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Sent by e-mail to: consultations@interconnector.com; info.transport@fluxys.com;
box.transmissioncapacityandcharging@nationalgrid.com;

6th May 2014

Dear Sir/Madam,

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

Gazprom Marketing & Trading Limited (GM&T), as an active shipper in the National Grid NTS, Fluxys Belgium and IUK systems, welcomes the opportunity to respond to the joint concept document outlining the ZIGMA market model and implementation of the Capacity Allocations Mechanism (CAM) and Balancing (BAL) network codes.

This response is not confidential.

GM&T are generally supportive of the proposed market model to the extent of the details made public so far.

GM&T are of the strong view that any changes to current arrangements in any wholesale market arrangements should be with an aim to improve liquidity in traded markets and promote price responsive cross border trade.

In its current proposed form, the ZIGMA model seems to demonstrate compliance with the EU network codes designed to enhance cross border trade, while minimising any possible negative impacts to existing arrangements. Capacity distraction from cross-border points should be avoided and access to adjacent hubs remains an essential condition. GM&T is particularly supportive of there being no plans to implement firm day-ahead use-it-or-lose-it as a congestion management procedure at any point in the ZIGMA model. GM&T believes that Oversubscription and buy-back should be always preferred as a basic instrument to prevent contractual congestion.

While we appreciate that work on the technical details of implementation across the three existing markets is ongoing, we would hope that particular consideration is given to the benefits of any legacy arrangements which while not being explicitly in the EU network codes, have organically arisen in these traded markets to promote price responsiveness.



For any additional information regarding GM&T's response, please feel free to contact me directly.

Yours faithfully,

Ric Lea

Regulatory Affairs

Gazprom Marketing & Trading Limited

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ZIGMA questions (IUK and Fluxys Belgium)

1. What is your general feedback on ZIGMA?

GM&T is generally supportive of the proposal on the ZIGMA Model, although all the details need to be fully disclosed and analysed before a definitive answer can be given.

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

GM&T understanding is that the ZIGMA balancing model would meet the requirements of the Balancing NC, especially considering that the model proposed in the consultation document is fairly similar to the Fluxys balancing model, itself being compliant with the NC. However it is not GM&T ultimate role to evaluate such compliance.

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?

Preliminarily, GM&T prefers to see the balancing contract as a separate document to the IUK IAA.

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?

GM&T support balancing arrangements which are market based, and cash-out shipper's imbalance based on end of day positions. The concepts expressed in Appendix 4 are in principle acceptable. However, GM&T would reserve its opinion on the WDOs when more clarity will be provided on the level of the Market Tolerances considered under the proposed model.

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?

As with the Balancing code, GM&T understanding is that capacity allocation under the ZIGMA Model would meet the requirements of CAM, however it is not GM&T ultimate role to evaluate such compliance.

- 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?**

GM&T have no objections. We see it as the responsibility of the TSOs to determine levels of capacity to make available in order to ensure efficient running of the system.

- 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?**

GM&T do not object to facilitating single sided nominations for unbundled products, however given current arrangements work well for unbundled products, this facility seems superfluous at this stage.

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

GM&T supports.

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

No additional comments to the above. Further comments may be elaborated when more details on the technical implementation of the model will be disclosed to market participants.