

Reply of the Czech Gas Association to ACER Public Consultation on The Bridge Beyond 2025

1. Is the proposed response set out above appropriate to address the challenges the sector faces? What should be done differently and why?
 - a) For monitoring the GTM metrics and prompting action, should the threshold values be set out at EU level? What should they be? Who should set these values?

We agree that the key metrics identified in the GTM are important indicator of market performance. We further believe that most national NRAs are aware of the value of creating a liquid and competitive market and that the action of the national NRAs and the implementation of the gas market legislation has led to liquid and functional markets in the North-West European (NEW) region and in many markets in the Central and Eastern European region.

We believe that most NRAs are aware of their tasks and are regularly analyzing their regulatory options in order to improve the key metrics in their national markets. There are many ways to achieve this goal, one of them could be to undergo an analysis combined with a CBA as suggested in the document. However, we are sceptical about creating a new detailed legislation with fixed requirements, a fixed analytical framework and a fixed process. As seen in the past, detailed legislation can be counterproductive. Instead, we recommend giving NRAs more flexibility in tackling their specific national and regional challenges.

- b) Should there be new principles for tariff and allowed revenue methodologies in legislation – e.g. ensuring a level playing field between the gas and electricity sectors? What principles would be crucial?

We support ACER's idea of ensuring that network charges provide a level playing field between gas and electricity. We further support applying a discount or setting tariffs based on marginal costs to specific assets with a positive contribution to the overall energy market, e.g. a discount of network access charges to gas storages and a discount in both electricity and gas tariffs for power-to-gas facilities. We would also recommend introducing time-limited regulatory incentive schemes to promote power-to-gas facilities.

2. Should the Agency develop a joint Electricity and Gas Target Model in view of sector coupling and what key features should this model have?

We suggest to make the following changes:

- A definition of Power-to-Gas in the context of sector coupling should be included, with a clear distinction between the facility operator and the facility user. The definition of Power-to-Gas should be furthermore included into a broader definition of “accumulation device” (or at least into a part of it),
- A supportive framework is needed to enable the roll-out of Power-to-Gas. Regulation and/or the possibility to apply for European investment funding (e.g. CEF) should be taken into account.
- There should be no barriers to renewable and low-carbon gases to cross borders and sectors. EU-wide transparent guarantees of origin or certification scheme need to be flexible enough to allow the cross-border transfer of energy and support cross-border trade of all kind of gases.

3. Is the proposed response set out above appropriate to address the challenges the sector faces? What should be done differently and why?

- a) Who should provide data on the availability of decarbonised gases by location so as to enable assessment of changes of gas system needs and flows, in parallel to greater availability of decarbonised gases? At what frequency should this data be provided to the Agency?

Connectivity of new technologies has to be assessed in cooperation of the investor with the DSO / TSO. To report once in a year could be an optimal frequency.

- b) Do TSOs face a conflict of interest in the future in planning gas and electricity infrastructure? If so, would stronger regulatory oversight resolve the problem? Which powers are needed and at which level (European, regional, national)? Would transparency requirements on TSOs/ENTSOs mitigate this problem and if yes, what shall be done?

Existing transparent joint ENTSOs infrastructure planning provides all relevant stakeholders with a possibility to raise their suggestions and concerns during development of infrastructure plans.

4. What powers are needed for dynamic regulation to be effective?

In general we support the presented concept of dynamic and flexible approach to new challenges in the gas sector, mainly related to the future decarbonization of gas sector. We support market-based approaches where conditions allow this. Regulation should be neutral between technologies and support the most efficient outcomes and investments. In particular, and in a sector coupling context, there should be a review of market rules across gas and electricity as they affect power-to-gas assets to ensure no undue distortions are emerging. The market rules should allow for all market participants to offer innovative services in order to promote competition, including investments into power-to-gas technologies by SSOs. The new gas market

design should not preclude SSOs from contributing to a newly emerging energy storage market where a gas storage naturally fits.

TSOs and DSOs should be allowed to invest in power-to-gas facilities where it can be seen that the market will not bring forth the needed investment. If a market test fails, then following CBA of the proposed investment, it should be possible for TSOs and DSOs to invest in order to get the market started. Additional restrictions could be considered such as requiring investment to be made through a separate but related company for greater transparency, and requirements to be divested once the market is ready to take over.

We support the idea to include power-to-gas investments into TYNDP and possibly PCIs, where this would facilitate increased efficiency to support the energy transition.

We support an establishment of new European DSO entity in gas.