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Netherlands Authority for Consumers and Markets (ACM)
P.O. Box 16326
2500 BH The Hague
The Netherlands
Sent by e-mail to Secretariaat.DE@acm.nl

Alkmaar, November 29th, 2016

Re: 'Consultation paper on Functioning of the wholesale gas market in the Netherlands (self-evaluation GTM II)', case number 16.0168.29

Dear Mr Bos,

The *Vereniging Gasopslag Nederland* (hereafter: VGN) highly appreciates the opportunity to react on your consultation paper "Self-evaluation Gas Target Model II" of October 27th, 2016¹. You have asked the following five questions to stakeholders:

- *Do you agree with the analysis of ACM regarding the expected state of the wholesale market of TTF in 2017? If not, please motivate your answer.*
- *What are possible trends or developments that might impact the functioning of the Dutch wholesale market, according to you?*
- *What do you think should be done to improve the functioning of the Dutch wholesale market?*
- *Do you agree with ACM's view that the TTF gas hub is operated in a fair and non-discriminatory manner and is widely accessible for market participants? If not, what do you think should be done for improvement?*
- *What are the main barriers to an improved functioning of the Dutch wholesale gas market according to you?*

VGN would like to focus on the crucial issue of transmission tariffs that can be directly influenced by the ACM, preferably in cooperation with the Bundesnetzagentur.

¹ 'Consultation paper on Functioning of the wholesale gas market in the Netherlands (self-evaluation GTM II)', case number 16.0168.29, <https://www.acm.nl/en/publications/publication/16526/Consultation-the-functioning-of-the-wholesale-gas-market-in-the-Netherlands/>

VGN agrees with ACM (see page 11 of the consultation) that the gas hub TTF has become the continental price benchmark, and that the TTF is used extensively as a contractual price reference for the indexation of long-term contracts and for other EU-hubs. This means that market parties which are present in both Germany and The Netherlands can swap gas volumes between the two markets with minimal price risk. And that results in one German-Dutch playing field for physical sources such as storages. In other words: ACM agrees with earlier analysis from Pöyry².

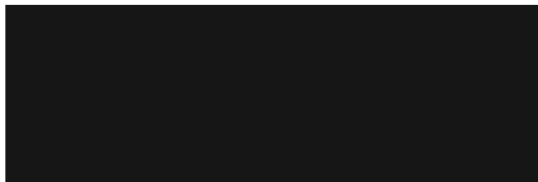
However differences in transport tariffs and conditions such as multipliers and the (non)-firmness of daily bookings lead to a situation where the cost of using the transmission network for storage users in The Netherlands is higher than in Germany. This leads to a competitive advantage of German storages vis-à-vis Dutch storages.

In addition, very high transmission tariffs in The Netherlands are anyhow detrimental to the business case of gas storages, illustrated by the decision of Innogy to divest its gas storage facility in Kalle.³ Decommissioning of gas storage facilities has a negative impact on the available of flexibility capacity and liquidity of the market.

A crucial task for the ACM and the Bundesnetzagentur jointly lies ahead to set transmission tariffs that ensure a level playing field and a viable business case for gas storage facilities in general.

VGN proposes a live meeting with ACM to discuss the level playing field for German and Dutch storages further.

Sincerely yours,



René Zwanepol

Chairman Gas Storage Netherlands

² Gas Storage Competition in NW Europe – A report to Vereniging Gasopslag Nederland – Pöyry, Juni 2015

³ <http://www.rwe.com/web/cms/en/531876/rwe-gasspeicher/locations/kalle/>