

Date  
November 03, 2017

Direct number  
[REDACTED]

Subject  
Introduction of Virtual Interconnection Points (VIPs)

Dear Sir/Madam,

GasTerra appreciates the opportunity to comment on the consultation on the introduction of Virtual Interconnection Points (VIPs). We particularly appreciate the intention of GTS to provide clarity on the manner of implementation before the deadline provided for in the Network Code CAM (NC CAM). Please, find our comments below.

### **1. Quality Distinction**

GasTerra supports maintaining separate quality VIPs as this allows for optimal use of the network. The neighboring entry-/exit systems of Fluxys, NCG and Gaspool consist of two separate entry-/exit systems each, depending on the gas quality. This should result in two VIPs per market area.

### **2. Existing capacity contracts**

The introduction of VIPs has far reaching consequences for holders of existing capacity contracts, particularly regarding their needed capacity. Network users have in many cases booked capacity at various IPs in order to facilitate the delivery or take of gas at different/multiple IPs. The sum of booked capacity at separate IPs will then be higher than the actual needed capacity at the VIP into which these IPs are merged. GasTerra therefore pleads for an opportunity to adjust the amount of booked capacity to the actual needed capacity at the VIP. During the VIP-workshop GTS suggested that this is not possible because it is not provided for in the TSC. This is not a convincing argument. There could be a waiver, for example, for the particular situation of merging IPs into a VIP. It is remarkable that in a similar situation (the integration of the systems of BBL and GTS) the proposal is to relieve the capacity holders of their existing obligations. The same approach could be applied to existing capacity contracts at IPs where the respective network users consequently can book their needed capacity at the VIP. Such a solution will foster the optimal use of the available capacity thus contributing to the overall aims of NC CAM.

### **3. IP Julianadorp**

IP Julianadorp is referred to in this consultation as a regular IP. However, according to another proposal of GTS this IP would cease to exist as a consequence of the integration of the systems of BBL and GTS. This would mean that no transportation tariff would apply to transporting gas from TTF to the BBL and the costs of GTS would thus not be covered. The direct consequence is a raise in all other GTS tariffs and thus an undue cross-subsidization between network users. Various network users have criticized this proposal during the respective market consultation. However, GTS still proceeds herewith via the Tariff Proposal 2018.

Moreover, GTS proposes a 0/100 entry-exit split for the implementation of the NC TAR in the Netherlands. The combined effect of IP Julianadorp ceasing to exist and an 0/100 entry-exit split will be a "free" transit route via the Netherlands to the UK, not covering any related costs within the GTS network

GasTerra insists that the costs of the use of BBL shall be covered by the users of the BBL themselves and not by other GTS network users.

#### **4. Alignment of capacity and terms and conditions**

Currently there is still a mismatch between booked, unbundled and technical capacity (particularly at the IPs at the German border). Although there is a conversion mechanism to correct this mismatch to a certain extent, the merging of IPs into one VIP is an appropriate moment to align the (technical) capacity on both sides of the border.

The introduction of VIPs is also an appropriate moment for the relevant TSOs on both sides of the border to align their applicable terms and conditions.

#### **5. Operational implementation**

The introduction of VIPs requires changes to the systems of the network users. The timely completion of a test environment (also on the PRISMA platform) is important. GasTerra will highly appreciate the availability of such test environment and the necessary data before 1 April 2018 in order to be able to prepare for the yearly auction at a VIP. It would also be appropriate for GTS to clearly communicate any contingency measures in case the VIPs will not be operational by October 1<sup>st</sup> 2018.

#### **6. Tariff methodology VIPs**

GasTerra supports the use of "technical capacity" as the weighting factor for the tariff calculations. This methodology seems to be more straightforward, transparent and objective than using the "forecasted capacity" as the weighting factor.

#### **7. Timing**

GasTerra supports GTS' intention to implement VIPs by 1 October 2018. However, structural and continued cooperation with the neighboring TSOs (including aligned timing) is crucial for the successful implementation of VIPs. In this regard GasTerra would like to know how GTS will proceed if a neighboring TSO does not participate in the VIP and what contingency procedures will be applicable in such situation.

#### **8. Nominations and allocations**

The introduction of VIPs should mean that nominations are the same as allocations. GasTerra would like to know whether a situation could occur in which the allocation will differ from the nominations on both sides of the border, and if yes, how long such a situation could last.

GasTerra remains available for further discussions on the above issues. If you have any questions, please, do not hesitate to contact Ivelina Boneva at [REDACTED]

With kind regards,



Herbert van Zijll de Jong

Manager Legal and Regulatory Affairs