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Woerden : 30 November 2016
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onderwerp : **Consultation paper: Self-evaluation Gas Target Model II** (case number 16.0168.29)

Dear Sir/madam,

On October 27, 2016, the Authority Consumer and Market ACM opened a consultation (case number 16.0168.29) on the Functioning of the wholesale gas market in the Netherlands. Representative organisations are given the opportunity to respond to the consultation paper. VEMW, the Dutch representative of business energy users welcomes this opportunity in giving our view on the paper and the wholesale gas market.

Consultation questions

1. *Do you agree with the analysis of ACM regarding the expected state of the wholesale market of TTF in 2017?*

ACM expects that the Dutch gas wholesale market will continue to meet the GTM metrics in 2017. VEMW has no other indications. However, we have some questions that are not addressed in the consultation paper. Will gas trade increase due to an increase of LNG shipments to Gate and / or Zeebrugge LNG-terminals? Will the ending of the granted Article 22 Gas Directive exemption on the BBL pipeline between the Netherlands and the United Kingdom lead to a contribution of the GTM metrics and market functioning? And what would be the effect if this BBL pipeline would physically be bi-directional?

2. *What are possible trends or developments that might impact the functioning of the Dutch wholesale market, according to you?*

What we see is a sharp fall of the indigenous gas production (Groningen field cap) in the Netherlands, due to governmental intervention. This intervention has not led to significant issues on Security of Supply, nor an upward trend in gas pricing. In that sense, the Dutch gas market is well integrated and well functioning, as is concluded also by ACER in its Gas Market Monitoring Report 2015, issued 16th of September 2016. Nevertheless, we request ACM to investigate possible consequences of a further – major – reduction of the Dutch indigenous gas production.

3. *What do you think should be done to improve the functioning of the Dutch wholesale market?*

Knowledge center and interest group for non-domestic energy and water consumers

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ACM expects a continuation of the well functioning of the wholesale market of TTF in 2017. ACM notes potential options for further market integration with German Market Areas, involving the TTF and states to support the exploration of these – German – initiatives. In reading into the German WECOM-study ‘Gutachten Potentials Marktgebietsintegrationen’ on behalf of the Bundesnetzagentur (BNA), we conclude that from the German perspective an integration of the German markets with the Dutch TTF market would be beneficial for German gas users.

VEMW requests ACM to actively explore the effects and the desirability of such mergers with the TTF. In general we support mergers leading to larger markets, with higher volumes, liquidity improvement, decreasing volatility and improvement of the Security of Supply. However, we lack specific information and market development knowledge and know how to be able to judge the possible results of market mergers for the Dutch gas consumers.

4. 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?

We have no other indications than reviewed by ACM.

5. What are the main barriers to an improved functioning of the Dutch wholesale gas market according to you?

We are happy with the fulfilment of the Article 22 Gas Directive exemption on the BBL pipeline between the Netherlands and the United Kingdom and see no further main barriers. That does not mean that we do not see possibilities to further improve the functioning of the gas market in the Netherlands, related to the neighbouring gas markets and EU member States.

VEMW requests ACM to take our remarks and recommendations into consideration in order to further improve the functioning of the wholesale gas market. Of course we are available for any further oral elucidation of our response.

Kind regards,

w.g.

dr. H. Grünfeld
Managing director