

Consultation on the BBL Market Area Merger



EFET comments – 12th June 2017

The European Federation of Energy Traders (EFET)¹ welcomes the opportunity to comment on the BBL market consultation – Bringing the TTF and NBP closer together. Our response is not confidential.

EFET supports simplification of hub access conditions and improvements of liquidity at traded hubs. Thus, the proposed developments contain some positive elements in this respect.

Do you agree that the integration will deliver benefits to the network users in the TTF and NBP market areas?

EFET agrees that the integration of the BBL pipeline into the GTS market area may contribute to further liquidity at the TTF as well as the NBP. The integration may also lead to improved arbitrage opportunities leading to fewer price differences and fluctuations between the two trading hubs.

Increasing the GTS Buffer leading to fewer balancing actions from GTS should be welcomed, especially if it will lead to an average reduction of €1.5 million per year in balancing cost across all shippers.

Do you agree that the integration will contribute to the further development of the EU internal energy market?

EFET agrees that within the aims of the Gas Target Model the integration of BBL into the GTS market area would contribute to the further development of the EU internal energy market.

However, in the proposal, the GTS charges for the network point Julianadorp will be set to zero. The resulting revenue shortfall is to be recovered from an increased charge

¹ The European Federation of Energy Traders (EFET) promotes competition, transparency and open access in the European energy sector. We build trust in power and gas markets across Europe, so that they may underpin a sustainable and secure energy supply and a competitive economy. We currently represent more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org.

at all entry and exit points, including the newly added BBL points. This leads to a level of cross subsidization and a transfer of value from one group of network users to another. The creation of windfall winners and losers is not helpful to efficient market decisions. The details of the size of the revenue shortfall and how it would be recovered are therefore critical, and careful thought should be given to them.