

# ACER public consultation on the Incremental Capacity Proposal and further NC CAM amendments

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A EURELECTRIC response paper

August 2015

WG Gas to Power

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***EURELECTRIC is the voice of the electricity industry in Europe.***

*We speak for more than 3,500 companies in power generation, distribution, and supply.*

***We Stand For:***

***Carbon-neutral electricity by 2050***

We have committed to making Europe's electricity cleaner. To deliver, we need to make use of **all low-carbon technologies**: more renewables, but also clean coal and gas, and nuclear. Efficient electric technologies in **transport and buildings**, combined with the development of smart grids and a major push in **energy efficiency** play a key role in reducing fossil fuel consumption and making our electricity more sustainable.

***Competitive electricity for our customers***

We support well-functioning, distortion-free **energy and carbon markets as** the best way to produce electricity and reduce emissions cost-efficiently. Integrated EU-wide electricity and gas markets are also crucial to offer our customers the **full benefits of liberalisation**: they ensure the best use of generation resources, improve **security of supply**, allow full EU-wide competition, and increase **customer choice**.

***Continent-wide electricity through a coherent European approach***

Europe's energy and climate challenges can only be solved by **European – or even global – policies**, not incoherent national measures. Such policies should complement, not contradict each other: coherent and integrated approaches reduce costs. This will encourage **effective investment to** ensure a sustainable and reliable electricity supply for Europe's businesses and consumers.

***EURELECTRIC. Electricity for Europe.***

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**1. Do you support the changes suggested by the Agency on Incremental Capacity (new chapter IVa and related articles)? If not, please list which new or amended articles you disagree with and explain why.**

EURELECTRIC welcomes the final consultation on the Incremental Proposal, so ensuring an appropriate level of transparency to the process, even if a workshop would have been very useful to better understand some of the amendments proposed in this last version.

Moreover, EURELECTRIC appreciates ACER's efforts to make the final text – and the process behind it - simpler. We are pleased that many of the points we have raised in the past have been taken into account, like, for example, the importance of a strong coordination among NRAs and TSOs and the introduction of a minimum time for holding consultations with operators during the Design Phase.

However, EURELECTRIC thinks that some improvements can still be made, and we suggest the following:

- Art.3 Definition of “*alternative allocation process*”

We suggest deleting the words: “(…) where it can be shown that the ascending clock auction is not suitable”. This formulation could confuse operators about the need for a further condition to be met in order to apply the alternative mechanism.

On top of this, we believe that the definition, by nature, should be more generic while the requirements for its application should all be included in Article 20d.

- Art.20b “Design phase ”

We think that during the consultation time, operators' opinions should be proved also on the following aspects:

- ✓ The need for, as well as the design of, an alternative allocation mechanism (in the current formulation, TSOs propose the design of an alternative mechanism only “when relevant”)

- ✓ The formulation of the clauses related to how possible delays to the project are dealt with contractually;
- ✓ The formulation of conditional bids (in the current formulation this request seems not to be allowed during the design phase).
- Art.20d “Principal for alternative capacity auction ”

In EURELECTRIC’s opinion the need for conditional bids included in the Code should not be limited to those specified, in order to avoid the risk of new conditionalities expressed by the market and endorsed by NRAs not being taken into account, simply because they were not previously foreseen.

Finally, we call for a clearer formulation of art 20d.2 (b) which, in its current formulation, makes it difficult to understand when the alternative capacity mechanisms can be applied.

**2. Do you support ENTSOG’s envisaged proposals to change the default auction calendar in relation to the discussions on the draft Network Code on Tariffs (i.e. to move the annual yearly capacity auctions from March to July, the annual quarterly auctions from June to August and the rolling monthly auctions’ start from the third to the second Monday of each month)? If not, please explain why.**

We understand that the goal of the auction calendar change (postponement) for yearly and quarterly capacity is mainly to provide network users with more realistic information on tariffs before the annual auction takes place, as pointed out during ENTSOG’s discussion on the Tariff Network Code. In this respect, we welcome the postponement of the yearly auction from March to July and of the quarterly auction from June to August. However, in doing so it is important to maintain a sufficient notice period before the start of the yearly auctions whereby TSOs publish the amount of capacity available along with the tariffs/multipliers/seasonal factors that shall apply. In our view this notice period should be a minimum of 30 days. Elements regarding the estimated evolution of these parameters would also prove useful.

As regard the change to the monthly auctions from the third Monday to the second Monday of each month, we don’t support the proposal (article 13) because it would be difficult to assess the need for monthly capacity so far in advance.

3. **Do you support the further technical changes introduced (e.g. on the auction algorithms (Art. 17 (16) and Art. 18 (3d) & (9)); on the bundling of existing capacity (Art. 20(1)); on the allocation of interruptible services (Art. 21(9)) etc.? If not, please list which amended articles you disagree with and explain why.**

EURELECTRIC is concerned that the CAM Code amendments mentioned here have not been dealt with as transparently as for the Incremental Proposal. Whilst some of the changes seem logical, the fact that they have been proposed only in the final phase of the process and without any public workshop is contrary to best practice. With regard to the proposed changes on bundling of existing capacity (Art. 20(1)), we are not convinced that the obligation to enter into bundling arrangements should necessarily apply to unbundled contracts once the CAM Code has been implemented. The CAM Code is clear about the circumstances under which unbundled capacity can be offered, so if a shipper chooses to procure unbundled capacity once the CAM Code is implemented it presumably does want bundled capacity, for legitimate business reasons.

We recommend further discussion on these issues in order to take them forward in a more appropriate way.

4. **Do you have any other comments related to the proposed NC CAM, changes, and if so which?**

EURELECTRIC doesn't have any other comments.

EURELECTRIC pursues in all its activities the application of the following sustainable development values:

Economic Development

▶ Growth, added-value, efficiency

Environmental Leadership

▶ Commitment, innovation, pro-activeness

Social Responsibility

▶ Transparency, ethics, accountability

