ACER

Agency for the Cooperation
of Energy Regulators

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Response to ACERs Bridge to 2025 Consultation

NetConnect Germany GmbH & Co. KG (NCG) welcomes the possibility to comment on the ACER consultation document "European Energy Regulation: A Bridge to 2025" issued on 29 April 2014.

NCG as market area manager of the German market area NetConnect Germany is responsible for the physical balancing of its market area, the operation of the virtual trading point in its market area and the "virtual" balancing of its market area, i.e. the clearing of imbalances arising in the different balancing groups and the financial settlement of such imbalances.

Liquidity of gas markets is a natural concern of NCG as market area manager. NCG therefore appreciates the fact that ACER supports increasing liquidity of virtual trading hubs. NCG agrees that the form of further market integration needs to be decided on a case by case basis depending on the relevant regulatory framework.

With the Network Code on Balancing, one important step has already been taken. Harmonizing the balancing rules across Europe is one of the most important corner stones to foster integration of the gas markets and enhance liquidity. The effect of these harmonized rules should be carefully studied before new measures are planned or amendments to these rules made. It was one problem of the past years that new regulatory measures followed each other in short time without giving the appropriate time to watch the effect of these measures.

The current legal framework regarding incentive regulation and governance rules is adequate from our point of view. It has to be considered that all shareholders of NCG are directly regulated by the NRA, and by that an indirect regulation of NCG regarding its costs is already in place. With regard to the services provided by NCG there is already a direct regulation by the NRA and therefore adequate governance in place.

Nevertheless national incentive regulation could be improved by recognizing IT costs of the market area manager as non-influenceable costs for TSOs so that they can be passed on to the market participants who benefit from the changes. Recognizing IT costs on a national regulatory level will be necessary for the future development of European gas markets as this will improve acceptance of rule changes.

Your sincerely
NetConnect Germany GmbH & Co. KG

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