

CONCEPT PAPER
-STAKEHOLDER INPUT-

Please complete the fields below and send via email using the subject title “Response to the Concept paper stakeholder meeting” to irina.dragoman@transgaz.ro and andra.vlahbei@transgaz.ro, by 5 April 2018.

Name
First and Last Name: Davide Rubini

Organisation
Company/organisation name: EFET
Job title: Vice-Chairman - EFET Task Force Central and South Eastern Europe Gas (EFET TF CSEE-G)

Contact details
e-mail: davide.rubini@shell.com
Tel: ---
Mobile: +447540139566

Question 1: Question 1: Do you consider that the national network code development process is appropriate? In particular, what level of stakeholder engagement do you consider to be appropriate? If there is room for improvement, please inform us about possible suggestions for improvement.
--

Yes	No
Comments: While the situation has significantly improved since the start of the CESEC initiative we still think there are margins for improvement. In particular the time generally allowed for consultations (too short) and the communication channels made available (for instance to gather information on stakeholders events)	

could be improved. This also includes an increase in organizational capacities within Transgaz to manage the required implementation steps by envisaged target date. A roadmap showing a detailed breakdown of the steps and measures necessary to implement the concept paper along with their interdependencies and timescales would be very helpful.

Question 2:

Please complete the table below, indicating whether you support the relevant sections of the Concept paper, having regard to the process carried out and working group's aim to reflect the views of the majority of network users during the development process

Chapter	GENERAL PRINCIPLES OF THE PROPOSED ENTRY/EXIT SYSTEM	INFORMATION PLATFORM OF THE TSO	VIRTUAL TRADING POINT	VIRTUALIZATION OF THE ENTRY/EXIT POINTS
Support	<p>We generally support the general principles, in particular the ability to book entry and exit capacity independently. However, we do see room for improvement:</p> <ul style="list-style-type: none"> • It must be made clear that any active exchange or trading platform in (or outside) Romania should be allow to connect to the VTP in order to submit trade notifications, subject to their compliance with Transgaz's agreed procedures, data exchange rules and protocols; • The term Market Participant should be used instead of Network User to describe parties that have signed up to operate at the VTP and who may, or may not, book entry/exit capacity. Network Users should be used to describe parties that 	<p>We generally support the provisions on the information platform, expecting processes within the platform which are similar to those applied in North West European markets</p>	<p>We generally support the establishment of the virtual trading point which will significantly facilitate trading in Romania. However, we do see room for improvement:</p> <ul style="list-style-type: none"> • We strongly recommend eliminating the notion of virtual entry/exit points as applied to the VTP. The concept could be misleading and is unnecessary because the transfer of gas within the VTP represents a mere title transfer. Title transfer is executed by way of matching trade notifications that add/subtract traded quantities to/from the respective market participants imbalance positions and there is nothing to gain from the idea of a "virtual" movement of gas; 	<p>We generally support the provisions on the virtualization of the entry/exit points. However, it should be clear that this should never happen to the detriment of available capacity, lead to increased costs or allow undue sharing of confidential and/or commercially sensitive information. We invite you to consider that every producer needs to be able at each physical point to independently book and manage capacity, without having to rely on services provided by other competing producers at that entry point.</p>

	<p>book entry/exit capacity but who nevertheless must be Market Participants.</p>		<ul style="list-style-type: none"> • We invite you to consider whether the idea of a separate balancing contract is necessary or whether the relevant provisions could be incorporated either in the network code or in the rules to access the VTP. This may simplify matters and avoid contract proliferation; • VTP trade notifications should unequivocally be open to central counterparties (in the case of cleared exchange trades) and trading platforms/bilateral counterparties (in the case of OTC trades). The process of matching trade notifications (e.g. monthly trades being matched once on the day of execution or for each day within the month) and notification deadlines and timescales should be agreed collaboratively between platform operators and market participants; • Each company certified to access the information platform as a market participant or network user should be able to nominate a reasonable number of individuals entitled to use the information platform. 	
<p>Do not support</p>				

Chapter	CAPACITY BOOKING – CONTRACTUAL FRAMEWORK	ENTRY POINTS FROM PRODUCTION	ENTRY/EXIT POINTS AT THE INTERFACE BETWEEN THE NTS AND UNDERGROUND STORAGE	EXIT POINTS TO THE DISTRIBUTION SYSTEMS
Support	<p>We generally support the provisions on the contractual framework. However:</p> <ul style="list-style-type: none"> • We invite you to consider simplifying and streamlining the contractual arrangements, to the extent possible, leaving most of the relevant clauses to the network code. • We support aligning capacity products and the available capacity disclosure about them with the EU Capacity Allocation Network Code provisions, including the ability to transfer capacity products and usage rights through a secondary capacity platform. So in the case of monthly capacity, availability should be notified a week (not a day) beforehand; • Credit requirements (for imbalance and transmission cost exposure) will need to be defined further to avoid arbitrary rules and criteria. The concept paper should state that as a 	<p>We generally support these provisions. However, we repeat that any arrangement in this regard should be defined keeping in mind confidentiality of commercially sensitive information. Furthermore, it should be avoided to create overlapping and/or additional information requirements.</p>	<p>We generally support these provisions. However, to ensure a simplified interface, at least in the early stage, we would invite you to consider having the TSO book the entry/exit capacity from/to storage. This could then be transferred implicitly to storage network users in proportion to their booked injection/withdrawal capacity, or be used by the storage operator to create storage products whose delivery point is the VTP.</p>	<p>We generally support the provisions. However, considering the expressed intention to eliminate overrun charges and have obligatory booking levels it may be appropriate to consider automatic booking of capacity (e.g. following the model Italy is currently implementing).</p>

	<p>matter of principle credit requirements should be appropriate and not unduly prohibitive;</p> <ul style="list-style-type: none">• We do not understand why you need to differentiate between long-term and short-term capacity contracts, by way of a frame day-ahead and within day contract. We invite you to consider whether the terms and conditions for all capacity contracts could be incorporated in the network code to simplify matters and to avoid contract proliferation;• In relation to secondary capacity market trades, the concept paper refers to the TSO receiving details of the transaction from both network users (for both modalities) and that the TSO is entitled to reject the transfer if information is different or incomplete. However the transferee Network User may not have all the details of the trade available to him (e.g. the type of capacity product, as the trade may be for a two month period which could have been made up of the transferor's prior bookings of annual, quarterly or monthly capacity products). Consideration should			
--	---	--	--	--

	<p>therefore be given to the transferee network user having to confirm the transfer with the TSO (based on details provided to the TSO by the transferor Network User) rather than having to match it;</p> <ul style="list-style-type: none">• In the case of complete transfer of rights and obligations, the concept paper should include the principle that the TSO's assent to such transfers should not be unreasonably withheld;• The LT-UIOLI and FDA-UIOLI provisions included in the concept paper should not apply at cross-border entry/exit points with EU Member States as these are covered by the EU Congestion Management Guidelines. In the case of LT-UIOLI at other points, network users should be entitled to justify their nonuse of capacity before it is withdrawn in accordance with the criteria described. In the case of the FDA-UIOLI provisions, these currently appear to prevent Network Users from renominating within day, which would have a significant adverse impact on system flexibility. To the extent FDA-UIOLI is needed at all, any renomination			
--	---	--	--	--

	restrictions should be proportionate and consulted upon separately.			
Do not support				

Chapter	EXIT POINTS TO DIRECT CUSTOMERS (DC)	CROSS-BORDER INTERCONNECTION POINTS	INFORMATION PROVISION	BALANCING
Support	We generally accept the principles outlined. However, we suspect there is a typing error in the allocation section as it is not reasonable for the TSO to send the initial allocation at 02:00 D+1.	We generally accept the principles outlined which are essentially covered by EU regulations.	<p>We generally support these provisions. However:</p> <ul style="list-style-type: none"> In addition to publishing projected end of day line pack data, Transgaz should publish hourly physical flow within day data at interconnection points. In our opinion this is a legal obligation under the EU gas transparency guidelines. But regardless of this, ENTSOG committed its members to publishing this by May 2016 and Transgaz is one of the very few EU TSOs that has failed to honour this commitment. Details in this section may need to be looked into further as reforms move forward in order to find a pragmatic compromise between the ideal scenario and what is achievable in the given contexts. To this extent variant 2 	<p>We generally support the establishment of a daily balancing regime which leads to increase the liquidity in the gas market. However:</p> <ul style="list-style-type: none"> Network Users should receive one single imbalance position against which they are financially settled and should no longer have to suffer from "verbal protocols", which lead to separate imbalance figures being calculated by the TSO and DSOs; The operational thresholds of the NTS should be defined in accordance with an agreed methodology and published ex-ante, at least prior to the start of each day; The concept paper should describe what happens if the

			under the EU Balancing Network Code should not be completely discounted.	<p>TSO needs to take a balancing action after the four within-day windows, and whether locational and/or temporal products will be used;</p> <ul style="list-style-type: none"> • The section on neutrality fails to mention that cashout of shipper imbalances forms part of the neutrality account; • We would invite you to consider formulating an incentive scheme to positively influence the behavior of the TSO in its function of residually balancing the system efficiently.
Do not support				

Please provide brief reasoning for your responses, if you wish

EFET believes the concept paper represents an important step forward towards a well-functioning and liberalized gas market in Romania. Once the details are carefully reviewed, defined and agreed however, it will be necessary to establish an implementation roadmap, complete with timescales, and to get the commitment from all stakeholders to pursue this roadmap collaboratively with minimum delay. Further stakeholder workshops and consultation (in Romanian and in English) should be undertaken where necessary. This will ensure the widest level of stakeholder engagement in this project, which is crucial to the success of the CESEC regional initiative.

Question 3:
Do you believe that the implementation of the New Network Code will enhance the functioning of the internal gas market?

Yes	No
Comments: Please see our answers above.	