

Response Sheet for Stakeholder Engagement Document: Potential Modifications to the CAM NC Following Receipt of ACER Opinion

Please complete the fields below and send via email using the subject title, “Response to the CAM NC stakeholder engagement document” to info@entsog.eu by 10 August 2012.¹

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¹ If you would like any part of your response to be treated as confidential, **please mark these sections clearly and explain why it is not possible for the information to be made public.** Notwithstanding any confidentiality undertaking upon request, ENTSOG indicates that this cannot prevent ENTSOG from disclosing all or part of the response that would be requested by a competent authority or judicial body.

How would you describe your organisation?

<input type="checkbox"/>	Association (please specify type): Association of European Energy Traders
<input type="checkbox"/>	End user
<input checked="" type="checkbox"/>	Network user
<input checked="" type="checkbox"/>	Trader
<input type="checkbox"/>	Other (please specify)

In the questions below, ENTSG would be grateful if respondents could clearly indicate their view and provide a brief justification.

Question 1

A number of changes to the CAM NC submitted to ACER in March 2012 are proposed in sections C.1 – C.11 above. Please indicate whether you support these changes. If you do not support some changes, please indicate which changes you do not support, and why.

C1 – E.ON agrees with the proposed changes.

C2 – E.ON agrees with the proposed changes.

C3 – E.ON supports future standardisation of transmission contracts, subject to prior stakeholder consultation.

C4 – E.ON is in favour of the suggested modifications to the CAM NC encouraging greater cooperation among adjacent TSOs.

C5 – E.ON supports the view of ACER that a proportion of the capacity should be reserved for mid-term auctions up to 3 years ahead, as this is where liquidity at most European markets can still be found. This would enhance the liquidity of forward traded calendar year products and the capacity which is not allocated would be offered at the short-term auctions.

We do not agree with the view of ENTSG that capacity breakdown for the medium-term and short-term creates artificial scarcity. TSOs should be transparent over the total available capacity and the breakdown for mid-term and short-term auctions. Upon bidding, market participants take into consideration not only what is available at the time of allocation, but also other fundamentals, such as capacity reserved for mid-term and short-term auctions, supply/demand forecast, etc. The potential decrease of social welfare in long-term auctions is followed by an increase of welfare in mid-term and short-term auctions.

Greater flexibility must be offered to shippers, not least to new entrants, to profile capacity. We had previously suggested that not more than 80% of capacity should be allocated on a long-term basis. This is still our overall preference.

C6 – E.ON supports the suggested changes to the draft Network Code.

C7 – no comment

C8 and D3 – In principle, market participants should be given as much lead-time as possible to react in case of an interruption. However, we acknowledge that there is a trade off between the level of clarity on whether or not any interruption will take place and the notification lead time. E.ON agrees therefore to the proposed lead time of 1 h 15 min before delivery subject to the Balancing NC enabling shippers to trade notifications with a lead time less than 45 min. This would enable shippers to manage the balancing risk stemming from eventual interruptions in systems with within-day obligations.

C9 – E.ON feels that any issues related to tariffs belong to the Framework Guidelines and Network Code on Tariffs and their discussion should be postponed. If such a reference is considered necessary in the CAM NC, it should be of a very general nature, so as not to constrain future discussions on tariffs. For instance, issues like auction premium revenue split would be better suited for the Network Code on Tariffs. Apart from this general comment we support a 50/50 revenue split as this would remove potential incentives to TSOs to allocate costs primarily to – and hence increase reserve prices at – congested interconnection points.

C10 – E.ON supports ACER’s opinion.

C11 – E.ON supports ACER’s opinion.

Question 2

Do you support the proposed changes to the day ahead auction timing set out in section D.1? If not, why not?

D1 – E.ON strongly supports the proposed shortening of the processing time in day-ahead auctions. We believe that there is still room for efficiency improvements in the nomination/matching schedule following initial nominations at 14:00 CET so that capacity results are published at 17:00 CET rather than 17:30 CET as foreseen by ENTSG.

Question 3

Do you support the proposed changes to the within-day auction timing set out in section D.2? If not, why not?

In particular, do you believe that a 30 minute bidding window and 60 minute nomination window are sufficient for a within-day process?

E.ON supports the proposed changes and believes a 30 min bidding window plus a 60 min nomination window to be sufficient.

Question 4

Do you support the proposed changes to the drafting on default interruption lead times set out in section D.3? If not, why not?

See comment to C8 and D3 above.

Question 5

Do you support the proposed changes to article 4.1(2) of the CAM NC, in relation to competing capacities? If not, why not?

E.ON considers further clarification to be needed on the number of interconnection points where this is an actual issue. If there would be only a limited number the problem should rather be solved via capacity buyback mechanisms than adding exemptions and hence additional complexity to the auction design.