121 – Milano

Direzione Mercati Energia all'Ingrosso e Sostenibilità Ambientale (DMEA)

Mr. Massimo Ricci, Director

Mr. Lorenzo Monterosso, Wholesale Gas Market Unit

by Cc:

SNAM Rete Gas

Mr Gianluca Zonta, Senior Commercial Vice-President

Brussels, 10 June 2019

via electronic mail

Subject: Letter on storage injection capacity issues and reserve price formula revision

Dear Mr Ricci, Mr Monterosso and Mr Zonta,

The European Federation of Energy Traders (EFET¹) would like to comment on the availability of storage injection capacity, especially for peak and uniform modulation services during the injection phase and the reserve price formula.

We noticed a reduction in the primary injection capacity allocated for basic services for the current thermal year compared to the previous one. The availability of the injection capacity of basic services has been subject to an unexpected reduction of the adjustment factor from 0.64 to 0.6238 on the 25th of April.

Furthermore, we highlight that there has been a significant increase in the primary injection capacity quantity offered and allocated in the short-term products auction sessions (65,000 MWh on 25 April, around 10% of the total system capacity).

We understand that the situation has gone back to normal. Yet, there are several points that remain of concern:

1. Until the Ru factor is eliminated, situations such as the one described may emerge at any time, hence we ask ARERA and Stogit to improve product performance reliability;

¹ The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent and liquid wholesale markets, unhindered by national borders or other undue obstacles. EFET currently represents more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org

2. Stogit communication skills could be improved to inform better and faster market players about inventory levels and injection curves.

Lastly, we noted that the last seasonal and monthly auctions for the peak modulation service failed to sell any capacity out of the 236 Mcm and 140 Mcm on offer. This was due to the high reserve prices set on both auctions, since the requested quantities were respectively 1.378 Mmc and 817 Mmc, greater than the offered quantities. We believe that the reason behind this mispricing of the reserve prices is the TTF weight in the reserve price formula. As the PSV/TTF spreads on the balance of summer are higher than the ones during the winter period, this has led to a time spread (Winter/Summer) higher at the TTF than at the PSV (around 7 eur/MWh at the TTF versus around 5 eur/MWh at the PSV).

We therefore ask for a revision of the formula, that would take into consideration the actual PSV Winter/Summer spread, reducing or even taking off the TTF weight in the reserve price calculation (art. 15 of the RAST) for the following auctions and even for the auctions of next Storage Year 2020/21.

We are confident that ARERA and STOGIT will provide us with all the necessary clarifications on the injection profiles and we remain available for further constructive discussion on the reserve price formula revision.

Yours sincerely,

Lorenzo Biglia



EFET TF Italy Secretary