

Interconnector/National Grid/Fluxys consultation on the ZIGMA model and the implementation of the capacity allocation mechanism and balancing EU network codes

The EDF Group response

7 May 2014

ZIGMA questions (IUK and Fluxys Belgium)

1. What is your general feedback on ZIGMA?

EDF welcomes any effort to fully implement the EU network codes across Europe and therefore welcomes this consultation and the ZIGMA concept as it develops a consistent approach of the Interconnector area with the CAM and BAL Network Codes. Nevertheless EDF estimates that more information is needed for a proper evaluation of this concept, in particular EDF notices that:

- No mention is made of the large size connection under construction between France and Belgium (Dunkerque to Zeebrugge) that is intended to be commissioned on 1 November 2015 simultaneously to the implementation of the ZIGMA model. This connection is intended to link, in particular, the Dunkirk LNG terminal to both ZTP and Zeebrugge hub. EDF would like to understand whether these connections are maintained in the envisaged model ;
- No information is provided regarding the intended tariffs although tariffs level and structure are a key element for the market design.

More generally, EDF believes that it would have been appropriate to submit to stakeholders and regulators all the other options, if any, that have been considered in order to meet the EU network code obligations. This would provide parties with a better opportunity to fully understand and compare the proposed ZIGMA model. Among other options, TSOs could have assessed the possibility to implement a single hub gathering the IUK Zone, ZeeBeach and the ZTP Hub. However, to be viable, any foreseen solution should aim at strengthening the Zeebrugge hub and not lead to a decline of its attractiveness. The Zeebrugge hub is indeed a key element of the NWE gas wholesale market and therefore should be preserved.

2. Do you agree that the proposed balancing model is compliant with the BAL Network Code?

The proposed balancing model seems compliant with the BAL Network code, but EDF considers that NRAs are in a better position to analyse the compliance of the ZIGMA model with the balancing Network Code. Moreover, some key features of the ZIGMA model are not yet known to be able to make an accurate assessment. For example, the allocation rule at IBT or the way physical thresholds of the network are calculated should be explained.

3. We are evaluating whether the balancing contract is in a separate contract or within the IUK Access Agreement (IAA). Do you have any preference?

In case of ZIGMA model implementation, EDF is in favour of a separate contract as some shippers could have access to ZIGMA without using the Interconnector.

- 4. The Concept Document meets the requirement in article 26(4) of BAL to consult Stakeholders on Within Day Obligations (WDOs). Do you agree that the WDOs detailed in Appendix 4 are an appropriate set of WDOs?**

EDF does not have any comment on this issue.

CAM questions (IUK, Fluxys Belgium and NGG)

- 5. Do you agree that the proposals set out in Sections 3, 4 and 5 are compliant with the CAM Network Code?**

EDF considers that NRAs are in a better position to analyse the compliance of the model with the CAM Network Code.

- 6. The Concept Document meets the requirement in article 8(9) of CAM to consult Stakeholders on the capacity to be set aside for short-term auctions. Do you support the quantity of capacity to be set aside for short-term auctions defined in sections 3.4.5 and 4.4.3 of the Concept Document?**

The level of capacity to be set aside for short-term auctions defined in the concept document seems to be compliant with the CAM Network Code.

- 7. Do you support single-sided nominations being accepted for unbundled capacity if the same entity owns the capacity on both sides of the IP?**

EDF supports the proposal to accept single-sided nominations for unbundled capacity if the same entity owns the capacity on both sides of the IP.

- 8. Do you support the proposal that surrendered capacity that is not reallocated in an auction is not automatically rolled forward to future auctions?**

EDF supports the proposal for surrendered capacity not being automatically rolled forward to future auctions.

- 9. Do you have any other feedback on the Concept Document?**

EDF does not have any other feedback at this stage, but for a full assessment, the information mentioned in the answer to question 1 should be provided.

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