

CAM Network Code development

Prime movers conclusions from the SJWSs

Stakeholder Joint Working Session 4 – 19th May 2011

CAM Network Code Process (1)

- The process as set up by ENTSOG to establish the CAM Network Code is transparent and well organised to enable substantial stakeholder involvement
 - Outline of process consulted with market before start
 - Launch documentation sets cornerstones
 - Timely availability of relevant documents
 - Accessibility of all relevant information on internet
 - Well structured and prepared workshops
 - ENTSOG conclusions reflect stakeholder comments in workshops
 - Stakeholders are given sufficient possibilities to comment and voice their opinion
- Representation of DG ENER, ACER and NRAs must be improved to enable a constructive dialogue with the parties involved

CAM Network Code Process (2)

- The process as set up by the DG ENER to develop CAM Framework Guidelines presents a challenge to ENTSOG and stakeholders
- ENTSOG has received (draft) Framework Guidelines for implementation, while at the same time:
 - ACER is consulting on 'final' Framework Guidelines with the market
 - Detailed impact assessment is not available (and hence not possible for stakeholders to comment on detailed impact assessment)
 - ERGEG / ACER develop and consult Gas Market Target Model which has numerous interfaces with CAM
 - DG ENER develops proposals for CMP under different procedures which may lead to inconsistencies between CAM and CMP
- For ENTSOG to complete its task within the prescribed 12 months period, the draft CAM Network Code is to be released for consultation by 21st June

Bundled capacity services and booking platform (1)

- Bundled capacity services
 - The introduction of mandatory bundling of all capacities and thus the prohibition of flange trading is rejected. The increase of liquidity is determined by the number of market players and the accessibility of markets, not by the interventionist measure of mandatory bundling
 - Impact assessment of bundling is not available
 - Mandatory bundling forces shippers to be involved in markets where they are currently not active (i.a. licence and tax issues)
 - Mandatory bundling contradicts the Balancing Framework Guideline principle which provides for TSOs to buy gas at specific locations and for shippers to be able to sell gas at these entry /exit points
 - Bundled products on basis of one nomination and one allocation with two contracts / invoices acceptable for new bookings

Bundled capacity services and booking platform (2)

- Booking platforms
 - Reduction of booking platforms as pragmatic step by step approach
 - Short to mid-term perspective should be one integrated platform per market area / regional market

Auctions

- Auction process should apply to existing and incremental capacity
- Open season procedures may be applied for cross Member State projects
- Quarterly products suffice, annual products not required
- Transparent process how recovery of revenues is used for system upgrade
- Long term auctions to contain several rounds
- Cleared bid system for all auctions with regulated price as reserve price. If short term auctions (day ahead or within-day) should run as pay-as-bid price auctions than reserve price to be set at zero
- Avoid creating disincentives to book capacity in long-term auctions

Within-day allocation and interruptible capacity (1)

- Within-day capacity
 - Auction of within-day capacity preferable provided that auction system can be used by shippers in the simplest possible manner (e.g. by one ex-ante bid for subsequent auctions)
 - Cleared bid auctions (cp. Supra, if pay-as-bid reserve price to be set at zero)
 - Hourly auctions
 - Contradiction between restriction of re-nomination rights and within-day capacity allocation (demonstrates inconsistency between CAM and CMP processes)

Within-day allocation and interruptible capacity (2)

- Interruptible capacity
 - Transparent interruption process and sufficient information regarding the probability of interruption
 - No different levels of interruption
 - Interruptible products on long term basis
 - Fixed amount vs. unlimited interruptible capacity: shippers to evaluate risk of interruption
 - Probability of interruption depends on implementation of additional CMP measures
 - Probability of interruption to be reflected in interruptible capacity price
 - Price not to act as disincentive to book firm capacity

Way forward

- Network Codes should be sufficiently detailed to avoid market specific rules besides the Codes
- Network Codes should thereby safeguard true harmonisation of market rules
- The underlying Framework Guidelines should set out clear concepts
- A toolbox approach is clearly not acceptable
- All relevant issues like CAM, CMP and Tariffs should be implemented via the Network Code process
- DG ENER, ACER and NRAs should re-evaluate their representation in the Network Code development process