

Responses to Draft CAM Network Code Consultation

Consultation Response Sheet

Please complete the fields below and send via email using the subject, "Response to the CAM NC consultation" to info@entsog.eu by 3 August 2011.

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Question 1: Do you consider that the level of detail in the draft NC is appropriate for an EU Regulation?

Response:

Question 2: Should this NC set out detailed rules? If so, do you consider that where changes are necessary, they should be made through the change process foreseen in the Third Package, or (if legally possible) through a separate procedure where modifications can be made following stakeholder request and discussion?

Response:

We consider that NC should establish the principles and enter enough into the details in order to ensure consistency within Europe, while leaving some flexibility when more experience is needed.

Question 3: In your view, is it credible that principles and details of CAM mechanisms could be separately identified? What elements of this (or other) code(s) might be considered for a “lighter” change process and how might such changes be made binding?

Response:

see answer to question n° 2

Question 4: How do you consider that a process to review the handbook, and to modify it where necessary, should be designed?

Response:

Question 5: Do you agree with the NC proposal for long term auctions of quarterly products? If not, please explain your proposed alternative and the rationale for this.

Response:

Allocation of long-term capacity exclusively with auctions through quarterly products that won't be linked could have important negative impacts as there is no guarantee for a shipper to obtain a band

of capacity running on several years or even on one year. Moreover, the situation will be exacerbated if the shipper envisages to cross several IPs.

This could be particularly critical for shippers that are looking for long term supplies, by creating new risks along the chain, and therefore could hamper the development of infrastructures, in particular LNG terminals.

In order to keep European market attractive, in particular for external suppliers, it seems appropriate to allocate multiyear products to shippers willing to buy them. Unsold capacity would then be allocated through annual or quarterly products for shippers willing to profile their capacity bookings that way.

Question 6: Do you consider that the auction design set out in the draft NC includes sufficient measures to allow system users to purchase the long-term capacity they want? If not, how could the measures be improved, while remaining consistent with the FG and keeping the complexity of the auction design to a manageable level?

Response:

Limiting the long term offer capacity to the upcoming 15 years could be inappropriate, in particular for shippers that are looking for long term LNG supplies, as projects are often designed to last 20 years or more.

Therefore, this could hamper the development of new LNG chains, among which terminal infrastructures.

Long term duration up to 20 years seems to be appropriate for multiyear products.

Question 7: Do you consider that the within-day auction proposal set out in the draft NC could be improved from a user perspective? If so, what improvements would you suggest?

Response:

Question 8: The draft NC proposes that TSOs will implement all auction systems at all Interconnection Points (IPs). However, if no purchases of capacity are made in within-day or day ahead auctions at a particular IP over a certain period of time, do you consider that it would be appropriate to suspend these auctions for some time, in order to reduce operational costs?

Response:

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Question 9: Do you consider that the auction algorithms set out in the draft NC are appropriate for the Standard Capacity Products to which they are proposed to apply? If not, what modifications would you suggest?

Response:

Auction algorithms should maximize the allocated capacity. In particular, when demand at the reserve price or above exceeds the capacity offered, the whole capacity should be allocated, whatever the algorithm.

Question 10: Do you believe that any of the potential alternatives described would be more suitable? In particular, do you consider that a Pay-As-Bid methodology would be more appropriate than uniform price, particularly for auctions of shorter duration products?

Response:

Question 11: Under an open-bid algorithm (whether uniform price or pay as bid), do you consider that ten bids per user is a sufficient number?

Response:

Question 12: Do you consider that mechanisms supporting value discovery should form part of the NC? If so, which mechanisms do you believe would be most effective?

Response:

Question 13: In your view, how could a split of bundled capacity between existing holders of unbundled capacity best be arranged?

Response:

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Question 14: In your view, what effect would mandatory bundling have on network users? Please provide supporting evidence, if available.

Response:

Question 15: Do you consider that the approach to bundled capacity set out in the NC is appropriate, within the constraints of the FG?

Response:

Question 16: Do you consider that the process set out in the draft NC for determining the sequence of interruptions is appropriate? If not, what system would you prefer?

Response:

Question 17: ENTSOG would welcome feedback, observations and suggestions related to this section of the supporting document and to Annex 2. Do you consider that ENTSOG has correctly identified the key tariff issues in these sections?

Response:

Question 18: What is your view of the process that ENTSOG has followed in order to produce the draft NC? Would you recommend that ENTSOG use a similar process to develop future NCs? What approaches would you suggest to enable ENTSOG to improve the process?

Response:

Question 19: ENTSOG is developing a new website and would welcome stakeholder views on how to make it as useful as possible. What are your views about the current ENTSOG website, www.entsog.eu, and what could be improved?

Response:

Do you have any other comments or observations you would like to make?

Response:

Although this Network Code on CAM shall not rule on entry points from LNG terminals, LNG terminal operators may be directly affected by ill-designed rules at cross-border Interconnection Point that would discourage shippers to make reservation on the long term, and therefore hamper the development of their infrastructures.