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*Your ref.:*

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*Prague, date:*

AEM/003/17/Pi

19.04.2016

Subject:

Opinion of the Union of Large Energy Consumers (Svaz velkých spotřebitelů energie - SVSE) for the consultation process on integration of the CZ-AT gas markets

Dear Ladies and Gentlemen,

Please, find enclosed our opinion on the stated subject:

General remarks on the integration concept

The Union of Large Energy Consumers supports further integration of the European gas market aimed at creating single market in accordance with the EU strategy (Gas Target Model). The meaningful market integration from a customer perspective is principally the one where 1 market really exists, with 1 market area. We are concerned that in view of the current infrastructure status (non-existent direct interconnection with Austria) this goal cannot be achieved through the presented model.

The fact that Austrian market in general is a market with higher prices than the Czech market is seen as a risk. From a customer perspective the benefits from integration with a market with lower liquidity and higher prices are thus questionable.

At the moment the gas for customers in the Czech Republic is generally traded through products pegged to the gas prices in Germany in the NCG zone, or in the GASPOOL zone. Therefore we consider integration of the Czech gas market with the German market more beneficial and this view is supported by the arguments below:

- Sufficient interconnection capacity already exists,
- There are no fundamental price differences between the markets,
- Integration will also allow for integration of the German NCG and GASPOOL market.

In our view the submitted model is not moving in the right direction. We recommend suspending, or even abandoning the proposed model and focusing on the above-stated aspects. And the integration with Austria shall be considered only afterwards.

## Specific comments

Since we do not consider the proposed model very beneficial at the moment, in view of the above-stated facts, our comments are just brief:

- It is not clear how the so-called TRU option physically operates, what is the capacity providing for the connection, what is the TRU price,
- There is no specific analysis of the market impact (calculations),
- It is not clear whether any incompliance with the European regulations or with the Energy Act may arise.

With best regards and wishing you the calmest possible times on behalf of SVSE

Yours sincerely,

Ludvík Prášil  
Commission for Gas  
Chairman