

## **ARERA DCO 288/2019 on the criteria for storage for the 5<sup>th</sup> regulatory period**



### **EFET response – 2 August 2019**

The European Federation of Energy Traders (EFET)<sup>1</sup> welcomes the opportunity to provide its comments on ARERA's consultation on the criteria for storage for the 5<sup>th</sup> regulatory period.

We appreciate ARERA's graphic analysis on the national storage evolution through the years and we agree on its general criteria.

However, while we feel that some of the proposals go in the right direction in terms of ensuring the full application and conservation of the spirit of the BAL NC, we would like to give voice again to some of our concerns and requests, as already expressed in the past:

A serious analysis on whether access to storage by SNAM is still truly needed and it should be performed by ARERA. This is necessary in order to possibly free-up resources for shippers and create a proper balancing market in line with the spirit of the EU Code. Currently, the Italian balancing regime is still experiencing a very central role of the TSO, something that has been also highlighted by ACER Report on the implementation of the Balancing Network Code<sup>1</sup>.

Access to storage capacity by SNAM was partially accepted by EFET as a transitory measure for the first years of implementation of the new regime. However, we recall that access to storage by the TSO constitutes a balancing service under art. 8 of the BAL NC and should therefore be implemented only after proving that short term standardised products are not likely to provide the response necessary to keep the transmission network within its operational limits" (art. 8.1 BAL). Balancing services should also be procured through a "transparent and non-discriminatory public tender procedure" (art. 8.3 BAL) and their need should be reassessed annually (art. 8.6 BAL) and surely not following a priority right within the short-term auctions as currently foreseen. We would welcome any further analysis on the matter and on a possible incentive/penalty scheme for the TSO's storage use (I3 or other).

We strongly agree with ARERA on the design of a symmetrical reward/penalty scheme after the monitoring phase (par 17 and 23). With respect to the incentive on the offer of short-term storage capacity we would like to bring to your attention the need to monitor and avoid that increased short-term capacity does not come at the expenses of unreliable performance of other services (ref. to EFET letter on peak capacity reduction).

We support ARERA's idea to introduce the obligation for monthly publications of maintenance intervention for storage operators on their websites, as it is already the case for TSOs.

We also support the obligation for SSO to publicly provide their contractual performance parameters, according to specifications that ensure the possibility of verification compared to those offered and used by market participants. In addition, we suggest looking into the possibility to introduce a waiver from the penalties for failing to reach minimum injection level

<sup>1</sup>[https://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Publication/ACER%20Report%20on%20the%20implementation%20of%20the%20Balancing%20Network%20Code%20\(Third%20edition\).pdf](https://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20Report%20on%20the%20implementation%20of%20the%20Balancing%20Network%20Code%20(Third%20edition).pdf)

<sup>1</sup> The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent and liquid wholesale markets, unhindered by national borders or other undue obstacles. EFET currently represents more than 100 energy trading companies, active in over 27 European countries. For more information: [www.efet.org](http://www.efet.org)

at the end of the injection seasons when this is due to capacity curtailment due to unplanned maintenance and in any case whenever the minimum levels are not reached for reasons beyond the control of system users.

Regarding the Emission Trading System (ETS) costs, we believe that they should be remunerated similarly to the provisions for transport (i.e. CVu) with a variable tariff component (e.g. CRVos).

Finally, we recognise that strategic storage is a Ministerial issue (legislative Decree 164/00, as amended). However, we invite public institutions to reconsider its volume due to new gas storage and import infrastructures being developed. Strategic storage accounts for 26% of storage capacity for the thermal year 2019/2020 at around 4.6 bcm. In storage year 2012/2013 the Ministry reduced, for the first time, the total amount of strategic storage by 0.5 bcm, which before amounted to 5.1 bcm<sup>2</sup>. Italian strategic storage reserves have been used twice: in 2005 and in 2006; in those occasions the contribution from strategic resources reached 15% and 24% of the total volumes, respectively. They have never been used since then.

We propose an analysis on such aspect, and we would welcome a further reduction in order to increase commercial capacities for the market.

<sup>2</sup> <https://ec.europa.eu/energy/sites/ener/files/documents/REPORT-Gas%20Storage-20150728.pdf>