

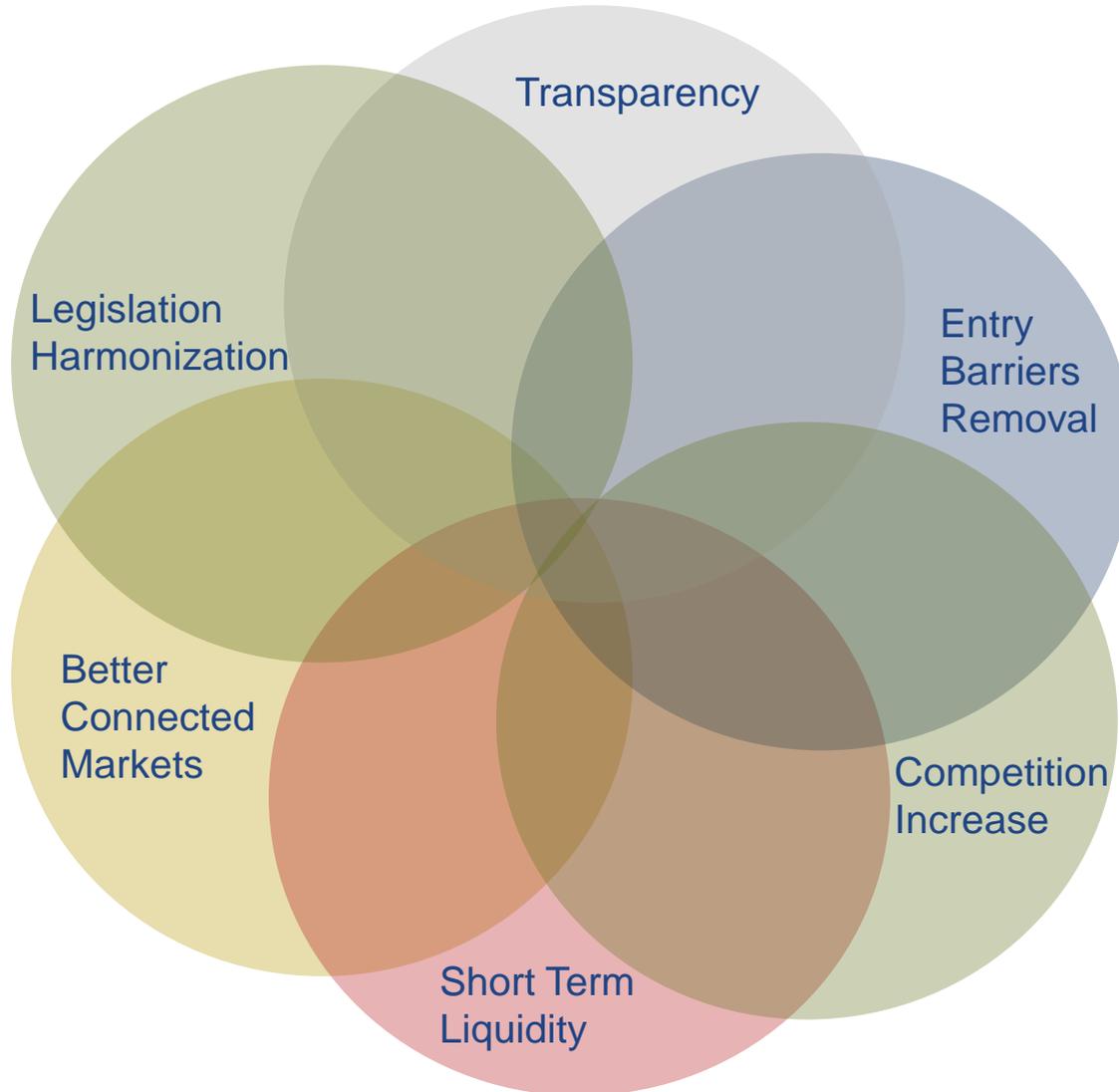
CAM Network Code CMP Guidelines

Stakeholders Engagement Workshop

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Network Codes are looking to achieve





Capacity Allocation Mechanism Network Code (EU) 2017/459



Capacity Allocation Mechanisms NC

Objective

Harmonized auction procedures and bundled products enhance transparent and equal access

Standard set of Bundled capacity products

Auctions via booking platform

Short term reservations

Virtual Interconnection Points

IEM Contribution

Simplify allocation procedures

Establish one-stop shop for booking

Ensures availability of short term capacity

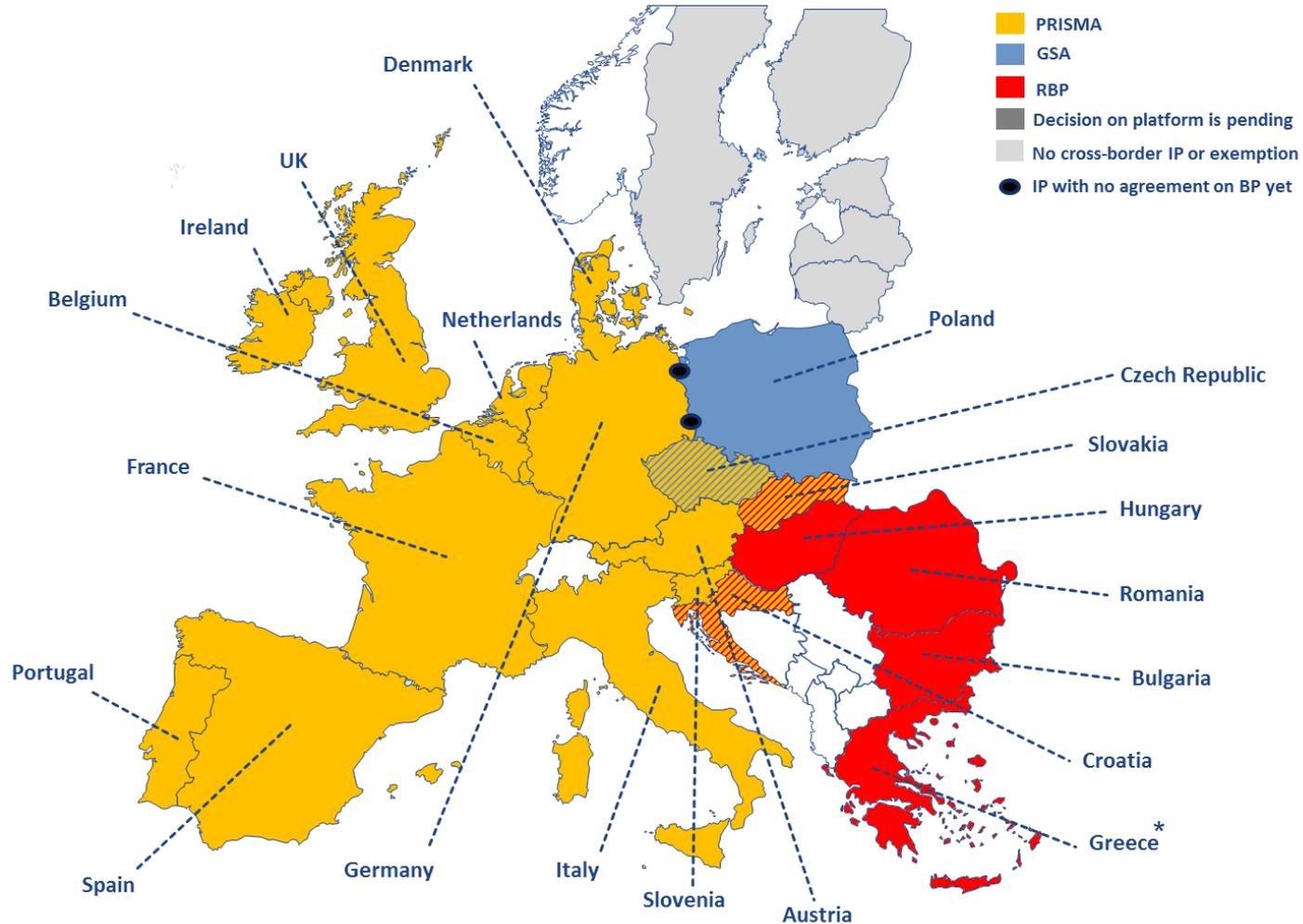
Facilitate hub-to-hub booking

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Key concepts in the CAM NC

- *Auctions as the mechanism for capacity allocation*
- *Standardised product set*
- *Short term capacity reservation of at least 10%*
- *Bundled cross border contracts*
- *Merging of IPs connecting the same TSO systems into a “Virtual Interconnection Point”*
- *Capacity offered via joint booking platform(s)*

Booking platforms in EU



Changes introduced in CAM NC amendment entry into force in March 2017

Changes in comparison to Regulation (EC) 984/2013:

- Article 11 – In the auction process for annual yearly capacity auctions shall cover the **period for at least the upcoming 5 gas years**
- Article 11 – Default auction date for **yearly capacity products in July from year 2018**
- Article 12 – Default auction date for **quarterly capacity products in August from year 2017 + additional three quarterly auctions in November, February and May**
- Article 20 – Alignment of main terms and conditions
- Article 21 – Bundling of existing transport contracts – capacity conversion service to be offered from January 2018 by all TSOs



Changes introduced in CAM NC amendment



Changes in comparison to Regulation (EC) 984/2013:

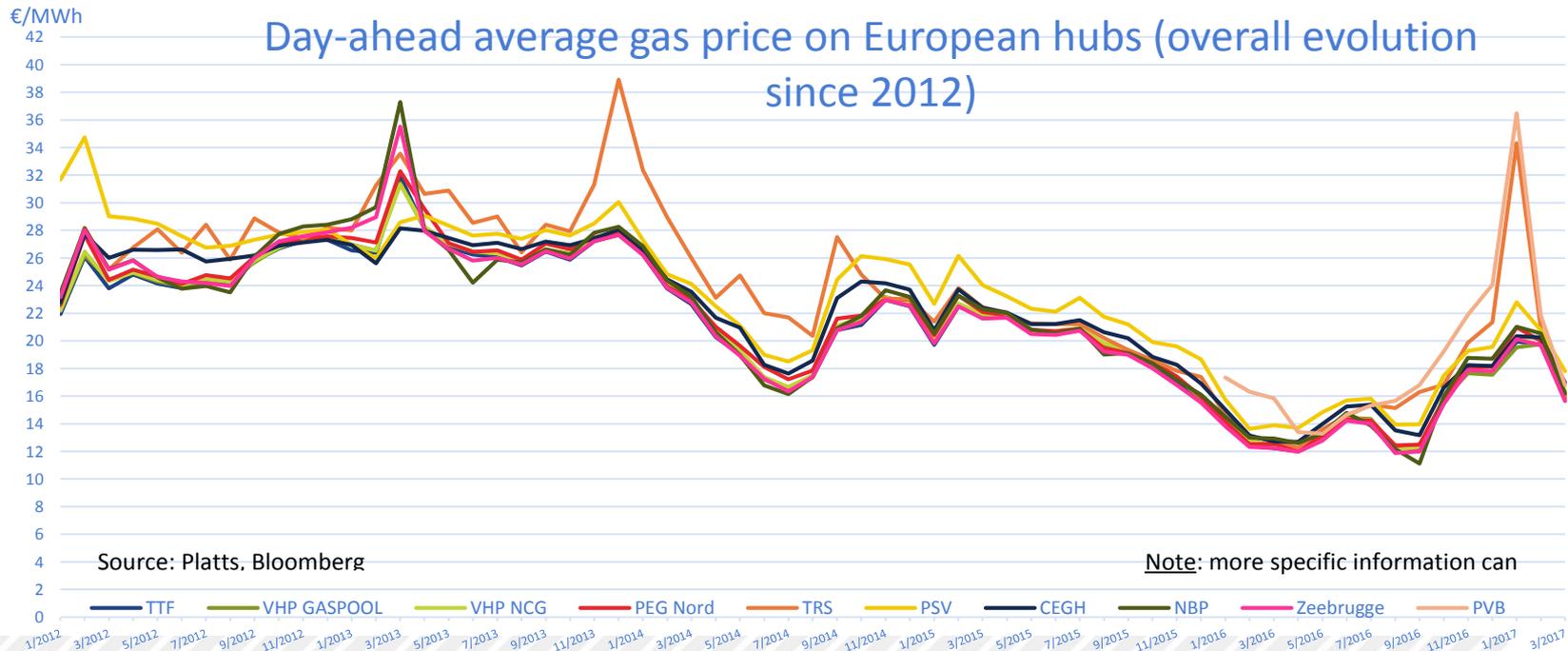
- Article 22 to 31 – Incremental capacity process
- Article 32 – From 1 January 2018 **yearly, quarterly and monthly interruptible capacity products** may be offered **only if corresponding firm capacity product was sold** at an auction premium, was sold out, or was not offered
- Article 37 – **Booking platforms** – Obligations for adjacent TSOs, NRAs and ACER to agree on a booking platform to be used for offer bundled capacity products + fall-back provisions if no agreement by TSOs
- old Article 26 – Tariffs – has been deleted from CAM NC



Impact on the Internal Market

Measurable impact

- Improved transparency
- Decreased congestion (cont. /physical)
- Capacity booking platforms and auctions
- Standard products
- Hub price convergence
- Increased market liquidity
- European TYNDP / Outlooks
- Joint view on needed infrastructure projects



A green L-shaped graphic consisting of two thick bars meeting at a right angle in the top-left corner.

Implementation Monitoring results 2016

41 TSOs monitored

- *32 implemented all mandatory provisions of CAM NC*
- *9 partially implemented the NC*

5 TSOs granted derogation under article 49 of Gas Directive

4 TSOs has implemented CAM NC partially



CAM Effect Monitoring Report

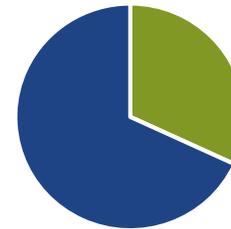
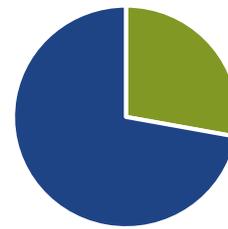
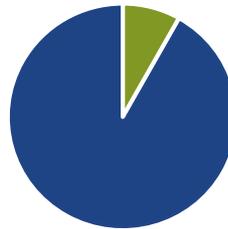
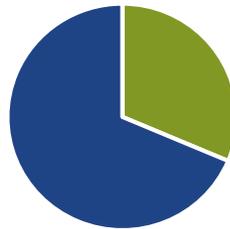


CAM.1: Share of bundled capacity to sold capacity

Results

MWh/h/y	Yearly	Quarterly	Monthly	Daily
Bundled Cap.	25.369,2	1.054,1	6.408,7	9.056
Firm Cap.	80.892,4	12.937,9	22.999,9	28.425,6
Ratio	31,36%	8,15%	27,86%	31,86%

■ bundled
■ unbundled



A green L-shaped graphic in the top-left corner.

CAM Effect Monitoring Report

CAM 1: Share of bundled capacity to sold capacity

Improvements being considered for 2017 report:

- Improved granularity (e.g. for MS or TSO or IP or Balancing zone)
- New indicator CAM 1.1 where CAM relevant on one side only
- Can we recalculate the CAM 1.1 for the previous year?
- Look at IPs to see the level of bundled CAP offered
- How to quantify the “reason for unbundled”?
- Quarterly volumes – explanation why they are so low?
- Use the same granularity as Balancing indicators



CAM Effect Monitoring Report



CAM.2: Share of secondary market-traded bundled capacity to secondary market traded unbundled capacity

Results

MWh/h/y	Secondary Market
Bundled Cap.	511,4
Firm Cap.	135.329,1
Ratio	0,38%

Improvements being considered for 2017 report:

- Volumes per TSO/Member state

CAM Effect Monitoring Report



CAM.3: Increase of market participants in a system

Results

Participants	All	Active
Sep 2015	1.892	494
Sep 2016	2.233	714

Improvements being considered for 2017 report:

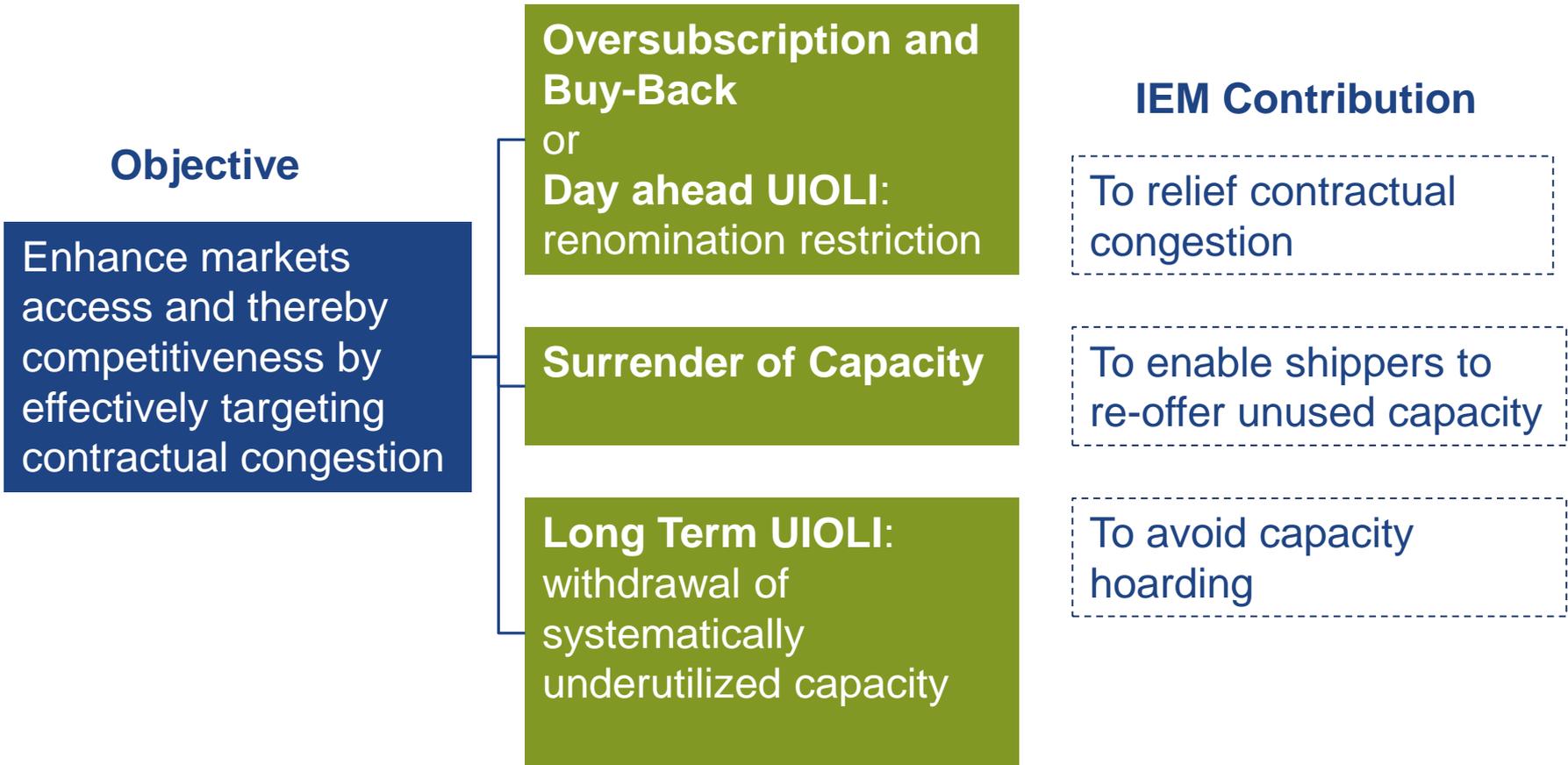
- Consider numbers per TSOs / MS / Market area
- Potential new indicator – number of VIPs created / in use per market area / per boundary



Congestion Management Procedures Guidelines Annex I, (EC) 715/2009



Capacity Allocation Mechanisms NC





Impact on the Internal Market



According ACER Congestion Report 2016

- **Congestion** was **present at 9%** of monitored IPs
 - **Decrease from 17%** a year before;
 - The report identified congestion at 6% of the same IPs
- More than half of the contractual congestion occurred at cross-border and in country IPs in Germany
- Around 10 IP sides were congested in the South and South-East Europe



CMP Suggested Improvements



- Revise the CMP Guidelines to enhance the effectiveness of the measures.
- Offer more flexibility with regards to the application of the FDA UIOLI.
- Review the fourth criterion of the CMP Guidelines with regard to the Firm day-ahead use-it-or-lose-it mechanism (where no firm capacity product with a duration of one month or more has been offered) to align it with the other congestion criteria.
- Define contractual congestion for the day-ahead timeframes between hubs.
- Establish a deadline by which the Agency shall produce congestion reports in the future.

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CMP Effect Monitoring Report



CMP.1: Additional capacity volumes made available through each CMP

Result

MWh/h/y	Offered	Allocated
OS & BB	16.395,68	-
FDA UIOLI	679.346,10	2.344,21
Surrender	100.541,20	93.040,82
LT UIOLI	-	-

Improvements being considered for 2017 report:

- How to consider volumes offered at non-congested IPs (to provide a fuller picture)?
- How to better indicate whether a “few” trades overly influence the results?
- To provide information on an IP basis
- An overview of what is offered at each IP

CMP Effect Monitoring Report



CMP.2: Part of the capacity reallocated through CMP among total capacity reallocated

Result

	Additional Capacity	
MWh/h/y	Offered	Allocated
CMP Mechanisms	260.698,47	94.048,06
Secondary Market	105.117,59	104.967,59

Improvements being considered for 2017 report:

- How many trades per measure
- Include units on the graphs
- How do the 2ndary market numbers for CMP2 and CAM2 tie together



What might be next?



- Network code implementation is key to ensure the Internal Gas Market – and should have highest priority
- Functionality of Network codes to be ensured

<http://www.gasfuncnc.eu>

- ENTSOG transparency platform - technical and commercial data on transmission points

<http://transparency.entsog.eu>



Thank You for Your Attention

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