



Entry-Exit network access challenges

- ▶ *'Entry-exit' is the access scheme most likely to meet EU Gas Market objectives.*
- ▶ *Significant progress has been made in many EU countries.*
- ▶ *Every scheme to improve network access introduces challenges to those implementing the scheme.*
- ▶ *Some genuine difficulties exist, but can be addressed... if there is the will to do so.*
- ▶ *Other 'problems' are unfounded; perhaps some misunderstanding of entry-exit needs to be corrected?*



Entry-Exit network access challenges

Q. Are short distance transmission prices generally too high because the simple entry/exit socialises some costs?

- tariffs for entry/exit need to reflect the overall LRMC. The distance between the points may or may not be a significant factor

- in special circumstances, undue incentives might exist for 3rd parties to build a short new line to avoid high charges by the TSO. There are obvious remedies if this local issue arises.

A. No, short distance transmission is not a general problem, but caps on some short-haul charges might be needed



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- ***Q. Are Long Distance Transmission prices generally not cost reflective ?***
 - Analysis of each TSO's situation is required to see if any problems exist
 - If necessary, expanding the zone over adjacent system(s) generally reduces anomalies
 - In special cases, defining a separate transit or interconnector route might be the best solution

- ▶ ***A. No, Long Distance Transmission is not a general problem. Prices can be based on LRMC. Special cases are possible***

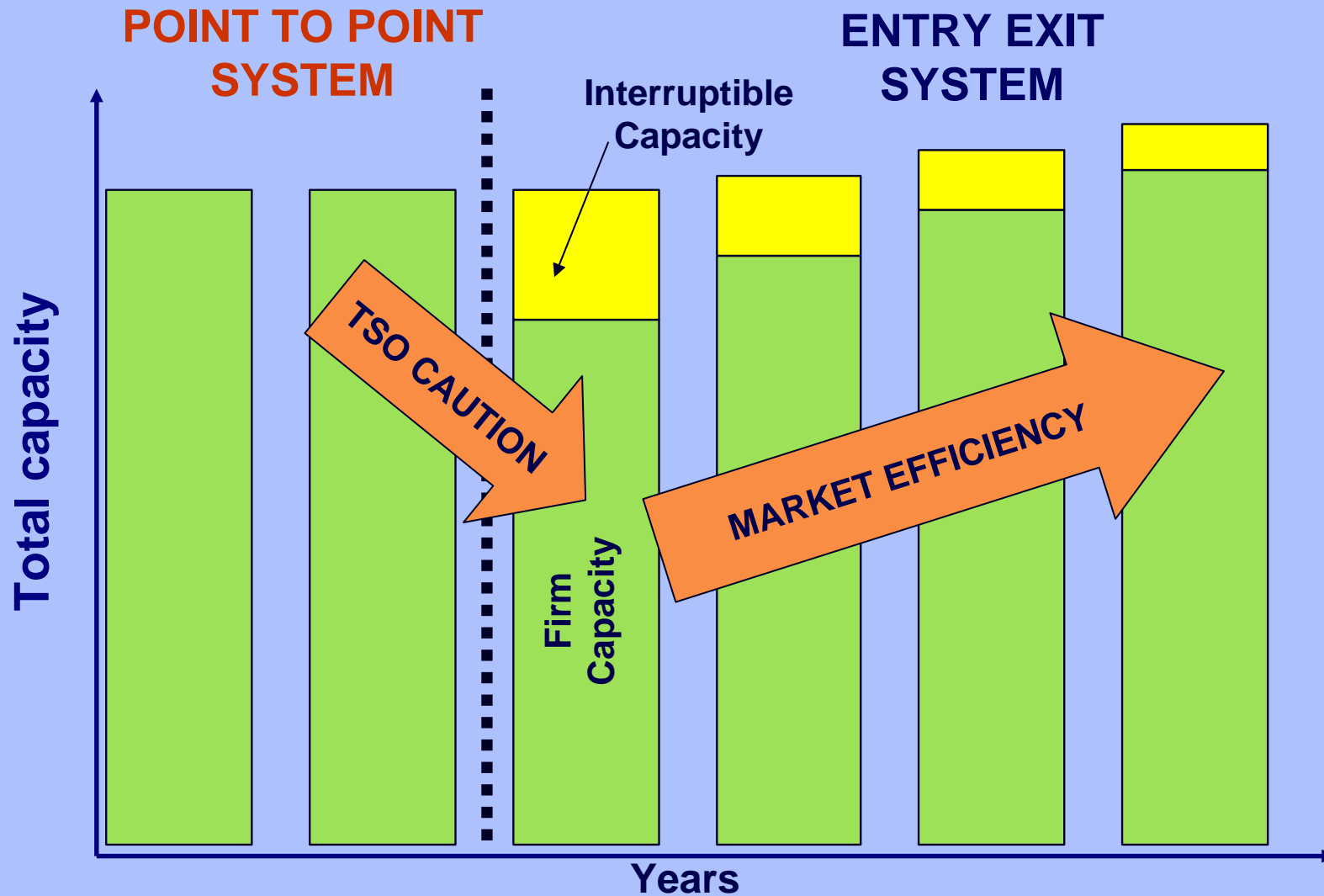


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- ***Q. Are internal investment and capacity congestion more difficult to manage?***
 - Entry/exit booking (& the absence of contractual paths) maximizes TSO's freedom to operate the physical system and improves capacity utilization
 - in competitive markets ENTRY/EXIT increases available capacity, simplifies TSO administration & can provide some investment signals
- ▶ ***A. No. TSOs are free to manage the flow & internal reinforcement remains driven primarily by physical assessments of the need to develop the Transmission System.***



Introduction of E/E might lead to a short-term reduction in firm entry capacity, but overall the available capacity will increase





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● ***Q. Does the existence of multiple TSOs make entry-exit impracticable?***

- Multiple TSOs introduce a complexity, but there are solutions to different situations that can arise
- one example is to reduce or remove the x-border fees for the supplier who is transporting gas across the border to a nearby exit point. If necessary the TSOs could agree an inter-TSO compensation payment.
- lessons can be learnt from the power market

▶ ***A. No. Entry-exit helps reduce the barriers that can exist with multiple TSOs. Joint System Operation is a practical challenge, & TSOs can still 'compete' to reduce costs***



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- ***Can the issues now being raised by some TSOs be resolved ?***
 - ▶ ***YES, the issues can be resolved.***
 - ▶ ***But, implementing entry-exit is a difficult challenge in some countries and requires a positive approach from all parties to make real progress***