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Via Electronic Mail
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12 May 2014

Dear Sir/Madam,

Re: Consultation on the ZIGMA Model and Implementation of the Capacity Allocation Mechanism and Balancing EU Network Codes

The European Federation of Energy Traders (EFET¹) welcomes the opportunity to respond to the IUK, Fluxys Belgium and National Grid concept document on the ZIGMA model and the implementation of the Capacity Allocation Mechanism (CAM) and Balancing (BAL) EU network codes.

In general, we support the proposals put forward in the concept document, as they reflect EFETs desire for efficient, transparent European markets with virtual hubs. However, we do have some concerns regarding the creation of a virtual hub in the ZeeBeach market area, in combination with the continuation of the recently set up second Belgian trading hubs. Comments on the proposal are set out below.

We support the proposal to turn the physical ZeeBeach hub into a virtual hub and market area that will give shipper's access to IUK, as well as TTF and the ZTP. However, we are concerned about there being three virtual hubs in Belgium (ZTP H, ZTP L, ZIGMA), as this does not improve the liquidity at either hub and potentially acts as a barrier to x-border trading. This is a situation that should be monitored going forward, at the latest after 2018 when all of the IUK capacity becomes available for short and long term capacity booking and the ZTP could be merged into the ZeeBeach VTP.

The general principles set out in the document regarding implementation of the CAM and BAL appears to meet the requirements of the respective network codes.

Regarding the different contracts within ZIGMA, we would like to see the ZIGMA Balancing Agreement (ZBA) as a separate contract to the IUK Access Agreement (IAA). In our opinion

¹ The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent, sustainable and liquid wholesale markets, unhindered by national borders or other undue obstacles. We currently represent more than 100 energy trading companies, active in over 27 European countries. For more information, visit our website at www.efet.org.

this would give greater flexibility to shippers as they would not necessarily need to sign the IAA to trade at the ZeeBeach hub.

The added value of the Zeebrugge Beach Operator role remains unclear to us. We would support to merge its function with the ZIGMA balancing agent fulfilling the tasks of taking balancing actions, facilitating title transfer/ handling trade notifications and providing balancing relevant information.

The concept of a single sided nomination for unbundled capacity, where the shipper owns capacity on both sides of the IP, should be further developed between IUK and National Grid.

Regarding surrendered capacity, we suggest that the shipper is given the choice to indicate whether they wish the capacity to be rolled over to future capacity auctions or not. If they indicate that they wish the capacity to continue to be offered for sale in future auctions, they should have the ability to withdraw the capacity at any time as long as it is not during the auction window. Surrendered capacity which was not allocated at the respective auction and for which the shipper chose to not roll it over should be handed back for usage no later than 5 working days after the auction.

If you have any questions about the content of this letter please contact Colin Lyle, Chairman of the EFET Gas Committee (C.Lyle@efet.org), Andrew Pearce, Chairman of the EFET BeNe Task Force (andrew.pearce2@uk.bp.com) or myself (A.Avtakhova@efet.org), acting as a Secretary of the EFET Gas Committee.

Yours sincerely,

On behalf of the European Federation of Energy Traders (EFET)



Jan van Aken

EFET Secretary General

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