

Responses to CAM Network Code – stakeholder support process

Consultation Response Sheet

Please complete the fields below and send via email using the subject title, “Response to the CAM NC consultation” to info@entsog.eu by 13 February 2012.

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How would you describe your organisation?

<input type="checkbox"/>	Association	(please specify type)
<input type="checkbox"/>	End user	
<input checked="" type="checkbox"/>	Network user	
<input type="checkbox"/>	Trader	
<input type="checkbox"/>	Other	(please specify)

Question 1: Do you consider that the network code development process carried out by ENTSOG was appropriate, given the boundaries of the framework guideline? In particular, was the level of stakeholder engagement appropriate? If there is room for improvement, please inform us about possible suggestions for improvement.

Yes

Comments: The ENTSOG process has generally proven successful. The process has given stakeholders sufficient opportunity to feed into the development of the network code and provide input on key issues. Moreover, the regular meetings have enabled network users to discuss complex issues in an open and transparent forum.

One area in the process in need of further development is the basis on which ENTSOG reaches decisions on specific issues for consultation. A decision based purely on the number of respondents supporting a proposal risks a flawed outcome and the weight of respondents' arguments should also be taken into consideration.

Whilst we recognise ENTSOG's efforts to address the issue of tariffs in the CAM process, setting tariffs is particularly complex and the consequences of decisions made will be far-reaching and may ultimately impact the success or otherwise of the auctions. For this reason, it seems prudent that some of the specific detail of tariffs is left to the tariff network code, to enable stakeholders to fully grasp the consequence of different approaches to setting tariffs. The timing of the CAM process was such that these issues could not be discussed in sufficient detail to enable stakeholders to make an informed decision.

In contrast to the comitology process, this process enables industry stakeholders, which will ultimately have to abide by the new regulatory procedures and who are involved on a daily basis with the current regulatory regimes in each member state, to share their expertise and experience to develop a common understanding and advise on practicable solutions as problems arise.

Question 2: Following the EC request to shift the day-ahead auction to the afternoon D-1, please indicate whether a day-ahead auction held from 16.30-18.00 local time in central Europe can be supported (see section 4.7 of the CAM NC).

	No
STASA does not support changing the day-ahead auction to 16.30-18.00. The value of day-ahead auctions is degraded if left until this late in the day. There should be either one in the morning and one in the afternoon or just one in the morning.	

Question 3: Please complete the table below, indicating whether you support the relevant sections of the CAM NC, having regard to the process carried out and ENTSG's aim to reflect the views of the majority of users during the development process.

Section	1-2: Rationale and Application	3: Principles of co-operation	4: Allocation of firm capacity ¹	5: Cross-border capacity
Support	x	x		
Do not support			x	x

¹ Please consider article 4 except the day-ahead suggestion which is tackled already above.

Section	6: Interruptible capacity	7: Tariffs	8: Booking platforms	9-11: Legal provisions
Support			x	x
Do not support	x			

Please provide brief reasoning for your responses, if you wish

STASA supports development of European-wide harmonised network codes, including a standardised capacity allocation mechanism in the form of an auction procedure for relevant interconnection points within Europe as this should provide a level playing field for network users to purchase rights to capacity.

STASA concurs that the rules should apply to cross-border interconnection points as well as interconnections between adjacent entry-exit systems within the same member state, insofar as the points are subject to booking procedures by Registered Network Users.

It is STASA's view that application of the CAM NC, with respect to auctions, should also be applied to incremental capacity or 'new Technical Capacity'. Including a trigger within the auction process, which gives the TSO the option to invest to meet demand for firm capacity above what is technically available, will better enable value discovery within the auction process and lead to efficient investment, where demand significantly outweighs supply.

3: STASA concurs with the principles of cooperation, with regards the exchange of data between TSOs, to minimise the impact of maintenance plans on the amount of capacity, which can be offered and to ensure that reliable and sufficient information relating to planned maintenance shall be published in a systematic, timely and non-discriminatory manner to all network users. STASA also agrees with the other principles of cooperation, as detailed in the NC.

4: STASA remains convinced that a long-term annual capacity product, compared to long-term quarterly product will have unintended consequences on capacity availability at IPs as network users will be forced to book more capacity than they need to ensure they can meet their peak requirements. A quarterly product gives users the option to profile their capacity according to seasonal demand, which will in turn free up more capacity for the medium to short term market.

Quarterly products can be combined to form an annual product, where required, thus allowing different types of network users to compete on a level playing field. The risk that those network users wishing to fulfil their annual supply contract requirements may be unable to book sufficient quarterly capacity to meet their annual capacity needs is equal to the risk of the user being unable to book an annual product. This risk can be mitigated by placing an appropriate bid in the auction to ensure they secure the capacity they need.

STASA continues to support the multiple round ascending clock model, which best facilitates open and transparent price formation.

5: Statoil does not support obligatory bundling of capacity for reasons provided in previous

responses.

6: STASA does not support a timestamp approach for the sequence of interruptions. In our view, interruption sold via an over-nomination procedure should be interrupted first and should further interruption be required, it should be pro-rated.

A traffic light system, used within day to alert network users of the likelihood of interruption would better enable network users to value capacity.

7: There has been limited discussion on the issue of tariffs within the CAM process and so the potential outcome of the options proposed is not fully understood by stakeholders. We would urge that specific tariff issues are developed further within the tariff network code to enable ENTSOG, industry participants, regulators, the European Commission and other stakeholders to fully assess the consequences of different approaches to setting tariffs. For this reason, STASA proposes that §7.3 is removed from the CAM network code and this specific issues is addressed in the tariff network code.

8: STASA supports the development of joint booking platforms, where practicable.

9-11: A harmonised IT system to facilitate network users bidding at several interconnector points simultaneously will be crucial to facilitating the successful outcome of harmonised auctions at cross-border interconnection points within the EU. We trust that ENTSOG will be able to implement the necessary IT systems within the 18 month period included in the final network code. Should significant changes arise as the result of the ACER review of Comitology procedure, STASA accepts that this period may need to be reviewed but any change to the implementation period should be consulted by ACER.