

Public consultation on the Capacity Allocation Mechanisms Network Code: achievements and the way forward

Fields marked with * are mandatory.

A Introduction

With gas markets being impacted by a global pandemic (2020) and a European energy crisis (2022), the resilience of the current market rules (also known as “network codes”) has been tested. Although they have ensured a proper market functioning (see ACER’s Market Monitoring Reports and Congestions Reports), lessons have yet to be learnt to further enhance market resilience.

The European gas market must also be ready to align with the latest policy and technological developments, guaranteeing the Green Deal’s decarbonisation targets can be met.

Against this background, the latest European Gas Regulatory Forum has emphasised the importance of having gas market rules which can adequately reflect this evolution, and therefore prompted for the revision of the capacity allocation mechanisms network code (CAM NC).

As part of ACER’s review of the Network Code for Capacity Allocation Mechanisms (‘CAM NC’), ACER is assessing the achievements of CAM NC and scoping the areas of improvement.

ACER invites stakeholders to actively participate in its review by providing feedback on the scoping of the areas of improvement as well as making reasoned proposals on further areas of improvements that could be considered for eventually amending the CAM NC.

The ACER CAM NC scoping document (‘scoping document’) contains ACER’s review of the market rules regulating gas transmission capacity allocation in Europe and proposes a scoping of areas of improvements based on ACER’s work on CAM. It serves as the **main consultation document** to which the questions in this survey refer.

Please send your response to the questions **by 5 January 2024, 12:00 noon (CET)**.

We invite stakeholders to bring forward concrete and succinct reasonings. Overly lengthy responses may not be processed.
The survey was corrected on 17 November for missing questions.

The stakeholder responses will be published on the Agency’s website. If you include commercially sensitive information in your reply, please mark the parts of your answer that are confidential as well as provide a non-confidential version for publication purposes.

Please confirm that you have read the [Data Protection Notice](#)

B General information

1 Name and Surname:

2 Email

3 Company:

4 Country:

- AT - Austria
- BE - Belgium
- BG - Bulgaria
- HR - Croatia
- CY - Cyprus
- CZ - Czechia
- DK - Denmark
- EE - Estonia
- FI - Finland
- FR - France
- DE - Germany
- EL - Greece
- HU - Hungary
- IE - Ireland
- IT - Italy
- LV - Latvia
- LT - Lithuania
- LU - Luxembourg
- MT - Malta
- NL - Netherlands
- PL - Poland
- PT - Portugal
- RO - Romania
- SK - Slovak Republic
- SI - Slovenia
- ES - Spain
- SE - Sweden

5 Please specify if other:

6 Business field:

- TSO
- DSO
- Shipper/trader
- Association
- Other

7 Please specify if other:

C Consultation documents

Download ACER's [Scoping document](#)

Download the [cover note to the scoping document](#)

The following questions are organised per chapter and article of the CAM NC, first depicting ACER's review included in the scoping document, a question on how you assess the need for a change in the article, and a question inviting you to elaborate your answer with specific elements.

D CAM NC Preamble



CAM NC Preamble - point (x) (new)

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
ACER Special Report on addressing congestion in North-West European gas markets	<ul style="list-style-type: none">To maximise technical capacity as well as (bundled) firm capacity (cf. p.15-17)A further strengthening of coordination between neighbouring system operators and regulatory authorities is needed, for instance, by harmonising calculation methodologies (cf. p. 16)	yes
N/A	<p>Clear recital or New article on CAM principles</p> <ul style="list-style-type: none">The core principles of capacity allocation mechanism must be explicitly defined in the NC. Allocation capacity mechanisms must guarantee the well-functioning of the internal market (GTM, guarantee the gas flows, not bottlenecks, bundled offer, cascading principle, market-based allocation, etc.).	yes

8 Do you agree with ACER's review of the CAM NC Preamble and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

* 9 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

Please note that this question covers 3 topics. GAZ-SYSTEM's opinion is neutral. At the same time, the third proposed amendment seems to be redundant, but if implemented, the wording should be carefully chosen.

1) Maximization of technical and firm bundled capacity

The definition of technical capacity under the Regulation 715/2009 fulfils its role and is understood in a harmonised manner. " 'Technical capacity' means the maximum firm capacity that the transmission system operator can offer to the network users, taking account of system integrity and the operational requirements of the transmission network". GAZ-SYSTEM adjusts the technical capacity of our network on an ongoing basis. If it is possible to increase the capacity offered at our interconnection points, we publish such information and provide it to the booking platforms. The booking platforms make these additional capacities bundled as much as possible (bundling is an automatic process provided by booking platforms). The market is informed about maximum available capacity as soon as possible because it is published on GAZ-SYSTEM's website.

Please note: if there are issues with data publication, they should be resolved in a separate process for updating the transparency guidelines.

2) Strengthening coordination

As mentioned above GAZ-SYSTEM adjusts the technical capacity of our network on an ongoing basis. If it is possible to increase the capacity offered at our IPs, GAZ-SYSTEM informs the adjacent TSO. GAZ-SYSTEM did not change the rules which were applied before the war. Concerning the example of strengthening coordination via harmonization of the calculation methodologies, GAZ-SYSTEM would like to state that each network is different. If it is possible to increase the capacity offered at our interconnection points, we publish such information and provide it to the booking platforms. The booking platforms make these additional capacities bundled as much as possible. The market is informed about maximum available capacity as soon as possible because it is published on GAZ-SYSTEM's website.

3) Clear Recital on CAM principles

GAZ-SYSTEM does not see the need for an additional recital. The principles as mentioned above are included in the CAM NC. The preamble in its Recital 5 already gives proper background for interpretation of the CAM NC: to achieve the necessary level of harmonization across the Union for capacity allocation mechanism in gas transmission systems. However, if ACER is of the opinion that further clarity is required on the CAM NC principles, it might be considered adding "The CAM NC rules should ensure non-discriminatory access, promote cross border trade and facilitate market efficiency. This directly links to enhancing security of supply."

E CAM NC, Chapter I, General provisions (Articles 1-3)

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

8

- * 10 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

- * 11 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

The scope of the CAM NC is properly defined under Article 1.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
N/A	<p><i>"When implicit allocation methods are applied, NRAs may decide not to apply article 8 to 37."</i> (Article 5(2) of CAM NC)</p> <ul style="list-style-type: none"> • Make sure mechanisms of implicit allocation (IA) are consistent with the key principles of the CAM NC, in particular the principle of capacity bundling. • To avoid distortions in the functioning of the Internal Market, CNMC considers that all capacity allocation mechanisms must respect the core principles of CAM. Consequently, the CAM NC should be revised article by article (in particular, art.8 to art.37) to analyse the consequences of not applying those articles when implicit allocation is in place. • Coordination when deciding and bundling as two key principles also for IA <p>(CAM TF)</p>	yes

- * 12 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
 Agree
 Neutral
 Disagree
 Strongly disagree

- * 13 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

The implicit auction method was designed for the gas market before first CAM NC entered into force. The idea of Regulation 715/2009 was to give network users the freedom to book capacity and the commodity independently. The mechanism of implicit allocation is against that idea thus maybe amendment should go much further and implicit allocation should be excluded from CAM NC. The current wording of implicit allocation enables TSOs and NRAs not to follow most of the CAM NC rules ("Where implicit capacity allocation methods are applied, national regulatory authorities may decide not to apply Articles 8 to 37."). In GAZ-SYSTEM's opinion implicit allocation should not be applied when interconnection points are congested (capacity booking level more than 90%). When the interconnected point is congested the market value of capacity is taken by commodity traders and not by TSOs. The capacity allocation mechanism should be common in all EU Member States without any exemptions.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>ACER Special Report on addressing congestion in North-West European gas markets</u>	<ul style="list-style-type: none"> “Introduce the concept of ‘technical capacity’, which refers to the (non-static) maximum-flow capacity at a (virtual) interconnection point considering the network that is optimised for a most likely flow scenario, as opposed to ‘firm technical capacity’, which is the capacity that can be guaranteed in all flow scenarios. Both indicators shall be reported and updated by TSOs regularly;” (p. 17) Time elements to be considered in these dynamic definitions; (CAM TF) <p><i>Relation with Transparency annex – publication requirement</i></p>	yes*
<u>FUNC 01/2020 “Greater flexibility to book firm capacity at IPs” - Issue Solution and Issue Solutions Supporting Note</u>	<ul style="list-style-type: none"> Realign auction calendar dates to span July-June 	yes

* Alignment with definitions provided by hydrogen and decarbonised gas markets package

10

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
N/A	<p>Review definition of implicit allocation (alignment with the key principles, in particular bundling) (CAM TF)</p> <ul style="list-style-type: none"> “<i>implicit allocation method</i>’ means a capacity allocation method where, possibly by means of an auction, both transmission capacity > on both sides of the border < and a corresponding quantity of gas are allocated at the same time;” (Article 3(6) of CAM NC, with textual clarification) 	yes

* Alignment with definitions provided by hydrogen and decarbonised gas markets package

11

* 14 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

* 15 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

This question asks for an opinion on 3 different issues.

GAZ-SYSTEM “disagrees” with point 1 and point 3. The second issue is purely technical, which is why GAZ-SYSTEM agrees that it should be addressed in the CAM NC amendment process.

GAZ-SYSTEM’s position is explained point-by-point below:

1) Introduction of the concept of technical capacity

The definition of technical capacity under the 715/2009 amendment process has remained unchanged. This definition fulfils its role and is understood in a harmonised manner. Technical capacity means the firm capacity so concept of “firm technical capacity” seems to be an over-definition. It will already be difficult to establish a definition for the term “most likely flow scenario”. GAZ-SYSTEM adjusts the technical capacity of our network on an ongoing basis. If it is possible to increase the capacity offered at our interconnection points, such information is published and provided to the booking platforms. The booking platforms make these additional capacities bundled as much as possible. The market is informed about maximum available capacity as soon as possible because it is published on GAZ-SYSTEM’s website.

Please note: if there are issues with data publication, they should be resolved in a separate process for updating the transparency guidelines.

2) Alignment of CAM NC rules with current auction calendar

It is only a technical change to align the wording with existing rules. Fully supported by GAZ-SYSTEM.

3) Review the definition of the implicit allocation

The implicit auction method was designed for the gas market before first CAM NC entered into force. The idea of Regulation 715/2009 was to give network users the freedom to book capacity and the commodity independently. The mechanism of implicit allocation is against that idea thus maybe amendment should go much further and implicit allocation should be excluded from CAM NC. The current wording of implicit allocation enables TSOs and NRAs not to follow most of the CAM NC rules (“Where implicit capacity allocation methods are applied, national regulatory authorities may decide not to apply Articles 8 to 37.”). In GAZ-SYSTEM’s opinion implicit allocation should not be applied when interconnection points are congested (capacity booking level more than 90%). When the interconnected point is congested the market value of capacity is taken by commodity traders and not by TSOs. The capacity allocation mechanism should be common in all EU Member States without any exemptions.

F CAM NC, Chapter II

Principles of cooperation (Articles 4-7)

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

* 16 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

* 17 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

Principles are set correctly and have proven to be fit for purpose. TSOs already do this well and have obligations to consult the market and adjacent TSOs on this and so GAZ-SYSTEM does.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

* 18 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

* 19 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

Principles are set correctly and have proven to be fit for purpose.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>ACER Special Report on addressing congestion in North-West European gas markets</u>	<ul style="list-style-type: none"> “Introduce the concept of ‘technical capacity’, which refers to the (non-static) maximum-flow capacity at a (virtual) interconnection point considering the network that is optimised for a most likely flow scenario, as opposed to ‘firm technical-capacity’, which is the capacity that can be guaranteed in all flow scenarios. Both indicators shall be reported and updated by TSOs regularly;” (p.17) Time element to be considered (CAM TF) <p><i>Relation with Transparency annex – publication requirement</i></p>	yes*
<u>ACER Special Report on addressing congestion in North-West European gas markets</u>	<ul style="list-style-type: none"> “Promote further harmonisation in the offering of interruptible capacities considering ‘technical capacity;” (p. 17) 	yes

15

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>ACER Report on the Conditionalities Stipulated in Contracts for Standard Capacity Products for Firm Capacity</u>	<p>Integrate conditional capacity products</p> <ul style="list-style-type: none"> “The Agency would welcome a set of harmonised rules, to provide for an effective and well-functioning gas and capacity trading in the EU in line with the competition, environmental and societal goals of the Union.” (p. 10) 	maybe
<u>Implementation Monitoring Report on the Capacity Allocation Mechanisms Network Code – 2016</u>	<p>Introducing a process or methodology:</p> <ul style="list-style-type: none"> “As the NC CAM does not specify what “dynamic recalculation” exactly means and what frequency would be an appropriate one, the Agency requests NRAs and TSOs to discuss and clarify this term. Depending on the outcome, the Commission may need legally to define this term later on.” (p. 6) 	maybe

16

* 20 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
 Agree
 Neutral
 Disagree
 Strongly disagree

* 21 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

The scope of this question covers several topics:

1) Concept of technical capacity

The definition of technical capacity under the 715/2009 amendment process has remained unchanged. This definition fulfils its role and is understood in a harmonised manner. Technical capacity means the firm capacity so concept of “firm technical capacity” seems to be an over-definition. It will already be difficult to establish a definition for the term “most likely flow scenario”. GAZ-SYSTEM adjusts the technical capacity of our network on an ongoing basis. If it is possible to increase the capacity offered at our interconnection points, such information is published and provided to the booking platforms. The booking platforms make these additional capacities bundled as much as possible. The market is informed about maximum available capacity as soon as possible because it is published on GAZ-SYSTEM’s website.

2) Harmonization in offering of interruptible capacities considering “technical capacity”

GAZ-SYSTEM believes that mandatory bundling of interruptible capacity could be counterproductive and cause more distortions in market functioning than benefits. As it is in the interest of TSOs (and the market) to sell (and acquire) as much capacity as possible, the capacity to be offered is already calculated in the most optimal way in order to maximise the supply of (bundled) firm capacity. The role of interruptible capacity products is to enhance the efficiency of system usage. The level of such efficiency is closely linked to the flexibility for TSOs to take into account the specificities of the system and to adjust the offer, both in terms of level (amount) and product duration. The introduction of new mechanisms aimed at bundling of interruptible capacity will lead to many uncertainties, such as:

- What happens if one TSO has to interrupt but not the other? And then what are the financial implications for each TSO and for the shippers involved?
- The offer of two interruptible products on either side of the IP is different for each TSO and the quantity may be subject to different reasons for interruption; also, the interruptible supply may be based on seasonality - the same capacity may be offered as firm in one season but can only be offered as interruptible in another one;
- What if there is a mismatch between the levels of firm and interruptible capacity on both sides of an IP? It would then make more sense to offer interruptible capacity in an unbundled manner. Otherwise, firm capacity may be "downgraded" to interruptible capacity and, as a result, the final bundled product will also have a higher probability of interruption than the original unbundled product.

3) Integrate conditional capacity products – a definition has already been proposed as part of the process of amending Regulation 715/2009 (GHP).

4) “Dynamic recalculation” process or methodology - the flexibility of dynamic recalculation processes and methodologies allows TSOs to optimize their capacity offer in the best possible way, taking into account network characteristics, geographical situation and actual flows. Too strict regulation of such operational activities of TSOs may lead to overregulation.

Interruptible products are now offered after the DA auction of the firm product has ended. These interruptible products allow TSOs to tailor their offerings to market needs, and to offer all the capacity available that can be used by the market.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

17

* 22 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

* 23 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

Principles are set correctly and have proven to be fit for purpose.

G CAM NC, Chapter III

Allocation of firm capacity products (Articles 8-18)

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u>	<p>Possibly revisit the set-aside rules of points (6) and (7)</p> <ul style="list-style-type: none"> • "ACER and ENTSOG did consider whether there would be a need to revise also the set-aside rules, in order to avoid capacity for the shorter-term products from being sold-out. No concrete proposal has been put forward as the current wording of the Article already allows for greater shares to be set aside. It can however be considered for the official amendment process whether higher volumes of capacity should be set aside, and/or if a dedicated set-aside rule should be applied to each short-term product" <p>(Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 16)</p>	maybe

19

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>FUNC 04/2019 "Auction restrictions NCG"</u>	<p>Relevance to be re-assessed</p> <p>"Given the auction-based capacity allocation according to CAM NC at IPs and the deviating capacity allocation process at DEPs based on national law, capacity cannot be allocated in a straightforward manner as competing capacities. Based on that, a reallocation of capacities from IP to DEP might be appropriate as an interim measure for such exceptional cases, if TSOs are guided by a number of predefined criteria:</p> <ul style="list-style-type: none"> • This procedure does not endanger security of supply both for customers supplied via the IP or the DEP • There is <u>no competitive reasoning</u> that there is indeed potential for competing demand for capacity at both IP and DEP and, in the absence of appropriate network expansion, the level of demand at the DEP cannot be met without allocating capacity from the IP to the DEP • Capacity may be reallocated to the DEP and will be re-allocated again to the IP if it is no longer needed at the DEP • The relevant network operator offering the capacity seeks cost-efficient measures to meet the overall capacity demand and render the re-allocation redundant. • A reallocation of available capacity is the efficient result of an alignment between the involved network operators of the market areas impacted by the reallocation. • The highest level of transparency is ensured, which involve a yearly alignment meeting between relevant parties, in particular the national regulatory authorities (NRAs) and network operators of the market areas impacted by the reallocation. Furthermore, shippers are informed of possible reallocation of unbooked capacity prior to the relevant auctions on the capacity booking platforms. • TSOs and NRAs will make their best efforts to assure that this interim measure lasts the shortest period of time possible." (Auction Restrictions in the NCG Market Area Issue Solution Note 2020, p. 1-2) 	maybe

20

* 24 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
 Agree
 Neutral
 Disagree
 Strongly disagree

* 25 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

1) Revision of set-aside rules

GAZ-SYSTEM does not see the need to revise the set-aside rules. Current rules set correctly the minimum threshold.

2) Reallocation of capacities from IP to DEP:

It is difficult to have an opinion on this topic without knowing the criteria of such mechanism. The idea of dynamic recalculation for maximisation of offer at IPs seems to be contradictory to the reallocation of capacity from IP to internal exit points.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u>	<ul style="list-style-type: none">• Advance booking of day-ahead products: Introduction of a 'Balance-of-Month' product [OPTION] (cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 17) <p><i>Relation with NC TAR – setting the tariff for the product</i></p>	yes

* 26 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

* 27 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

To implement advanced booking of day-ahead product a new product has to be introduced in TAR NC. After changing TAR NC significant changes to TSOs' IT systems and booking platforms would be required. The implementation process for such changes requires time (estimated 2 years), cost and efforts to present the proposed changes to the market. In GAZ-SYSTEM's opinion such complex booking idea will not be beneficial to the market and cannot make TSOs start selling more capacity. Further cost-benefit and technical analyses are required to assess the added value of introducing Balance of the Month product or advanced day-ahead booking opportunities. It is necessary to have a firm commitment from NRAs that the cost resulting from implementing new booking opportunities will be covered by tariff.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

* 28 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

* 29 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

The capacity unit is set correctly.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u>	Additional booking opportunities <ul style="list-style-type: none"> Any Y firm capacity available after ACAs will be auctioned in subsequent UPAs; Proposed regularity: weekly, on Thursdays (subject to change according to flexibility proposal) Once proposed via UPA, a product can no longer be proposed via ACA again <small>(cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 22)</small> 	yes

23

- * 30 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

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- Strongly agree
 Agree
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 Strongly disagree

- * 31 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

GAZ-SYSTEM is of the opinion that too many auctions and difficult rules of auctioning may burden the capacity allocation process. In our opinion not all participants are aware of the complexity of the rules and how it can change the trading arrangements. Secondly, too many booking opportunities and the relations between them could lead to market manipulation.

The cost-benefit analysis is required to assess the real added value of the enormous changes to TSOs' IT systems and booking platforms.

The reduction of physical bottlenecks could be solved rather by the development of transmission network than development of IT booking systems.

Impacted stakeholders (ACER, booking platforms, market participants, TSOs) should know reasonably long in advance the expected changes to adapt to changes.

It is necessary to have a firm commitment from NRAs that the cost resulting from implementing IT changes will be covered by tariff. In addition, it shall be analysed if implementation of a new, complicated system with so many auctions for the same product will lead to increase of capacity sale by the TSOs in comparison to the currently applied methods.

From the Issue Solution and Issue Solution Supporting Note we identified the 3 ways of conducting auctioning of yearly, quarterly and monthly auctions:

1. ACA auction for yearly, quarterly and monthly firm capacities (without additional UPA auctions) – the current NC CAM solution (no changes to NC CAM);
2. Additional booking opportunities: any firm Y, firm Q and firm M capacities will be auctioned in subsequent UPA auctions after ACA auctions have been finished;
3. Additional booking opportunities: any firm Y, firm Q and firm M capacities will be auctioned in subsequent UPA auctions after ACA auctions have been terminated. The forced termination is done in time in advance to organize UPA auctions.

Regarding the minimum prices of additional UPA auctions applicable for point 2 and point 3 above there are 2 variants:

- a. UPA minimum price is equal to the last price from corresponding ACA auction;
- b. UPA minimum price is equal to the tariff reserve price.

Considering the efficiency and simplicity, the first solution is optimal in GAZ-SYSTEM's opinion, i.e. no changes to NC CAM.

If it appears that the market is interested in implementing of solution in point 2 or point 3 and willing to pay for them, further cost-benefit and technical analysis is required. To implement all proposed changes a significant commitment of time and cost is required. The implementation process for such changes also requires time (2 years) and effort to present the proposed changes to the market.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u>	Additional booking opportunities <ul style="list-style-type: none"> Any Q firm capacity available after ACAs will be auctioned in subsequent UPAs; Proposed regularity: weekly, on Thursdays (subject to change according to flexibility proposal) Once proposed via UPA, a product can no longer be proposed via ACA again (<i>ACER and ENTSOG have diverging views on the implementation</i>) <small>(cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 22)</small> 	yes

* 32 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

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- Disagree
- Strongly disagree

- * 33 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

GAZ-SYSTEM is of the opinion that too many auctions and difficult rules of auctioning may burden the capacity allocation process. In our opinion not all participants are aware of the complexity of the rules and how it can change the trading arrangements. Secondly, too many booking opportunities and the relations between them could lead to market manipulation.

The cost-benefit analysis is required to assess the real added value of the enormous changes to TSOs' IT systems and booking platforms.

The reduction of physical bottlenecks could be solved rather by the development of transmission network than development of IT booking systems.

Impacted stakeholders (ACER, booking platforms, market participants, TSOs) should know reasonably long in advance the expected changes to adapt to changes.

It is necessary to have a firm commitment from NRAs that the cost resulting from implementing IT changes will be covered by tariff. In addition, it shall be analysed if implementation of a new, complicated system with so many auctions for the same product will lead to increase of capacity sale by the TSOs in comparison to the currently applied methods.

From the Issue Solution and Issue Solution Supporting Note we identified the 3 ways of conducting auctioning of yearly, quarterly and monthly auctions:

1. ACA auction for yearly, quarterly and monthly firm capacities (without additional UPA auctions) – the current NC CAM solution (no changes to NC CAM);
2. Additional booking opportunities: any firm Y, firm Q and firm M capacities will be auctioned in subsequent UPA auctions after ACA auctions have been finished;
3. Additional booking opportunities: any firm Y, firm Q and firm M capacities will be auctioned in subsequent UPA auctions after ACA auctions have been terminated. The forced termination is done in time in advance to organize UPA auctions.

Regarding the minimum prices of additional UPA auctions applicable for point 2 and point 3 above there are 2 variants:

- a. UPA minimum price is equal to the last price from corresponding ACA auction;
- b. UPA minimum price is equal to the tariff reserve price.

Considering the efficiency and simplicity, the first solution is optimal in GAZ-SYSTEM's opinion, i.e. no changes to NC CAM.

If it appears that the market is interested in implementing of solution in point 2 or point 3 and willing to pay for them, further cost-benefit and technical analysis is required. To implement all proposed changes a significant commitment of time and cost is required. The implementation process for such changes also requires time (2 years) and effort to present the proposed changes to the market.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u>	<p>Additional booking opportunities</p> <ul style="list-style-type: none"> Any M firm capacity available after ACAs will be auctioned in subsequent UPAs; Proposed regularity: weekly, on Thursdays (subject to change according to flexibility proposal) Once proposed via UPA, a product can no longer be proposed via ACA again (<i>ACER and ENTSOG have diverging views on the implementation</i>) <small>(cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 22)</small> <p>Advance booking of monthly products</p> <ul style="list-style-type: none"> All 3 M products within a given Q will be auctioned via ACA before start of Q, then auctioned via UPA each week <small>(cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 17-19)</small> 	Yes

25

* 34 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

* 35 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

GAZ-SYSTEM is of the opinion that too many auctions and difficult rules of auctioning may burden the capacity allocation process. In our opinion not all participants are aware of the complexity of the rules and how it can change the trading arrangements. Secondly, too many booking opportunities and the relations between them could lead to market manipulation.

The cost-benefit analysis is required to assess the real added value of the enormous changes to TSOs' IT systems and booking platforms.

The reduction of physical bottlenecks could be solved rather by the development of transmission network than development of IT booking systems.

Impacted stakeholders (ACER, booking platforms, market participants, TSOs) should know reasonably long in advance the expected changes to adapt to changes.

It is necessary to have a firm commitment from NRAs that the cost resulting from implementing IT changes will be covered by tariff. In addition, it shall be analysed if implementation of a new, complicated system with so many auctions for the same product will lead to increase of capacity sale by the TSOs in comparison to the currently applied methods.

From the Issue Solution and Issue Solution Supporting Note we identified the 3 ways of conducting auctioning of yearly, quarterly and monthly auctions:

1. ACA auction for yearly, quarterly and monthly firm capacities (without additional UPA auctions) – the current NC CAM solution (no changes to NC CAM);
2. Additional booking opportunities: any firm Y, firm Q and firm M capacities will be auctioned in subsequent UPA auctions after ACA auctions have been finished;
3. Additional booking opportunities: any firm Y, firm Q and firm M capacities will be auctioned in subsequent UPA auctions after ACA auctions have been terminated. The forced termination is done in time in advance to organize UPA auctions.

Regarding the minimum prices of additional UPA auctions applicable for point 2 and point 3 above there are 2 variants:

- a. UPA minimum price is equal to the last price from corresponding ACA auction;
- b. UPA minimum price is equal to the tariff reserve price.

Considering the efficiency and simplicity, the first solution is optimal in GAZ-SYSTEM's opinion, i.e. no changes to NC CAM.

If it appears that the market is interested in implementing of solution in point 2 or point 3 and willing to pay for them, further cost-benefit and technical analysis is required. To implement all proposed changes a significant commitment of time and cost is required. The implementation process for such changes also requires time (2 years) and effort to present the proposed changes to the market.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u>	Advance booking of day-ahead products <ul style="list-style-type: none"> • Introduction of a 'Balance-of-Month' product [OPTION] (cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 19) 	yes

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An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

* 37 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

To implement advanced booking of day-ahead product a new product has to be introduced in TAR NC. After changing TAR NC significant changes to TSOs' IT systems and booking platforms would be required. The implementation process for such changes requires time (estimated 2 years), cost and efforts to present the proposed changes to the market. In GAZ-SYSTEM's opinion such complex booking idea will not be beneficial to the market and cannot make TSOs start selling more capacity. Further cost-benefit and technical analyses are required to assess the added value of introducing Balance of the Month product or advanced day-ahead booking opportunities. It is necessary to have a firm commitment from NRAs that the cost resulting from implementing new booking opportunities will be covered by tariff.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<p><u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u></p>	<p>Advance booking of day-ahead products</p> <ul style="list-style-type: none"> • Daily offer of DA products for the following 7 days on a rolling basis until the end of the month <p><small>(cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 18)</small></p>	<p>yes</p>

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An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

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technical analyses are required to assess the added value of introducing Balance of the Month product or advanced day-ahead booking opportunities. It is necessary to have a firm commitment from NRAs that the cost resulting from implementing new booking opportunities will be covered by tariff.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u>	<ul style="list-style-type: none"> • Move the closing of the first WD bidding round ("WD24") earlier in the day (1h30 D → 21h D-1 UTC winter-time) <small>(cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 24)</small> 	<p>yes</p>

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- Strongly agree
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An earlier closing time would mean that network users would know earlier whether they had succeeded in acquiring capacity and it would give TSOs extra time to perform system maintenance. However, GAZ-SYSTEM would like to leave this decision to market participants.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u>	Additional booking opportunities <ul style="list-style-type: none"> Any Y, Q, M firm capacity available after ACAs will be auctioned in subsequent UPAs <small>(cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 15)</small>	yes

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The cost-benefit analysis is required to assess the real added value of the enormous changes to TSOs' IT systems and booking platforms.

The reduction of physical bottlenecks could be solved rather by the development of transmission network than development of IT booking systems.

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It is necessary to have a firm commitment from NRAs that the cost resulting from implementing IT changes will be covered by tariff. In addition, it shall be analysed if implementation of a new, complicated system with so many auctions for the same product will lead to increase of capacity sale by the TSOs in comparison to the currently applied methods.

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Considering the efficiency and simplicity, the first solution is optimal in GAZ-SYSTEM's opinion, i.e. no changes to NC CAM.

If it appears that the market is interested in implementing of solution in point 2 or point 3 and willing to pay for them, further cost-benefit and technical analysis is required. To implement all proposed changes a significant commitment of time and cost is required. The implementation process for such changes also requires time (2 years) and effort to present the proposed changes to the market.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u>	<p>More efficiency in the ACA allocation process</p> <ul style="list-style-type: none"> • Explicitly allow TSOs to <u>jointly decide</u> to modify the level of price steps during the auction process (cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 21) • Provide for a termination rule of ACAs, to allow UPAs to take place (cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 28) 	yes
<u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u>	<ul style="list-style-type: none"> • Investigate the possibility/need of introducing pro-rata rule under ACA • "this option of a pro-rata allocation under ACAs was overall not considered optimal by NRAs and TSOs insofar as (i) it would require the ACA algorithm to be amended as its current parameters do not allow for this feature and as (ii) allowing for a change in the level of price steps during the auction process was deemed easier and more efficient. In any case, with additional UPAs taking place after ACAs, a pro-rata allocation will take place if demand exceeds offer, under already-existing UPA rules." (cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 21) • Assess whether a pro-rata rule should be added to the ACA algorithm in cases of long-lasting auctioning processes and/or to reduce the risk of price manipulation (cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 21) 	maybe
N/A	<ul style="list-style-type: none"> • Assess the most efficient way of improving the efficiency of the ACA algorithm, in particular the introduction of a pro-rata allocation, in view of maximization of allocated volumes and risk of price manipulation (cf. CNMC note) 	maybe

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An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

- * 45 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

GAZ-SYSTEM has the following considerations regarding the several proposals included in this question:

1) No need to adjust the large price-steps during the auction

The solution is very complex and would require analysis of the costs and benefits associated with its implementation. There are already alternatives which can be used without introducing such change, namely adjustment of the large price step beforehand (e.g., based on price spreads between adjacent HUBs which are a good indication for the willingness to pay). It is important for all parties to know what the "rules of the game" are before the auction commences. Amending price steps mid auction risks disrupting the auction.

2) Provide a termination rule for ACA to allow for UPA to start

GAZ-SYSTEM is of the opinion that too many auctions and difficult rules of auctioning may burden the capacity allocation process. In our opinion not all participants are aware of the complexity of the rules and how it can change the trading arrangements. Secondly, too many booking opportunities and the relations between them could lead to market manipulation.

The cost-benefit analysis is required to assess the real added value of the enormous changes to TSOs' IT systems and booking platforms.

The reduction of physical bottlenecks could be solved rather by the development of transmission network than development of IT booking systems.

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If it appears that the market is interested in implementing of solution in point 2 or point 3 and willing to pay for them, further cost-benefit and technical analysis is required. To implement all proposed changes a significant commitment of time and cost is required. The implementation process for such changes also requires time (2 years) and effort to present the proposed changes to the market.

3) On a pro rata allocation of capacity

In our opinion pro-rata allocation of capacity can force some market players to buy the capacity amount they did not want and the other market players would have less capacity they wanted.

Please note that there is not such a solution introduced as capacity pro-rata allocation, so it requires cost and time consuming changes in booking platforms and TSOs' IT systems.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

31

- * 46 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

- * 47 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

Uniform price auction algorithm is well described in current CAM NC.

H CAM NC, Chapter IV

Bundling of capacity at interconnection points (Articles 19-21)

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>ACER Special Report on addressing congestion in North-West European gas markets</u>	<ul style="list-style-type: none"> neighbouring TSOs to “<i>jointly maximise marketing of firm bundled capacities as reflected in the indicator for ‘firm technical capacity’ and allocation of unbundled firm capacities as less as possible;</i>” (p. 16) 	yes
<u>ACER Monitoring Update on Incremental Capacity Projects and Virtual Interconnection Points – 2020</u>		yes*
<u>FUNC 04/2018 “Implementation of Virtual Interconnection Points” - Solutions note</u>	<ul style="list-style-type: none"> “Ambiguity in text of Regulation 459/2017 (NC CAM) regarding the way of implementation of virtual interconnection points (VIPs)” (Func Issue Solution Virtual Interconnection Points, p. 1) 	

• Hydrogen and decarbonised gas markets package might clarify it already. EC proposal reads “[...] Any contracted capacity at the interconnection points, regardless of the date of its conclusion, shall be transferred to the virtual interconnection point.”

33

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An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

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The definition of technical capacity under the 715/2009 amendment process has remained unchanged. This definition fulfils its role and is understood in a harmonised manner. Technical capacity means the firm capacity so concept of “firm technical capacity” seems to be an over-definition. It will already be difficult to establish a definition for the term “most likely flow scenario”. We adjust to the technical capacity of our network on an ongoing basis. If it is possible to increase the capacity offered at our interconnection points, we publish such information and provide it to the booking platforms. The booking platforms make these additional capacities bundled as much as possible. The market is informed about maximum available capacity as soon as possible because it is published on GAZ-SYSTEM's website.

With regard to the question on VIPs, GAZ-SYSTEM applies the current regulation in the way that all capacity is transferred to the VIP. In this approach the sum of technical capacity of all IPs contributing to the VIP creates a single VIP. All existing contracts for capacity at IPs contributing to the VIP were transferred to the particular VIP.

It should be noted that the issue took place in 2018 – since then VIPs have been implemented across Europe and there does not seem to be a need to clarify art 19(9) of CAM NC anymore.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<p><u><i>ACER Opinion 06/2018 on the template for the main terms and conditions covering contractual provisions which are not affected by fundamental differences in principles of national law or jurisprudence, for the offer of bundled capacity products</i></u></p> <p>N/A</p>	<p>update of ENTSOG's "catalogue of the main terms and conditions in the transport contract(s) of the transmission system operators for bundled capacity products." (p. 2)</p> <ul style="list-style-type: none"> • "The Agency is of the view that the Template does not always go as far as would be desirable. In particular, the Agency recommends that the template is enhanced by providing its content in a form ready to be used in contracts across the Union and by elaborating best practices." (p. 19) • "Moreover, the Agency draws ENTSOG's attention on the observations formulated in the recitals of this Opinion." (p. 19) <p>Ensure minimum alignment of Terms and Conditions for dealing with cancellations of bundled capacity</p>	<p>yes</p>

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An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

* 51 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

Fundamental principles of civil law remain country specific. Therefore, a harmonization project would be a long and labour, intensive process dealing with those various national legal systems specificities. The whole harmonization project would be compromised when the content of transport contracts is imposed, even in one country only, by national laws.

In the end, transport contracts are already harmonised at a high degree to reflect and respect the TSOs responsibilities and duties in providing their own services, also considering the above-mentioned legal limitations.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>ACER's comments on the Capacity Conversion Model created by ENTSOG pursuant to Article 21(3) of the NC CAM</u>	<ul style="list-style-type: none"> “ENTSOG <i>does not</i> provide for a harmonized conversion model. According to Article 21(3), NC CAM foresees that ENTSOG provides for a harmonized conversion model. The NC does not aim for the application of all potentially existing “conversion methods”, which are designed individually by each TSO. The NC foresees that ENTSOG will coordinate across TSOs and propose a model that fits with the general principles of the NC CAM to offer “transparent and efficient allocation of capacity.” (p. 3) “The Agency <u>recommends</u> that the same conversion model applies at least per entry-exit zone border, should several Interconnection Points connect the respective entry-exit zones.” (p. 3) 	maybe

* Hydrogen and decarbonised gas markets package might clarify it already

35

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An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
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There are already working models in place. We struggle to see an added value of changing them.

I CAM NC, Chapter V

Incremental capacity process (Articles 22-31)

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no
N/A	The chapter on incremental capacity should be deleted from the NC. Triggering (cross-border) investments in light of climate neutrality objectives could be considered contradicting and experience with incremental processes in the past showed little relevance against cumbersome procedures.	maybe

• Hydrogen and decarbonised gas markets package must fix legal basis
• JUDGMENT OF THE GENERAL COURT 16 March 2022 (*) In Joined Cases T-684/19 and T-704/19

37

* 54 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
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* 55 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

The CAM NC should continue to provide EU regulatory framework for marketing (market based process) of incremental/new capacities. If rules regarding development of cross-border IPs are deleted from CAM NC and also new GHP will not provide any legal basis there will be no rules defining market based development of existing or new cross-border gas IPs on EU level. In Poland the only legal basis for such processes is the CAM NC. Market users should continue to have an opportunity to express their demand and TSOs shall have at least a general framework for developing incremental capacity under NRA approval. Amendments are however needed to make the process more flexible, simplified and less burdensome, leaving at the same time positive in GAZ-SYSTEM opinion elements from current INC process.

General proposals for improvements:

- A more flexible process that can respond to evolving or local circumstances;
- It should be clearly stated that it should be possible to complete the entire INC process within one year;
- If the binding phase ends with a positive economic test, the investment shall automatically be included in the National Ten Year Development Plan and taken into account in the tariff process.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no
N/A	The chapter on incremental capacity should be deleted from the NC. Triggering (cross-border) investments in light of climate neutrality objectives could be considered contradicting and experience with incremental processes in the past showed little relevance against cumbersome procedures.	maybe

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No changes are needed to the rules regarding the setting of the f-factor.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no
N/A	The chapter on incremental capacity should be deleted from the NC. Triggering (cross-border) investments in light of climate neutrality objectives could be considered contradicting and experience with incremental processes in the past showed little relevance against cumbersome procedures.	maybe

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- Strongly disagree

* 59 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

With regard to economic test it shall be mentioned that TAR NC (Chapter IX, art. 33) provides Tariff principles for incremental capacity i.a. with regard to Mandatory Minimum Premium which may be applied to reserve price and is subject to NRA approval. If incremental chapter is deleted from CAM NC, NRAs would not have any more a delegation to approve the Minimum Mandatory Premium which in many cases is necessary to enable a positive economic test and shall be left in the regulation.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no
N/A	The chapter on incremental capacity should be deleted from the NC. Triggering (cross-border) investments in light of climate neutrality objectives could be considered contradicting and experience with incremental processes in the past showed little relevance against cumbersome procedures.	maybe

- Hydrogen and decarbonised gas markets package must fix legal basis
- JUDGMENT OF THE GENERAL COURT 16 March 2022 (*) In Joined Cases T-684/19 and T-704/19

40

* 60 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

* 61 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

No changes are needed to the requirements concerning the publication of the economic test.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>2nd Monitoring Update on Incremental Capacity Projects - 2021</u>	<p>Frequency of process</p> <ul style="list-style-type: none"> “As far as the existing <i>incremental process</i> is concerned, the process is burdensome for TSOs and NRAs and, given the limited expectations on the future gas consumption, NRAs question whether the obligation to repeat the incremental-capacity cycle every 2 years for all gas interconnection points remains meaningful.” (p. 12) <p>Administrative fees</p> <ul style="list-style-type: none"> “Within the current rules, NRAs may, in line with Article 26(11) of the CAM NC, approve the <i>charging of a fee to network users that wish to express non-binding interest</i>. Such fee shall reflect the administrative costs of the process and could help to attract more robust expressions of non-binding interest that have a better chance of being converted into binding capacity bookings or lead to a closure of the incremental process in the earliest stage of the demand assessment.” (p. 12) 	maybe
N/A	The chapter on incremental capacity should be deleted from the NC. Triggering (cross-border) investments in light of climate neutrality objectives could be considered contradicting and experience with incremental processes in the past showed little relevance against cumbersome procedures.	maybe

- Hydrogen and decarbonised gas markets package must fix legal basis
- JUDGMENT OF THE GENERAL COURT 16 March 2022 (*) In Joined Cases T-684/19 and T-704/19

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* 62 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

* 63 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

GAZ-SYSTEM believed that amendments are needed regarding the demand assessment process and proposed the following changes:

- More flexibility in the timelines of the process
 - TSOs should not be limited by the current timeframes or required to carry out the demand assessment process every two years, so the market has the possibility to indicate demand when needed;
- Less administrative burden
 - only for borders with a demand indication or showing evidence for incremental capacity, a MDAR needs to be published;
- Stronger cooperation
 - TSOs should be obliged to share the results of the incremental capacity demand assessment with the adjacent TSO so that this TSO can take the necessary measures;
- TSOs should be allowed to impose mandatory fees for all non-binding indications as part of market screening, but without the requirement of prior approval by the NRA, provided that the fees are cost reflective. Most importantly, the amount should be high enough to compensate for the TSOs' work and analysis. The fee can be refunded if the binding indication during the allocation phase is at least at the same level as that in the non-binding phase.

- An additional stage should be added in the procedure in which, after publication of the MDAR, market users who have submitted a non-binding demand indication should be required to confirm their demand by paying the fee set by the operator to cover the costs of further incremental process stages, in particular those costs arising from technical analysis and labour deployment.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no
N/A	The chapter on incremental capacity should be deleted from the NC. Triggering (cross-border) investments in light of climate neutrality objectives could be considered contradicting and experience with incremental processes in the past showed little relevance against cumbersome procedures.	maybe

• Hydrogen and decarbonised gas markets package must fix legal basis
• JUDGMENT OF THE GENERAL COURT 16 March 2022 (*) In Joined Cases T-684/19 and T-704/19

42

- * 64 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
 Agree
 Neutral
 Disagree
 Strongly disagree

- * 65 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

GAZ-SYSTEM believes that amendments are needed regarding the design phase and proposes the following changes:

- Adjusting the design phase timeframe as current 12 weeks given for internal technical analysis and developing TSOs joint draft project proposal for consultation is too short compering to the subsequent period predicted for project finalization and NRAs approval

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no
N/A	The chapter on incremental capacity should be deleted from the NC. Triggering (cross-border) investments in light of climate neutrality objectives could be considered contradicting and experience with incremental processes in the past showed little relevance against cumbersome procedures.	maybe

• Hydrogen and decarbonised gas markets package must fix legal basis
• JUDGMENT OF THE GENERAL COURT 16 March 2022 (*) In Joined Cases T-684/19 and T-704/19

43

- * 66 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
 Agree
 Neutral
 Disagree
 Strongly disagree

- * 67 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

GAZ-SYSTEM believes that amendments are needed regarding the approval and publication and proposes the following changes:

- The NRA shall have a maximum of 3 months to approve the INC project proposal, which may be extended by one month, if needed. Each TSO shall submit the project to its NRA for approval, without the requirement of coordinated decisions however providing the strong level of coordination and cooperation between NRAs before issuing their decisions.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no
N/A	The chapter on incremental capacity should be deleted from the NC. Triggering (cross-border) investments in light of climate neutrality objectives could be considered contradicting and experience with incremental processes in the past showed little relevance against cumbersome procedures.	maybe

• Hydrogen and decarbonised gas markets package must fix legal basis
• JUDGMENT OF THE GENERAL COURT 16 March 2022 (*) In Joined Cases T-684/19 and T-704/19

44

* 68 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

* 69 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

GAZ-SYSTEM believes that amendments are needed regarding the auctioning of incremental capacity and proposes the following changes:

- neighboring TSO's should be allowed to hold bundled auctions for incremental capacity regardless of the auction calendar, if deemed appropriate and without having to apply an Alternative Allocation Mechanism.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no
N/A	<p>The chapter on incremental capacity should be deleted from the NC. Triggering (cross-border) investments in light of climate neutrality objectives could be considered contradicting and experience with incremental processes in the past showed little relevance against cumbersome procedures.</p> <p>To be considered if for the case of multi-IP projects (longer corridors) a harmonised process has added value (CAM TF)</p>	maybe

- Hydrogen and decarbonised gas markets package must fix legal basis
- JUDGMENT OF THE GENERAL COURT 16 March 2022 (*) In Joined Cases T-684/19 and T-704/19

45

* 70 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

* 71 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

GAZ-SYSTEM believes that amendments are needed regarding the principles for alternative allocation mechanisms and proposes the following changes:

- Alternative Allocation Mechanisms should be allowed not only for multi-IP projects but also for single-IP projects if TSOs see benefits in such an approach and provided it is approved by NRAs (like Open Season procedures in the past).

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	<ul style="list-style-type: none"> Based on the nature of the article it <u>may be redundant</u> or to be <u>updated</u> 	yes
N/A	<p>The chapter on incremental capacity should be deleted from the NC. Triggering (cross-border) investments in light of climate neutrality objectives could be considered contradicting and experience with incremental processes in the past showed little relevance against cumbersome procedures.</p>	maybe

- Hydrogen and decarbonised gas markets package must fix legal basis
- JUDGMENT OF THE GENERAL COURT 16 March 2022 (*) In Joined Cases T-684/19 and T-704/19

46

* 72 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

* 73 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

GAZ-SYSTEM agrees that art. 31 is redundant.

J CAM NC, Chapter VI

Interruptible capacity (Articles 32-36)

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>ACER Special Report on addressing congestion in North-West European gas markets</u>	<ul style="list-style-type: none"> "Neighbouring TSOs to extensively <u>coordinate and jointly maximise the availability of firm and interruptible capacities</u>;" (p. 4) Bundling as key principle for offering interruptible (CAM TF) 	yes
<u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u>	<p>Alignment with proposals on</p> <ul style="list-style-type: none"> Additional booking opportunities Advance booking of monthly products Advance booking of day-ahead products (Daily offer of DA products for the following 7 days on a rolling basis until the end of the month; Introduction of a 'Balance-of-Month' product) (cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p.14-19) <p>Move Y, Q, M interruptible auctions from ACA to UPA</p> <ul style="list-style-type: none"> It "should allow a quicker allocation and avoid the cases of inefficiencies of ACA under certain market conditions to effectively allocate interruptible capacity" (cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 23) 	<p>yes</p> <p>maybe</p>

48

- * 74 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

- * 75 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

Please see answers to Q 21 and Q 27.

The definition of technical capacity under the 715/2009 amendment process has remained unchanged. This definition fulfils its role and is understood in a harmonised manner. Technical capacity means the firm capacity so concept of "firm technical capacity" seems to be an over-definition. It will already be difficult to establish a definition for the term "most likely flow scenario". We adjust to the technical capacity of our network on an ongoing basis. If it is possible to increase the capacity offered at our interconnection points, we publish such information and provide it to the booking platforms. The booking platforms make these additional capacities bundled as much as possible. The market is informed about maximum available capacity as soon as possible because it is published on GAZ-SYSTEM website.

Please note: if there are issues with data publication, they should be resolved in a separate process for updating the transparency guidelines.

To implement advanced booking of day-ahead product a new product has to be introduced in TAR NC. After changing of TAR NC the significant changes to TSOs' IT systems and booking platforms are required.

The implementation process for such changes requires time (estimated 2 years), cost and efforts to present the proposed changes to the market. In GAZ-SYSTEM's opinion such complex booking idea will not be

beneficial to the market and cannot make TSOs start selling more capacity. Further cost-benefit and technical analyses are required to assess the added value of introducing Balance of the Month product or advanced day-ahead booking opportunities. It is necessary to have a firm commitment from NRAs that the cost resulting from implementing new booking opportunities will be covered by tariff.

GAZ-SYSTEM is of the opinion that too many auctions and difficult rules of auctioning may burden the capacity allocation process. In our opinion not all participants are aware of the complexity of the rules and how it can change the trading arrangements. Secondly, too many booking opportunities and the relations between them could lead to market manipulation.

The cost-benefit analysis is required to assess the real added value of the enormous changes to TSOs' IT systems and booking platforms.

The reduction of physical bottlenecks could be solved rather by the development of transmission network than development of IT booking systems.

Impacted stakeholders (ACER, booking platforms, market participants, TSOs) should know reasonably long in advance the expected changes to adapt to changes.

It is necessary to have a firm commitment from NRAs that the cost resulting from implementing IT changes will be covered by tariff. In addition, it shall be analysed if implementation of a new, complicated system with so many auctions for the same product will lead to increase of capacity sale by the TSOs in comparison to the currently applied methods.

From the Issue Solution and Issue Solution Supporting Note we identified the 3 ways of conducting auctioning of yearly, quarterly and monthly auctions:

1. ACA auction for yearly, quarterly and monthly firm capacities (without additional UPA auctions) – the current NC CAM solution (no changes to NC CAM);
2. Additional booking opportunities: any firm Y, firm Q and firm M capacities will be auctioned in subsequent UPA auctions after ACA auctions have been finished;
3. Additional booking opportunities: any firm Y, firm Q and firm M capacities will be auctioned in subsequent UPA auctions after ACA auctions have been terminated. The forced termination is done in time in advance to organize UPA auctions.

Regarding the minimum prices of additional UPA auctions applicable for point 2 and point 3 above there are 2 variants:

- a. UPA minimum price is equal to the last price from corresponding ACA auction;
- b. UPA minimum price is equal to the tariff reserve price.

Considering the efficiency and simplicity, the first solution is optimal in GAZ-SYSTEM's opinion, i.e. no changes to NC CAM.

If it appears that the market is interested in implementing of solution in point 2 or point 3 and willing to pay for them, further cost-benefit and technical analysis is required. To implement all proposed changes a significant commitment of time and cost is required. The implementation process for such changes also requires time (2 years) and effort to present the proposed changes to the market.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

* 76 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

* 77 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

The minimum interruption lead time is well described in the binding CAM NC and fit for purpose.

Article 34 – Coordination of interruption process

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

* 78 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

* 79 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

It is well described in the binding CAM NC and fit for purpose.

Article 35 – Defined sequence of interruptions

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

* 80 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

* 81 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

The statement is very general.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

52

- * 82 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

- * 83 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

It is well described in the binding CAM NC and fit for purpose.

K CAM NC, Chapter VII

Capacity booking platforms (Article 37)

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>ACER Decision 10-2019 on the Selection of a Capacity Booking Platform for the Malinow and GCP Gas Interconnection Point (Corrigendum)</u>	<ul style="list-style-type: none"> Review the future involvement of ACER in the selection process 	maybe
N/A	<p>Efficiency of the process</p> <ul style="list-style-type: none"> proposal: reassess/redraft the rules for deciding on an auction platform (Art. 37) to avoid repeating procedures in a relatively short timeframe (e.g. by extending the validity time of the platform decision to avoid additional red-tape or require a reassessment on a needs/request basis) 	maybe

54

- * 84 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
 Agree
 Neutral
 Disagree
 Strongly disagree

- * 85 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

The involvement of ACER in the booking platform process provided in CAM NC may be revised. However, in case of lack of TSOs agreement a harmonized decision of both NRAs is required and shall remain in the CAM NC. When NRAs are not able to reach an agreement the Agency is competent to adopt individual decision by virtue of Art. 6 par. 10 of the Regulation (EU) 2019/942. There is and should be a competent body to take decisions in case of potential cross-border disagreements. Otherwise, in this particular case the market would not have a tool to book bundled capacities at IPs and CAM NC provisions could not be executed.

With regard to proposed extension of decision on the booking platform GAZ-SYSTEM is of the opinion that it may be prolonged but it shall not exceed 5 years.

L CAM NC, Chapter VIII

Final provisions (Articles 37A-40)

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<p><u><i>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</i></u></p> <p>N/A</p>	<p>More flexibility to adapt several CAM rules</p> <ul style="list-style-type: none"> The CAM NC should allow several identified rules and parameters to be changed, ahead of auction year, after due assessment, consultation, and regulatory decision (cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 28-29) <p>regulators must be involved in any change affecting the functioning of the capacity allocation mechanisms set in the regulation</p>	<p>yes</p>

56

- * 86 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
 Agree
 Neutral
 Disagree
 Strongly disagree

- * 87 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

In GAZ-SYSTEM's point of view the rules established in CAM NC are transparent and collected in one legal act. Opening the possibility of the CAM NC rules' amendment without the formal Regulation amendment process can lead to changes of legal acts that apply automatically and uniformly to all EU Member States as soon as they enter into force, without a need to be transposed into national law. The prominence of such regulations as CAM NC is too great and it shall not be amended without applying the procedures foreseen for such regulations, even if the changes might be of minor, technical nature. Market users who shall have the stability and advanced awareness of the rules and timelines for capacity allocation in gas transmission systems could be confused with such ad hoc changes and therefore it could lead to many complaints from network users towards the TSOs. Thus, the comitology process is essential to keep such principles as market stability and transparency.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	<ul style="list-style-type: none"> Based on the nature of point 4 of the article (conditionalities report), it may be redundant or to be updated 	yes

57

- * 88 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

An amendment may further improve the market functioning and better capacity allocation

- Strongly agree
 Agree
 Neutral
 Disagree
 Strongly disagree

- * 89 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

Art. 4 is redundant. If however the report on the conditionalities stipulated in contracts for standard capacity products for firm capacity is maintained, the Agency can prepare reports based on data collected on REMIT process.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	/

58

90 This article concerns legal procedural matters; please write down any comments you may have on this article?

GAZ-SYSTEM does not have any concerns to the article. If CAM NC is amended again reference to former Regulation (EU) No 984/2013 shall not apply any more.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	/

59

91 This article concerns legal procedural matters; please write down any comments you may have on this article?

M Other comments or suggestions

92 Do you have any other comments or suggestions?

GAZ-SYSTEM is of the opinion that too many auctions and difficult rules of auctioning may burden the capacity allocation process. It refers especially to the proposal of introducing additional UPA auctions and the new way of auctioning of daily products (7-days ahead /BoM auctioning).

From the Issue Solution and Issue Solution Supporting Note we identified the 3 ways of conducting auctioning of yearly, quarterly and monthly auctions:

1. ACA auction for yearly, quarterly and monthly firm capacities (without additional UPA auctions) – the current CAM NC solution (i.e. no changes to CAM NC);
2. Additional booking opportunities: any firm Y, firm Q and firm M capacities will be auctioned in subsequent UPA auctions after ACA auctions have been finished;
3. Additional booking opportunities: any firm Y, firm Q and firm M capacities will be auctioned in subsequent UPA auctions after ACA auctions have been terminated. The forced termination is done in time in advance to organize UPA auctions.

Regarding the minimum prices of additional UPA auctions applicable for point 2 and point 3 above there are 2 variants:

- a. UPA minimum price is equal to the last price from corresponding ACA auction;
- b. UPA minimum price is equal to the tariff reserve price.

Considering the efficiency and simplicity, the first solution is optimal in GAZ-SYSTEM's opinion (i.e. no changes to CAM NC).

The cost-benefit analysis is required to assess the real added value of the enormous changes to TSOs' IT systems and booking platforms if solution 2 or 3 are to be implemented.

It is necessary to have a firm commitment from NRAs that the cost resulting from implementing IT changes will be covered by the tariff. In addition, it shall be analysed if implementation of a new, complicated system with so many auctions for the same product will lead to increase of capacity sale by the TSOs in comparison to the currently applied methods.

The reduction of physical bottlenecks could be solved rather by the development of transmission network where necessary than by development of IT booking systems. If CAM NC amendments are going to introduce new ways of capacity auctioning the lead time is required for implementation, roughly estimated for 2 years.

With regard to the whole scoping document, GAZ-SYSTEM would like to underline that for some questions it was hard to provide one decisive 'closed' answer. That is because in many cases one answer refers to more than one question/issue. Therefore, it is of utmost importance to read the descriptive answers.

N Responses are published in full, save for the contact person information; please confirm that your version does not contain confidential information

* 93 I understand my response will be published and

- I confirm that my response does not contain confidential information
- I confirm that my response contains confidential information, properly marked as such, and a non-confidential version of my answer is included

Thank you!

Contact

[Contact Form](#)