

## ARERA consultation document n. 544/2019 on the incentive scheme applied to SNAM Rete Gas in the gas balancing regime



### EFET response – 27 January 2020

The European Federation of Energy Traders (EFET)<sup>1</sup> welcomes the opportunity to provide comments to the consultation document n. 544/2019 on the incentive scheme to be applied to SNAM Rete Gas in the context of the balancing regime.

We appreciated ARERA's detailed analysis on SNAM performances during the last regulatory period. We welcome the intention of including the quantitative savings for the whole gas system generated by SNAM's performance in the next assessment (as stated in paragraphs 8.6 and 8.7 of the consultation).

We still believe that ARERA should design a symmetrical reward/penalty scheme and implement the same philosophy for penalties: if no cap for rewards is established, the floor for potential penalties should also be removed.

Two ways can be explored:

1. Improve SNAM's performances
2. Reduce the incentives cap

Below you will find our detailed comments.

*S1: Si ritengono condivisibili gli esiti presentati?*

*S2: Si condividono le proposte di riordino dell'assetto vigente?*

In general terms the overview on the trend of the performance indicators (p1, p2 and p3) during the last three years is satisfactory. We argue that more detailed explanation for modification of the existing and new indicators could still be performed.

For instance, it is clear that p3 indicator will not be changed but it is less clear if p2 indicator will remain unchanged and how the p1 indicator will be reduced.

*S3: Alla luce dei risultati presentati, si ritengono necessari ulteriori interventi?*

Considering the positive trend on the performance of the incentive I1, ARERA could consider strengthening the parameters and further reduce the target value.

Moreover, it would be helpful to clarify why, as it emerges from the analysis, the behaviour of the TSO does not always reflect the physical status of the system. Therefore, we would ask SNAM to provide a full explanation for the erratic behaviour observed on certain days.

<sup>1</sup> 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](http://www.efet.org)

*S4: Si ritengono condivisibili gli obiettivi sottesi ai nuovi indicatori di performance p4 e p5?*

We believe that for p4 and p5 we need more transparency, in fact traders do not have all the information to be able to assess the congruity of the threshold value proposed in the consultation.

In this regard, we require that SNAM publishes all the terms, with separate evidence, that make up the PSI both in the forecast and in the final balance. It would be appropriate that all the interventions carried out by SNAM as TSO in the market become recognisable by all users, including in the continuous trading.

Because the gas system will be considered in the performance indicator p4, it would be appropriate to exclude it from the calculation of the indicator p1 (therefore modifying article 9.2 of the TIB). Demand forecast should be, as in the past, net of gas for the systems. Otherwise, such volumes would be considered in two indicators that might not be interesting for trades because they are supplied by SNAM.

We believe that the two auctions, which are held one on day G-1 and one on day G, should be enough for the supply of all the necessary quantities.

*S6: Se ne condivide la formalizzazione in termini di I4 e I5?*

*S7: Si ritiene appropriata la durata del 4PI?*

We agree with the ARERA's proposal regarding the duration of I1, I2 e I3 and the revision of I4 and I5 after a year.