



# **Statement on the corner stones on the revision of the Gas Network Access Regulation**

Paris, 17th of February 2017



### **About PEGAS**

*PEGAS is the central gas trading platform of EEX Group operated by Powernext. PEGAS provides its members with access to all products on one single platform and allows them to trade natural gas contracts in the Belgian, Dutch, French, German, Italian, Danish, Austrian and UK market areas. The product range of PEGAS covers spot and derivatives contracts for the major European gas hubs as well as trading in location spread products between these market areas. This setup enables market harmonisation and forms the leading pan-European natural gas market. For more information: [www.pegas-trading.com](http://www.pegas-trading.com)*

PEGAS welcomes the Federal Ministry of Economics and Energy's initiative to introduce a reform of the Gas Network Access Regulation. PEGAS gladly takes the opportunity to take part in the consultation.

The corner stones of BMWi, published on January 6, 2017 foresee an improvement of the existing regulation from September 3, 2010 (GasNZV). The initiative enables the market to adopt to upcoming challenges of a changing energy system which comprises an increasing share of intermittent renewable energies.

### **1) Introduction of within-day capacity products**

PEGAS strongly supports this initiative. The introduction of within-day capacity would help to increase flexibility, efficiency and reliability of the German energy system and thus promote the successful implementation of the energy transition.

In order to ensure an efficient short-term allocation in the gas market, market players should be able to react flexibly to changing market conditions. The current situation does not allow market participants to acquire capacity for only a short period of time, e.g. several hours. However, this is urgently needed due to short-term balancing needs or due to the complementarity with the power sector: The feed-in of renewable energy sources (RES) is volatile, and gas fired power plants can generate the missing electricity in times with low RES production. Therefore, gas might be needed only for several hours or only on short notice. Creating within-day capacity products therefore increases the efficiency of power and gas markets by meeting the flexibility requirements of electricity generation stemming from a high RES feed-in. On the contrary, if such products are lacking, the high costs of booking excess capacity can even constitute a market entry barrier gas-fired power plants.

## **2) Elimination of the first come, first serve principle (FCFS)**

No answer

## **3) Further development of the German market areas**

PEGAS welcomes the fact that the Federal Ministry of Economics and Energy's initiative takes into account the results of the "market dialogue on the further development of the German market areas."

As stated during the market dialogue of BNetzA in November 2016, PEGAS is convinced that the costs of an integration of the hubs TTF, NCG and Gaspool exceed the possible welfare gains. Today, the TTF serves as a hedging hub not only for the local market participants but also for neighbouring market areas like NCG and Gaspool. At the same time, the local hubs enable short-term balancing and portfolio optimization. An integration of TTF, NCG and Gaspool would effectively only lead to a re-organization of the management of the cross-border transport capacity, as well as to a re-allocation of the associated costs. The net welfare gain however is expected to be low.

Please also see our response to the market dialog of BNetzA from the 18<sup>th</sup> of November (attached).

## **4) Investigation on long-term capacity needs**

No answer

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