

## 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](mailto:info@entsog.eu) by 10 August 2012.<sup>1</sup>

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<sup>1</sup> 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.

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How would you describe your organisation?

<input type="checkbox"/>	Association (please specify type)
<input checked="" 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, ENTSGOG 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.

**EDF supports most of the changes proposed by ENTSGOG** to answer ACER's requests:

- C.1 Definitions;
- C.3 Standard contracts;
- C.4 TSO co-operation;
- C.6 Sale of unbundled firm capacity: EDF supports the ENTSGOG proposal which seems very reasonable. In particular, EDF appreciates the fact that this proposal helps reaching the target of having only bundled capacity by allowing the release of capacity when there is a mismatch at a precise IP;
- C.7 Amendment of existing capacity contracts;
- C.8 Interruptible capacity: EDF supports the proposal to make explicit the NRA approval for any downward deviation from the default minimum interruption lead time; Regarding the shortening of the interruption lead time, please see response to question 4;
- C.10 Incentive regimes;
- C.11 Interim period: EDF understands ENTSGOG's points but considers that a reference to what the Framework Guidelines states (*i.e.* the possibility to introduce an interim period during the comitology process) could be useful.

**EDF supports with some reservations** the following ENTSGOG proposals:

- C.2 Application of the network code to new technical capacity: EDF is of the opinion that, in principle, the three items listed in the consultation document, *i.e.* standard capacity products (with the possibility to link the standard products in order to have for example multi-years products), bundling of capacity and rules on capacity breakdown should apply to new technical capacity. However, EDF wonders whether these provisions should be part of the CAM NC or not.

- C.9 Tariffs: EDF supports the ENTSG proposals to (1) replace the text of Article 7.3 of the CAM NC by the new paragraph proposed, (2) deal with the issues of auction premium split and cross-subsidisation in the Tariff Framework Guidelines. However, if EDF understands that the CAM NC states that “*tariff arrangements [should not incur] any detrimental effect on the revenue of TSOs*”, we wonder if it should also include any reference to the effect on TSOs’ cash flow positions as tariffs always have an impact on TSOs’ cash flow positions when they are set by the regulator.

Regarding **C.5 capacity breakdown**, EDF, as it already stated in the previous CAM NC consultations, **supports the proposal to reserve a proportion of the capacity to be released in the medium term** (3 to 4 years) through quarterly products allowing market participants to have a full range of products from yearly long term products to short term monthly, day-ahead and within-day products. EDF is indeed of the opinion that all these products have a value and are useful. Besides, this would enhance liquidity of the forward traded products and the capacity which is not allocated will be offered on the short term auctions. EDF does not agree with ENTSG view that capacity breakdown for medium and short terms, creates artificial scarcity. TSOs should be transparent over the total available capacity and the breakdown for medium and short terms. When 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 medium 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 medium and short terms auctions.

## Question 2

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

**EDF considers that the proposed changes are going in the good direction** and that continuous efficiency in the time schedule should be an objective for TSOs. EDF believes however that there is room for an increased efficiency in the day-ahead nomination/matching/auction schedule so that the capacity results are published at 17:00 CET at latest.

## 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?

**EDF supports the proposed changes.** A 30 minute bidding window should be enough.

#### 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?

EDF understands that there is a trade-off between having a long interruption lead time and more information regarding nominations/renominations allowing TSOs to produce a more accurate level of interruption (and thus minimizing it). In this context, **EDF could support the proposed shortening of the default interruption lead time if it was supported by a cost/benefit analysis** allowing to evaluate the potential gains in terms of interruption level. Therefore without being able to see these analyses and the potential benefits for shippers, **EDF considers that a 2 hours default interruption lead time is still preferable** since the risk increases as there is less time to react on the market in case of interruption.

#### 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?

EDF regrets that this issue that seems important has not been discussed or even presented before and considers that it is complicated to formulate an opinion in such a short time. However, the proposed changes consist only in introducing the possibility to implement competitive auctions which can be accepted if the conditions of their implementation (joint proposal by the concerned adjacent TSOs, stakeholders' consultation and approval by NRAs) were defined.