



ENTSOG Consultation and Development Procedures EFET response to document 09GTE+61 dated 27 Feb 2009

EFET¹ has previously set out its concerns about the role and responsibilities of ENTSOG, how ACER will operate regarding ENTSOG and the need for the whole process of network code development to be driven by the needs of wholesale market participants and other network users.

Whilst we remain concerned that the balance emerging in the 3rd IEM package does not meet these concerns fully, we welcome the constructive approach being taken by GTE+ to involve wholesale market participants.

The main points arising from this current consultation have been discussed with GTE+ and are set out in this note for wider consideration and action:

- In principle we agree with GTE+'s suggestion that code development meetings should be open to all Stakeholders There is, however, still not a shared understanding of what exactly will a network code be? Before deciding if ENTSOG is designing an appropriate process we need to have a shared view of what the process will be used to produce.
- We accept that some topics for 'network codes' are primarily the responsibility of TSOs and it will be most efficient if the TSOs just get on and do what is necessary, whilst keeping wholesale market participants fully informed. But other topics (like market mechanisms, capacity allocation, information provision ...) are of real concern to traders and we would want our requirements met in the process. Indeed it should be recognised at the outset that if a 'market' code does not satisfy 'market participants' then the whole process will fail.
- For this reason we are concerned that there is no mention of framework guidelines in the GTE+ document. We believe that it is essential that there is a clear statement from ACER defining WHAT must be delivered by the code to satisfy the requirements of market participants. But ENTSOG must be allowed to develop HOW this is delivered, taking on board the views and more detailed requirements of traders/shippers etc during the process for those codes that have 'market relevance'

¹ Established in 1999, the European Federation of Energy Traders (EFET) is an industry association representing over 90 trading companies operating in more than 20 countries. The EFET mission involves improving conditions for energy trading in Europe and fostering the development of an open, liquid and transparent European wholesale energy market. More information about EFET views and activities is available on www.efet.org.



- So that the GTE+ proposal can be better tailored to code development, we would suggest that there is a small workgroup of a couple of regulators, TSOs and trader/shippers who select a single topic (say, information provision, capacity allocation or market-based balancing) and set out (taking not more than 2 hrs) the scope of a framework guideline that would define what should be delivered by a network code. Then the group would tackle the scope and type of content that would be required for the network code so that we have an example of the level of detail, type of contributors/resources and size of the final output that would go to comitology for approval. The process could be repeated or done for different topics in each of the three GRI regions and then compare the outputs.
- Going forward there will need to be a process for amending codes, in which changes can be initiated by market participants. This process will need to be developed once there is common understanding of the scope and depth of an EU Network Code.
- Implementation of an EU network code across Europe presents several challenges. The primary goal should be a Europe without barriers to trade, and the default assumption should be consistent application of any code across Europe, but where it made sense, allowing some regions/areas to go faster or slower towards the same goal.

The GTE+ document also mentions the ENTSOG work plan and the 10 year investment plan/statement, both of which EFET believes would have a different optimal consultation process compared with the network codes.