

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

Name

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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 checked="" type="checkbox"/>	Association (please specify type): Association of gas traders, power producers, retailers, district heating in the Netherlands.
<input type="checkbox"/>	End user
<input type="checkbox"/>	Network user
<input type="checkbox"/>	Trader
<input type="checkbox"/>	Other (please specify)

In the questions below, ENTSOG 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.

We largely support the changes ENTSOG proposed to comply with the Framework Guideline CAM (as a result of the reasoned opinion of ACER).

More specifically, we fully support the following changes: C1, C3, C4, C9 and C10.

Regarding the other proposed changes we have the following comments:

C2 (on Bundling): **This change has to be seen in the context of the requested obligatory bundling of capacity products which we do not support.** Our position on mandatory bundled capacity is that :

- the bundled products should be optional, both for existing and new contracts, i.e. not mandatory;
- and so, the sunset clause and the default rule should not be implemented.

Because :

- It is an non proportionate measure that imposes an excessive burden (renegotiation of capacity and commodity contracts) in relation to the “objective” (to increase market’s liquidity) .
- Shippers will be forced to pay for unwanted capacity.
- The value of unbundled capacity in a mandatory bundled world seems to be zero.

C4: We agree with the insertion proposed by ENTSOG and remind that some consistency must be insured with the interoperability network code which will also deal with these issues.

C5: We support ENTSOG’s proposal not to change the NC.

Capacity breakdown, quotas and length of products have been discussed at various times during the drafting process of the network code. We do believe the current 10% minimum rule is sufficient. The code already allows for the possibility of more than 10% being set aside for short term capacity

release at specific interconnections points if considered necessary.

We do not believe that a “medium term” auction in addition to the minimum 10% for short term release and the long term auction, will actually bring a benefit to the market. Indeed, it is already possible to buy capacity for this timeline during the long term auction. Splitting the capacity in two types of auctions will not solve a congestion problem, but rather increase it.

C6: We can support ENTSG’s decision on this point. However once again we would like to make clear our concerns with respect to the obligatory bundling of capacity and the sunset clause. We would also like to point out that TSOs should avoid such a mismatch as far as possible by recalculating the available capacity.

C7: We support ENTSG’s decision not to change the wording. NRAs should be required to mediate upon request in order to avoid an impasse. Mandatory bundling of existing contracts remains a very contentious issue and as long as the sunset clause is included in the NC, mediation shall be provided by the NRAs upon request.

C8: We agree to add a NRA approval to any reduction of the lead time for interruptions. See our answer on question 4, however, for our position on the default lead time.

We like to remind ENTSG that all these delays must of course be in line with those mentioned in REMIT.

C11: We have concerns about the deletion of article 10.3. It should be clear from the very beginning when the rules must be implemented and what leeway TSOs shall be granted during an interim period.

Question 2

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

Yes. Furthermore, to the extent the following proposal is easily feasible for the transmission operators, all the deadlines could be advanced by half an hour to be able to benefit from the remaining gas market liquidity. Indeed, it is more interesting for a shipper to get the capacity at 17:00h. instead of 17:30h. as proposed since it will allow earlier participation in day-ahead commodity markets.

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?

Yes, we support the proposed changes, but the process will be heavy to repeat each hour. Energie-Nederland, for sake of simplicity and only for within-day products, is in favor of a First Come First Serve allocation process (i.e. when you nominate over your booked capacity, it shows your willingness to buy additional capacity, if available). In our opinion FCFS is easier to implement and does facilitate within-day trade better.

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?

We did not understand this question and asked for clarification. On 7 August we received additional information from ENTSG (via Eurogas, see below). In the light of this additional information we understand the reasons for the proposed changes in the default interruption lead times. Nonetheless we are concerned that shippers will have an unbalanced position during one or two hours, because delay in being able to renominate on another point means that interrupted flows cannot be compensated for.

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?

Partially. The proposed change is offering no solution how to proceed with such a situation in the auction process. Users should be informed in advance that there is competing capacity on offer (including the demand at each price step) and clear allocation rules needs to be developed. This procedure should not hinder the development towards more zone-to-zone trade.

Additional information from ENTSG

Van: Heather Glass [<mailto:heather.glass@entsog.eu>] Verzonden: dinsdag 7 augustus 2012
16:15 Aan: Margot Loudon CC: Ann-Marie Colbert Onderwerp: Interruption lead times

Hi Margot

As promised, please see below an outline of the options for the interruption lead time and the justification for the 1h 15 min proposal.

Feel free to circulate this to your members but please note that this is an informal note reflecting some of our internal discussions and isn't a formal ENTSG view. You are also welcome to send on my contact details and let them know that I'm happy to discuss any of the issues in the stakeholder document with individual users in more detail.

Best regards,
Heather

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Interruption lead times

The reduction in the default minimum lead time from 2 hours to 1 hour 15 minutes (see section D.3 of the ENTSG stakeholder engagement document on the CAM NC, published 27 July) has been proposed following recent work in the Balancing area on re-nomination lead times.

The re-nomination lead time will be 2 hours. Since TSOs will not be able to finally determine the need for any interruptions until all nominations have been received, there must be at least a short delay between the re-nomination lead time and the interruption lead time. There are then a number of options, ranging from:

- a very short delay of e.g. 15 minutes (i.e. 1h 45 minute lead time), which would give TSOs time to send a message to interruptible customers stating that they may be interrupted, but could not give details on the extent of the likely interruption; or
- a longer delay of e.g. 1 hour 30 minutes (i.e. 30 minute lead time) which would allow TSOs to complete the majority of the confirmation and matching process and give very accurate messages on the extent of interruption, based on matched confirmed quantities.

The proposed delay of 45 minutes (i.e. 1 hour 15 minute lead time) is intended as a compromise between these two positions. By this time, TSOs will have completed the processing of nominations and will therefore be able to give a good estimate of the degree of interruption needed, based on processed quantities. There is a risk that this figure will be 'too high', since any failure in the

matching process for firm nominations could reduce the degree to which interruptible nominations must be curtailed, but ENTSG felt that a 30 minute lead time would be too short for most interruptible customers.

Since this is an issue with a potentially significant effect on many network users, we'd welcome your views on the above trade-offs and on your preference for a longer lead time with less accurate information on the degree of interruption, or a shorter lead time with more accurate information.

