



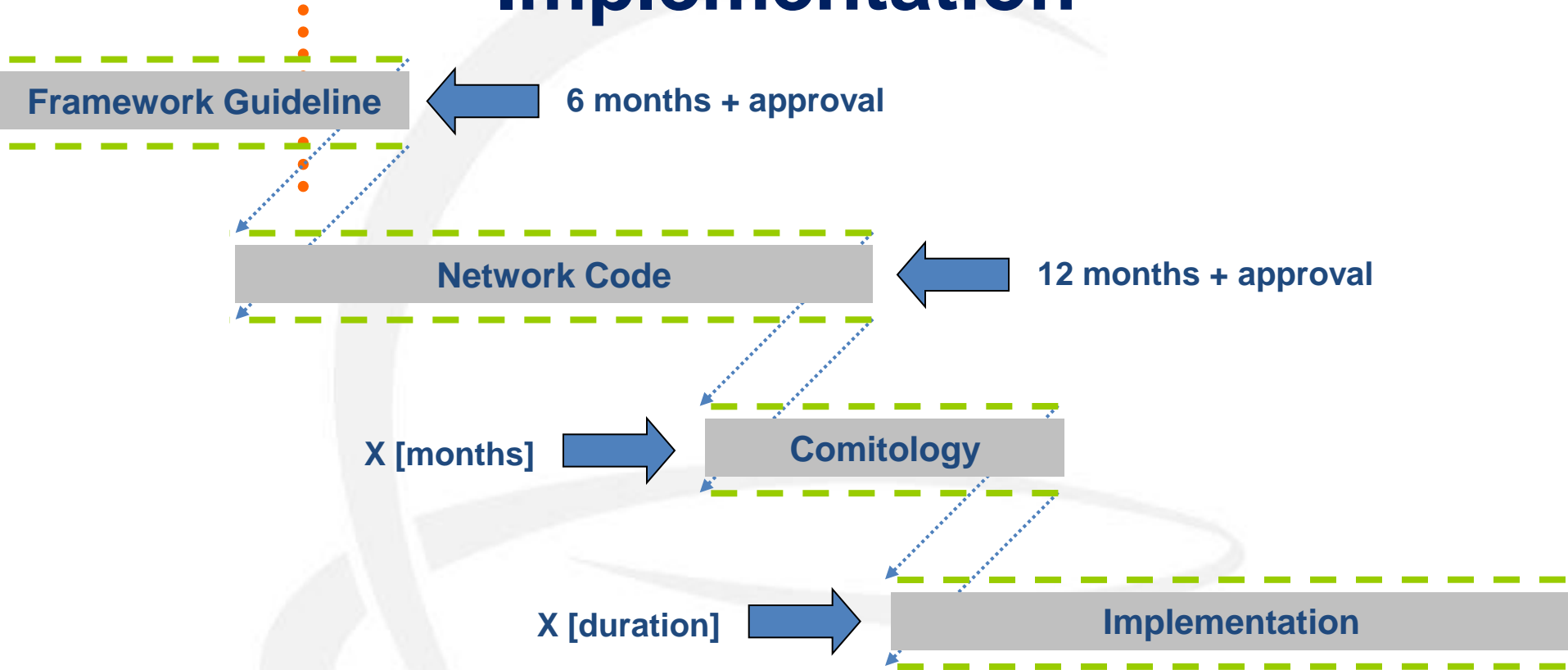
ENTSOG Position on CAM and CMP Guidelines

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Main Points

- Guidelines as a basis for EU wide harmonisation
 - One common approach instead of different measures developed by national regulators
 - Well balanced degree of harmonisation to be ensured
 - Road map to “target model”
- Testing the process
- Market consultation and consideration of feedback crucial
- Impact Assessment should take into account a cost benefit analysis through the entire supply chain to the end consumers

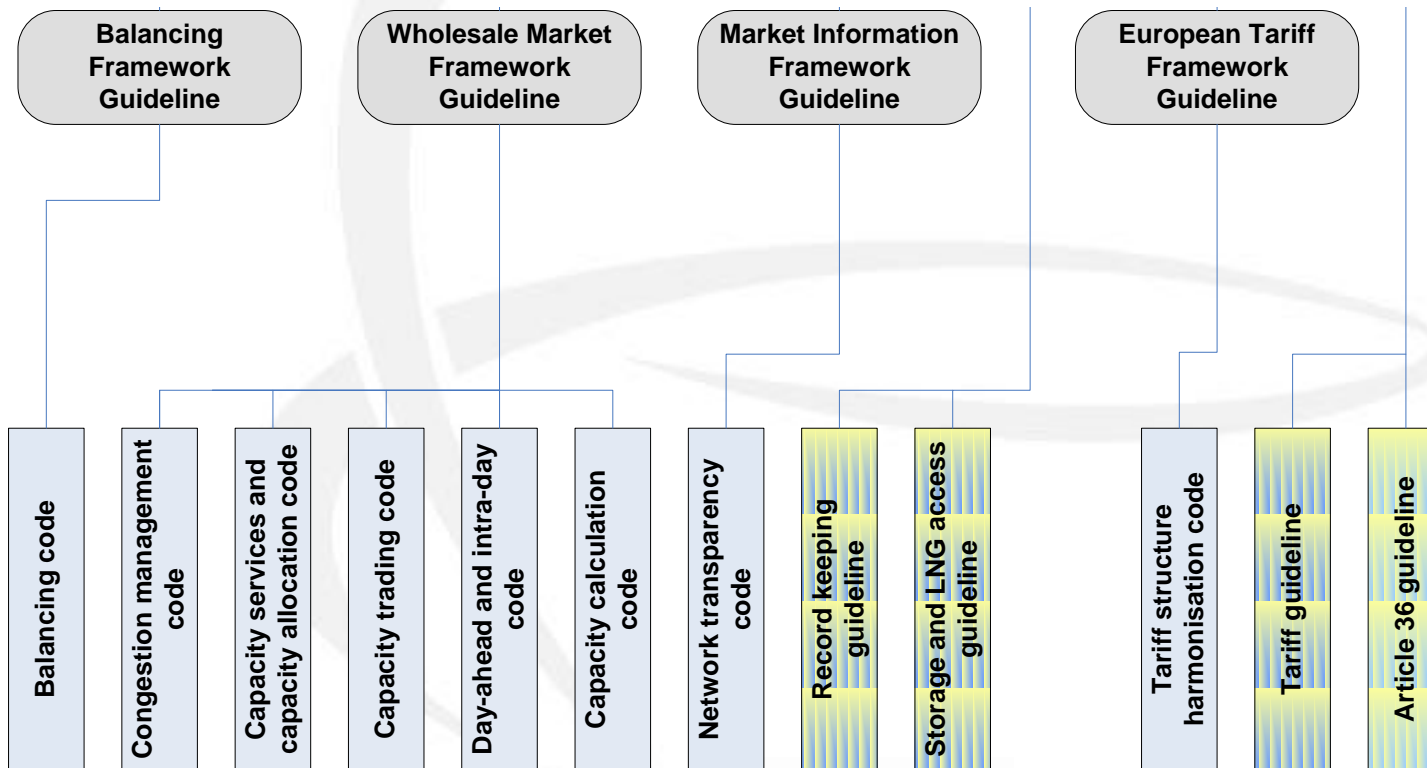
Implementation



- Appropriate and sufficient implementation timeline essential
- IT and other developments can only start after Member States and NRAs underwrite costs

Code Areas

- Guidelines should not interfere with other Code areas (i.e. manage scope)



Source: EU Commission's Discussion paper on Third package guidelines and codes

Challenging Existing Contracts

- Existing contracts underpin investments
- Stable conditions required for network planning
- No party should be exposed to unnecessary financial or legal risks (infringement of commercial property rights)

ENTSOG's view that:

- Network Code on CAM should rule on what network Access Conditions will cover
- Amending the TSOs' Access Conditions will require more than six months



Pilot Framework Guideline Capacity Allocation

Firm and Interruptible Capacity

Capacity products

- Standardisation of products supported
- Value and role of future interruptible products is unclear when alternative CMPs are established
- Focus should be on firm capacity

Interruptible capacity

- Uniform definition of interruptible capacity required
- Interruptible capacity is calculated, used & offered diversely
- CMP changes the value/characteristic of interruptible products
- ENTSOG suggests harmonisation of procedures
- Nominations on interruptible basis to be detailed

Cross-border Products

Combined products

- ERGEG wants to prohibit flange trading – ENTSOG is interested in the market's view
- Adjacent NRAs need to agree between themselves on ONE allocation method at an Interconnection Point
- Further elaboration on such a product required

Bundled product

- Capacity offered might be reduced as a consequence at specific points
- For efficient network operation point specific nominations are needed to coordinate flows

Primary and Secondary Allocation

Capacity allocation

- Pilot FG leads to different allocation methods for Interconnection Points
- Auctions and pro-rata supported by ERGEG
 - o Auction is long-term goal (congested and uncongested)
 - o NRAs to agree on one single method (or combination) at every IP

Remarketing booked capacity

- Scope for inclusion in a “Capacity trading code” as defined by the EU Commission
- TSOs can facilitate but do not have influence on the re-selling and the definition of products on the secondary capacity market

CAM conclusions

- ✓ ***Pilot Code should test process including how appropriate timeline is***
- ✓ ***The implementation is key (viability and timelines)***
- ✓ ***Pilot Code on CAM should avoid interference with other Code areas***



Guideline Congestion Management

Selling Additional Capacity

Oversubscription and buy-back

- Adequate incentives need to be agreed
- TSOs face clear financial risks which must be appropriately covered
- Extra capacity is to be offered on an IP specific basis
- General approach cannot reflect grid specific characteristics
 - o e.g. application of flow commitments to increase capacities

Increase of capacity through system energy

- What is the priority for system energy
 - o Balancing or capacity offer?

Charges and Surrender of Capacity

Capacity charges

- As suggested by EU Commission: to be ruled in separate Network Code to ensure a consistent policy
- Under-recovery of TSO costs to be avoided

Re-marketing booked capacity (surrender)

- Further elaboration on procedure required
 - After all other firm and interruptible capacity was sold
 - Only if new buyer is demanding capacity
 - What is the price of surrendered capacity?
 - Proportion and interaction between surrender and secondary capacity?

Use-It-Or-Loose-It

Limitation of re-nomination rights

- Stakeholder views to be taken into account
- Aim should be general EU rules, not individual obligations by national regulators
- Improvement of day-ahead interruptible as possibility
- Experience suggests that liquid markets do not require a restriction of re-nomination rights

Long-term UIOLI

- TSOs should not be subject to legal challenges
- Analysis of infringement of commercial property rights needed

CMP conclusions

- ✓ ***Options for NRAs to implement individual solutions should be limited***
- ✓ ***CMP provisions should avoid interference with other Code areas***
- ✓ ***Realistic implementation timeline***



Thank you very much!