



ACER

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Onderwerp

GasTerra response to ACER PC_2015_G_05

Uw kenmerk

OPENBAAR

Dear Sir, Madam,

GasTerra welcomes the opportunity to respond to the consultation on the NC CAM Incremental amendments proposed by ACER.

Please find our response below.

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.

We have considerable difficulty with the restrictions placed on the use of alternative capacity allocation mechanisms laid-out in the new chapter as we consider these more cost-effective while avoiding cross-subsidisation.

With respect to Article 20d: GasTerra is in favour of (preferably unrestricted) wider possibilities to apply open seasons for determining and allocating incremental capacity, instead of (integrated) auctions, since open seasons generally can be expected to result in more economically efficient outcomes.

An open season procedure, applied separately from the auctioning process for existing capacity, guarantees that an investment decision will reflect a clear trade-off between the (efficient) costs of the incremental investment and the revenues from new capacity users who are willing to enter into binding commitments for the incremental capacity.

Such a trade-off will not be distorted by the fact that users of existing, already booked capacity must help to pay for the incremental investment through the floating payable price approach, whilst they do not enjoy economic benefits from such an investment. As such the Open Season methodology avoids unwanted cross subsidisation between users of existing and incremental capacity.

This cross subsidisation could also be avoided if the TAR NC, currently in development, would create the possibility for capacity users to book capacity in accordance with the fixed

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payable price approach (that is to say: not just for incremental capacity, but also for existing available capacity). If this was to be the case, we could accept a more restricted use of alternative allocation mechanisms such as open seasons, if that would be considered as desirable.

We find that the objections raised by ACER against the incorporation of wider options to apply a fixed payable price approach in the tariff code lack sufficient foundation, and do not pay attention to the customer's desire for a free choice between floating and fixed payable prices. Moreover, ACER seems to have ignored the options that market parties have provided at an earlier stage how to implement such free choice between both price types without causing unacceptable cross-subsidies or insufficient revenue recovery for the TSO.

In addition, we would suggest the following more specific changes:

Article 20a, paragraph 2: We would like to suggest to remove the word "border", as it is possible that there is more than one entry-exit system in a member state, and as such the word "border" is misleading here.

Article 20a, paragraph 7(a): We would like to suggest to remove the words "requested direction". The bundling of capacity products is meant to improve gas flows between Virtual Trading Points. Therefore, contrary to current practice with existing capacity, it could be considered to bundle incremental capacity in both directions into one product, for which network users would be allowed to submit demand indications. This could at the same time provide a clear incentive for TSOs to investigate projects that automatically incorporate a physical reverse flow option, a well-known political priority. By default, an investment proposal including full reverse flow functionality might then be one of the offer levels resulting from the design phase of the incremental process.

Article 20b, paragraph 3 and 4: GasTerra considers cooperation between different TSOs and NRAs crucial to enable incremental capacity offers to materialize, especially where cross-border IP's are involved. Coordination should also apply to the way the available incremental capacity on offer is calculated. The methodology on which this technical capacity is determined should be similar on both sides of the IP, for both incremental and existing capacity and part of the joint public consultation mentioned in article 20b, paragraph 3.

- 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.**

Yes, GasTerra supports the proposal, assuming that the publication requirements of the tariff code will include the provision that binding reserve prices for all standard capacity products must be published before the annual yearly capacity auction.

- 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.**

Yes, we support these technical changes.

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

Article 3, definition (22): What is meant with "and a binding market test phase"?

Article 5, paragraph 1; we would suggest inserting a reference to the Interoperability Network Code.

Finally, we would like to suggest amending Article 6 to remedy the current problem of non-efficient bundling due to different technical capacities on both sides of the IP's. As the CAM NC is already in the process of being amended, it would make sense to eliminate this barrier to maximising available capacity for network users, by mandating the same (coordinated) methodologies to determine technical capacity on both sides of the IP.

We would propose the following amendments in article 6:

Capacity calculation and maximisation

1. *The maximum technical capacity shall be made available to network users, taking into account system integrity, safety and efficient network operation.*

(a) *In order to maximise ~~the offer of~~ bundled capacity through the ~~optimization~~ harmonization of the technical capacity transmission system operators shall take the following measures at interconnection points, giving priority to those interconnection points where there is contractual congestion pursuant to point 2.2.3(1) of Annex I to Regulation (EC) No 715/2009: 4 February 2015, the transmission system operators shall establish and apply a joint method, setting out the specific steps to be taken by the respective transmission system operators to achieve the required ~~optimization~~harmonization:*

(1) *the joint method shall include an in-depth analysis of the technical capacities, including solutions of to any discrepancies therein on both sides of an interconnection point, as well as the specific actions and detailed timetable – including possible implications and containing the regulatory approvals required to recover costs and adjust the regulatory regime – necessary to maximize ~~the offer of~~ the potential for bundled capacity. Such specific actions shall not be detrimental to the offer of capacity at other relevant points of the concerned systems, existing unbundled bookings that still need to be matched and points to distribution networks relevant for security of supply to final customers, such as those to storages, LNG terminals and protected customers as defined in Regulation (EU) No 994/2010 of the European Parliament and of the Council, ⁽⁵⁾. This in-depth analysis should take into account assumptions made in the Union-wide ten-year network development plan pursuant to Article 8 of Regulation (EC) No 715/2009, national investment plans, relevant obligations under the applicable national laws, existing unbundled bookings that still need to be matched and any relevant contractual obligations;*

(2) *the relevant transmission system operators shall apply a dynamic approach to recalculating technical capacity, where appropriate in conjunction with the dynamic calculation applied for additional capacity on the basis of point 2.2.2(2) of Annex I to Regulation (EC) No 715/2009, jointly identifying the appropriate frequency for recalculation per interconnection point and having regard to the particular specificities*

Gewijzigde veldcode

thereof;

(3) adjacent transmission system operators shall include other transmission system operators specifically affected by the interconnection point in the joint method;

(4) transmission system operators shall have regard to information that network users may provide with regard to expected future flows when re-calculating the technical capacity.

(b) the transmission system operators shall jointly assess at least the following parameters and where appropriate adjust them:

(1) pressure commitments;

(2) all relevant demand and supply scenarios, including details on reference climatic conditions and network configurations associated with extreme scenarios;

(3) calorific value.

2. Where the ~~optimization~~ harmonisation of technical capacity causes costs to the transmission system operators, particularly costs that unevenly impact transmission system operators on either side of an interconnection point, transmission system operators shall be allowed to recover such efficiently incurred costs via the regulatory framework established by the relevant regulatory authorities in accordance with Article 13 of Regulation (EC) No 715/2009 or Article 42 of Directive 2009/73/EC. Article 8(1) of the Regulation (EC) No 713/2009 shall apply.

3. Where appropriate, national regulatory authorities shall consult network users on the applied calculation method and joint approach.

4. Changes in the amount of bundled capacity offered at interconnection points as a result of the process pursuant to paragraph 1 shall be included in the report of the Agency published pursuant to point 2.2.1(2) of Annex I to Regulation (EC) No 715/2009.

Finally, as mentioned under question 1, GasTerra objects to the unduly restrictive nature of **article 20d** with respect to alternative capacity allocation methodologies that run counter stated intentions of cost-effectiveness and avoidance of cross-subsidisation. An alternative approach to incremental capacity allocation should always be allowed, provided that it is approved by the NRA's involved.

[REDACTED]

[REDACTED]