

MND Gas Storage's opinion on TAR NC

MND Gas Storage ('MND GS') wants to thank the ERO for preparing the consultation document on Commission Regulation (EU) 2017/460 and for the time granted for consultations thereon. In the light of the information set out in the document MND GS raises the following comments:

the Commission Regulation's main objective is, *inter alia*, to boost supply security. In this respect, storage facilities are the key tool for maintaining the stability and effective functioning of the market. Under the Regulation, this contribution to system flexibility and security of supply of the infrastructure should be acknowledged by discount for transmission to/from storage facilities, which is also intended to avoid double charging for transmission.

Because of this crucial role and also the fact that storage facilities are currently facing strong market pressures, which the ERO also admits in the consultation document (page 23), we cannot agree with the tariff for transmission to/from storage facilities significantly increasing several times. In particular, we do not agree with the transmission tariff increasing by 1,498% at exit to storage (page 81, Table 37).

In practice, this can heavily disadvantage SSOs and also damage our customers who have bought, in good faith that transmission tariffs will not change so dramatically, storage capacity for 2020 and beyond.

With regard to the above we cannot agree with the discount proposed at the minimum level of 50%. This discount can have a significant impact on all market participants, in particular on SSOs, for which it may even be crushing in some cases. This scenario, resulting from the regulator's interference rather than the free market's working, is unacceptable and unfortunate for us in the light of the fact that under the National Energy Policy scenario, up to 1.2 bcm of new storage capacity will, paradoxically, have to be put in operation by 2050 (page 27 of the consultation document).

Although the Czech Republic is primarily a transit country, in our opinion we have to realise the importance of storage facilities for the whole market, in particular for secure gas supply to final customers, e.g. in case of disruption in transit from neighbouring countries.

Because of the overall systemic benefit of gas storage for the gas system we required that the proposed discount be reconsidered and changed to 95-100%.

We believe that the granting of such discount does not constitute a dramatic intervention in the environment of the Czech gas market, will prevent double charging of transmission to storage facilities, and reflect the general contribution to system flexibility and security of supply. Furthermore, it will guarantee the current or even more active trading in the Czech gas market. This has also direct influence on the TSO, for whom the active use of the system is crucial in covering the costs of the ongoing investments in the gas infrastructure.