

Gasunie Transport Services

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**Subject**

Response to the consultation on Additional measures and changed assumptions to minimise the Groningen production

Dear Madam, Sir,

Energie Nederland appreciates the opportunity to give its views on the additional measures and changed assumptions to minimise the Groningen production.

**Consultation question**

GTS expects that for next year the market is able to handle a 100% nitrogen usage, based on its observations of the market during the previous months. GTS is asking feedback on the planning assumptions of the measures. However, Energie Nederland lacks the data to put the GTS analysis to the test.

Apart from the answer to the consultation question Energie Nederland has the following questions and remarks:

**Flow orders**

As mentioned above GTS expects that the increase of the average nitrogen utilization to 100% instead of 92,5% is possible. With same behavior of market parties GTS does not expect more flow orders. Energie Nederland would like to have more clarity on what will happen if the assumptions of GTS proves to be wrong. We are less confident than GTS on this topic. In the stakeholder meeting GTS said that it will issue flow order to the market party that act 'against market interests'. Energie Nederland has a few conditions that should be fulfilled regarding these flow orders:

- We would like more transparency on why and under which circumstances GTS issues a flow order and how GTS chooses the market party to whom the flow order is given. More transparency can for example be given by reporting on the ranking of the outcome of the call in an anonymous manner.
- Flow orders should be a last resort. What possibilities does GTS see to work out e.g. a system of demand site response or other market based options? Is GTS willing to work out such options?
- Energie Nederland is of the opinion that it is not up to GTS to decide whether a market party acts against market interests. There should be a framework in place in which this decision of GTS can be questioned afterwards. ACM should have a role in this. Is GTS willing to work out together with market parties a change of the code in order to achieve this?

- Flow orders cause damage for individual market participants and this damage should be compensated. This also needs a change of the code.

#### **Future measures**

At the stakeholder meeting GTS explained that the forecasting is only ready for gas year 2019-2020. Energie Nederland deems it necessary that GTS also makes an analysis of the effect of the measures on future years as soon as possible and shares this with all stakeholders.

This analysis should include the effect of the newly proposed measures on measures that were announced earlier. Especially, Energie Nederland asks GTS to publish an analysis of the effect that the extra availability of pseudo G-gas will have on the draft law that proposes a prohibition to use L-gas for the top 9 largest L-gas users. Will the target of this draft law (a reduction of the production of Groningen gas of 2,3 bcm) still be met?

#### **TTF should remain energy based**

Reducing production from Groningen is reducing supply of gas. TTF being liquid will make the increase in price as little as possible. In order to keep the TTF liquid the TTF should stay energy based without a relation to gas quality. The proposed measures or any other future measures to minimize the Groningen production should keep TTF energy based.

#### **Transparency on nitrogen usage**

In its letter to parliament July 2 the ministry argues the real time information on the usage of the nitrogen balancing installations can be used against Gasterra. Energie-Nederland does support transparency regarding the usage of those installations but to us that transparency does not need to be real time. Where the law requires the usage to be shown real time we suggest the law to be adjusted for this element only.

#### **Relation with USG Norg and large L-gas users**

In analysing the capacity required from Groningen, GTS strictly follows article 5 of the EU infrastructure standard (Security of Supply regulation). That is excluding UGS Norg. We invite GTS to investigate the costs for GTS to make market parties guarantee a reduction in L-gas demand or increase in L-gas injection whenever Norg would be unavailable.

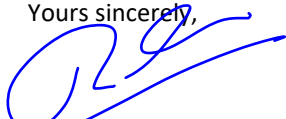
Energie-Nederland would like GTS to re-assess the need for big L-gas users to reduce L-gas consumption in the light of the extra Nitrogen plant to start operations.

#### **Costs of the reduction**

Energie Nederland would like GTS to show in its advice the costs/investments it has and will make to enable the reduction in the production from Groningen as these costs GTS will be passed on via shippers.

Please don't hesitate to contact us for any questions or clarifications.

Yours sincerely,

A handwritten signature in blue ink, appearing to be "Ruud Otter".

Ruud Otter

Program Manager Energy Markets