

ENTSOG capacity conversion model 2017

Network codes workshop

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Capacity Conversion according to Art. 21 CAM NC

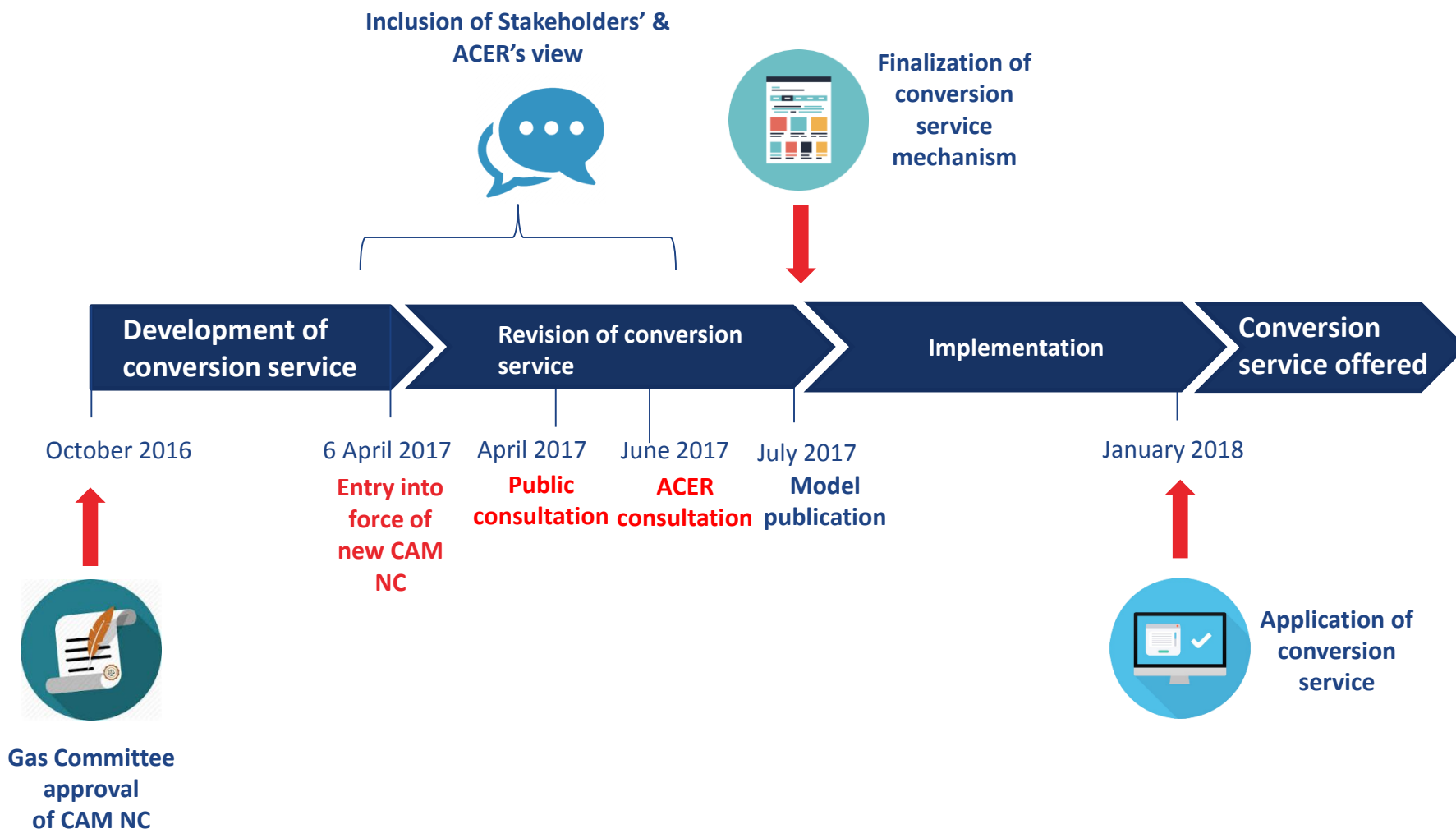


1. As from 1 January 2018, **transmission system operators shall offer** Network Users holding mismatched unbundled capacity at one side of an interconnection point a **capacity conversion service with no conversion service fee**.
2. Such a **capacity conversion service shall apply to annual, quarterly or monthly capacity products** for bundled firm capacity
3. **This service** shall be offered on a non-discriminatory basis and shall **prevent additional charges from being applied to Network Users for capacity they already hold**. In particular payments for the part of the contracted bundled capacity, which Network Users already hold as mismatched unbundled capacity shall be limited to a possible auction premium.
4. This service **shall be based on the conversion model** under development by **ENTSO-G** and **to be finalised at the latest by 1 October 2017** after consulting stakeholders and the Agency.





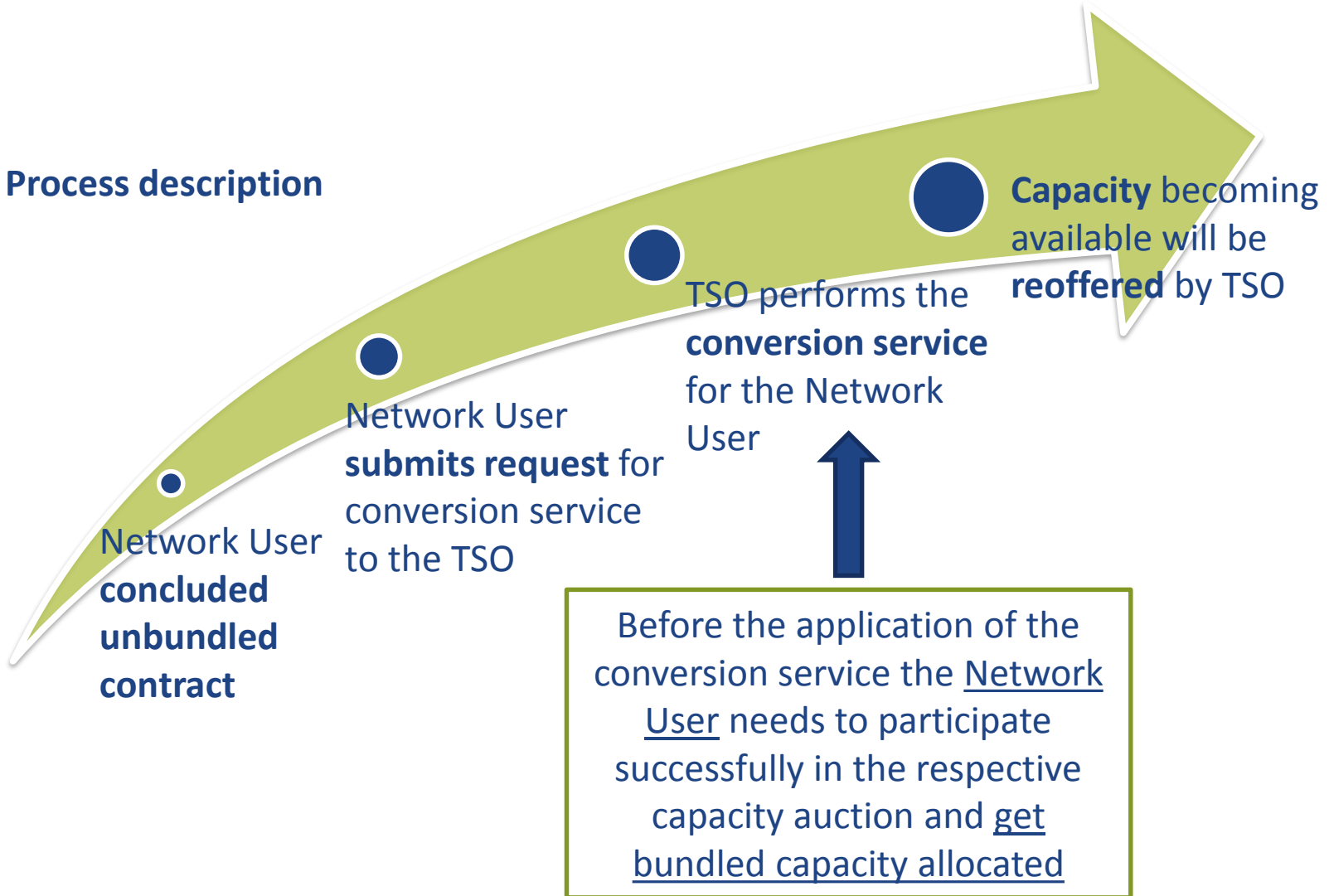
Conversion model development and implementations





Capacity Conversion model proposal

Process description



Capacity Conversion model proposal

Main Considerations

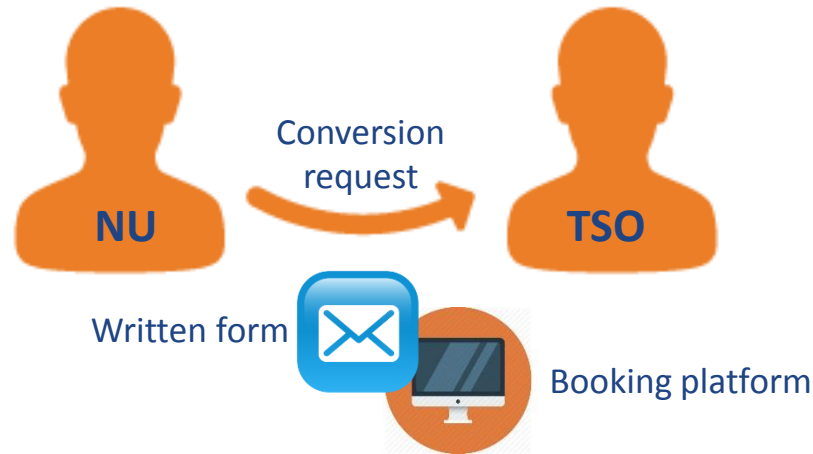


- Options and Feedback from Network Users in 2015
- Room for adjustment according to national specifics
- Fulfils legal requirements
 - Possibility for Network Users holding unbundled capacity to acquire missing capacity on other IP-side
 - No double charging for capacity
 - Capacity conversion service applies to firm capacity only



Capacity Conversion model proposal

Conversion service request



Information needed in capacity conversion request:

- ✓ Reference number of the auction of bundled capacity
- ✓ Interconnection Point
- ✓ Flow direction
- ✓ Capacity(amount) and runtime(duration) to be converted
- ✓ Reference number of unbundled contract(s)



Capacity Conversion model proposal

Conversion service confirmation



Information included in capacity conversion conformation:

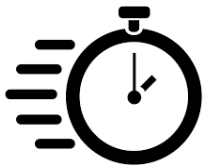
- ✓ Reference number of the auction of bundled capacity
- ✓ Interconnection Point
- ✓ Flow direction
- ✓ Capacity(amount) and runtime(duration) converted
- ✓ Reference number of unbundled contract(s)



Benefits of ENTSOG's model proposal



- Includes feedback
 - From discussion in 2015
 - **Public consultation April 2017**
 - **ACER consultation June 2017**
- Fulfils requirements from Article 21.3 CAM NC
- Provides as an European-wide blueprint
 - Ready for adoption on national level with possibility for adjustment due to national specifics



- Provides adequate solution for holders of unbundled long-term contracts
- Fast and simple process
- Cost-efficient process



- No additional costs for Network User application
- Allows reoffering of converted capacity by TSO in subsequent auction



Template for capacity conversion service parameters overview

- Will be published on ENTSOG's webpage as of December 2017
- Provides overview of key parameters for conversion service for all EU TSOs

TSO name	Conversion request: ex-ante/ex-post	Contractual arrangements (which contract stay valid)	Applicable tariff/contractual price	Deadline to send conversion request	Deadline to send conversion confirmation	Way of conversion indication	Specific conditions under which the capacity conversion service may be offered	Capacity product range: Y/Q/M/D	Link to TSO website, where to find conversion service information
NET4GAS	ex-ante	old contract	old tariff	no later than 3 business days before the date of relevant transmission capacity auction	request must be irrevocable and unconditional and may be given in writing in any form no later than within 24 hours after the end of the particular auction		Conversion service is offered only for old contracts that were concluded before November 1, 2015	Y/Q/M	http://www.net4gas.cz/files/zadosti-smlouvy-ostatni-dokumenty/n4g_capacity_conversion_en.pdf



Key parameters of conversion service



TSO name	Conversion request: ex-ante/ex-post	Contractual arrangements (which contract stay valid)	Applicable tariff	Deadline to send conversion request	Deadline to send conversion confirmation	Way of conversion indication	Specific conditions under which the capacity conversion service may be offered	Capacity product range: Y/Q/M/D	Link to TSO website, where to find conversion service information
TAG	Ex-post	The existing contract(s) for transportation services (i.e. for the existing booked unbundled capacity) remain valid	The converted capacity will be charged in conformity with the existing contract(s) for transportation services for the existing booked unbundled capacity at the applicable tariff. Auction premium arising from the successful bundled auction will be charged.	3 working days after capacity booking	3 working days after request	See procedures in the link of the TSO website	The service of conversion can apply to yearly, quarterly and monthly FZK auctions for transportation services starting from 01.10.2017, 06:00 a.m. The NRA may decide not to enable conversion service for incremental auctions.	Y/Q/M	In preparation



Key parameters of conversion service



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All German TSO	ex-ante (simultaneously with bidding)	new contract (bundled capacity); old contract (unbundled capacity) reduced by converted amount	price resulting from initial unbundled contract plus auction premium (if any) from bundled capacity auction	request as part of bid in bundled auctions	confirmation being send in parallel to auction confirmation	checkbox on PRISMA platform	n.a.	Y/Q/M	can only be provided in early November 2017



Key parameters of conversion service



TSO name	Conversion request: ex-ante/ex-post	Contractual arrangements (which contract stay valid)	Applicable tariff	Deadline to send conversion request	Deadline to send conversion confirmation	Way of conversion indication	Specific conditions under which the capacity conversion service may be offered	Capacity product range: Y/Q/M/D	Link to TSO website, where to find conversion service information
National Grid Gas	ex-post	unbundled booking remains valid. Price for bundled booking is adjusted.	unbundled booking remains fully available. Reserve price for bundled booking is reimbursed	+ 3 days after auction	+48hrs	either fax or system functionality (tbc)		Y/Q/M	https://www.gasgovernance.co.uk/0616
GRTgaz	Ex-post	no new contract	Free except premium surplus case	5 working days	-	e-mail	-	Y/Q/M	http://www.grtgaz.com/fileadmin/clients/fournisseurs/acces_contrats/en/Appendix-B6-Capacity-substitution-service-provision-01042017.pdf



Key parameters of conversion service



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Fluxys Belgium	Ex-post	Existing unbundled capacity stays in place.	Tariff of the existing unbundled capacity plus any eventual Auction Premium of the newly acquired bundled capacity. No additional fee will be charged.	Within 5 business days following the day on which the auction took place on PRISMA.	Start date in 5 working days or less – service confirmation within 2 working days. Start date later than within 5 working days – service confirmation within 5 working days	Written (letter, fax, e-mail)	Only capacity with a standard yearly, quarterly or monthly service period can be converted.	Y/Q/M	Access Code of Transmission: Link
GTS	Ex-ante	The new contract remains in place, capacity of original unbundled contract is modified (lowered)	Monthly factor (and as of 1 January 2018 daily factor) of the old contract applies as well as an auction surcharge of the new auction	Five days before the auction	Second business day after the auction	E-mail and request for conversion form		Y,Q,M and D as of 1 January 2018	https://www.gasunie.nl/en/shippers/products-and-services/conversion



Capacity conversion service - next steps



- Overview of service key parameters for all EU TSOs will be published on ENTSOG's webpage as of December 2017
- Conversion service will be offered from 1 January 2018



Thank You for Your Participation



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