

Public Consultation

on

**amending the network code on capacity allocation
mechanisms in gas transmission systems**

PC_2024_G_03

Evaluation Report

25 September 2024

1. INTRODUCTION

Background

The European Commission invites ACER to submit to the Commission by December 2024 reasoned proposals for amendments (the 'reasoned proposals') to the Capacity Allocation Mechanisms Network Code ('CAM NC'¹). ACER will prepare its proposals in accordance with Article 73(3) of Regulation (EU) 2024/1789 and Article 14 of Regulation (EU) 2019/942.

ACER acknowledges the importance of having European market rules that can readily align with the latest market developments, while guaranteeing that the decarbonisation targets set by the Green Deal² can be met. As such, ACER recognises the need to revise the CAM NC which lays down the details of the European market rules.

The European gas markets have evolved since the last revision of the market rules for capacity allocation in 2017. The use of the gas transmission system changed in response to demand reduction and increasing LNG supplies offsetting reduced Russian pipeline supplies.

Additionally, the 'hydrogen and decarbonised gas market package' ('decarbonisation package') introduces new regulatory elements to advance decarbonisation, enhance security of supply, and facilitate regional cooperation.³

What happened so far?

From October 2023 until January 2024, ACER carried out a preliminary analysis to investigate what are the main achievements and potential improvements to the market rules for capacity allocation, and to determine the scope of a potential revision of the CAM NC ('scoping').

To this end, ACER conducted a public consultation⁴ from 14 November 2023 to 5 January 2024 inviting stakeholders to identify the topics that deserve being investigated towards improving the CAM NC rules ('scoping consultation').

ACER's conclusion on the scoping activity

ACER concludes from its scoping activities that there are three priority areas of improvement to the CAM NC: first, maximising the offer of firm and interruptible capacity (mainly Articles 6, 19, and 32), second, more flexibility in the offer of capacity (mainly Articles 8-18, Article 32), and, third, the incremental capacity procedure (Articles 22-31).

In addition, ACER concludes that five additional aspects of the CAM NC deserve further assessment possibly triggering moderate legal revision: first, the applicability of CAM NC to IPs with third countries and the definition of 'interconnector' (Article 2(1)), second, the assessment by the regulatory authorities when approving the application of implicit allocation (Article 2(5)), third, improving the organisation of intra-day auctions (Article 15), fourth, improvements to capacity conversion (Article 21), and fifth, improvements to the selection of the booking platform (Article 37).

¹ Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013.

² https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en

³ https://energy.ec.europa.eu/topics/markets-and-consumers/hydrogen-and-decarbonised-gas-market_en

⁴ <https://www.acer.europa.eu/documents/public-consultations/pc2023g09-public-consultation-capacity-allocation-mechanisms-network-code-achievements-and-way-forward>

European Commission invites ACER to make reasoned proposals for amendments

ACER shared its draft scoping conclusions with the European Commission. In its response letter of 11 April 2024, the Commission asked ACER to submit reasoned proposals according to the process foreseen in the legislation for preparing amendments of network codes.⁵

In its letter, the Commission explains its expectations for the amendment process and emphasises the need to consider the regulatory elements introduced by the decarbonisation package. These regulatory elements were not known in detail at the time of ACER's scoping activity.

The Commission invites ACER to prepare the amendment proposals in dialogue with the relevant stakeholders, and considering the costs of proposed changes and the benefits they are expected to bring. Furthermore, the Commission underlines that the proposals should be legally robust, and contribute to non-discrimination, effective competition and the efficient functioning of the market.

Regarding the regulatory elements introduced by the decarbonisation package, the Commission encourages ACER to reflect on the potential application of the CAM NC in relation to third countries and changes in the market design, that may interact with rules on capacity allocation. ACER notes, for instance, that the decarbonisation package defines 'entry-exit system'⁶ (possibly extending such systems to include elements of distribution systems) and 'conditional capacity'⁷ (as a subset of firm capacity).

Furthermore, the Commission invites ACER to:

- reflect on how the capacity allocation rules might align with the decarbonisation objectives;
- investigate how certain allocation configurations might maximise the use of the network, in particular in relation to security of supply considerations; and to
- reflect how the rules in the code interact with and facilitate regional cooperation initiatives and market mergers.

Finally, to ensure coherence in the adopted market rules, the Commission invites ACER to identify related areas in the existing codes and guidelines that might be impacted by the CAM NC revision.

1.1 Purpose and objectives

ACER ensures a continued dialogue with the stakeholders throughout its process to prepare reasoned proposals.

This consultation is a 'policy consultation', which explores further the amendment proposals to be considered, building on ACER's scoping activity as well as on the Commission's invitation to submit reasoned proposals on revising the CAM NC.

The consultation is based on ACER's policy paper that introduces issues as well as improvement options, and asks stakeholders for their views and concrete proposals that will guide ACER further in

⁵ ACER prepares reasoned proposals for amendments on the basis of Article 73 of Regulation (EU) 2024/1789 and following Article 14 of Regulation (EU) 2019/942.

⁶ Recast gas Directive, Article 2(57): "*‘entry-exit system’ means an access model for natural gas or hydrogen where system users book capacity rights independently on entry and exit points, that includes the transmission system and may include the whole or part of the distribution system, or hydrogen networks;*"

⁷ Recast gas Regulation, Article 2(1), point (35): "*‘conditional capacity’ means firm capacity that entails transparent and predefined conditions for either providing access from and to the virtual trading point or limited allocability;*"

Recast gas Regulation, Article 2(1), point (36): "*‘allocability’ means the discretionary combination of any entry capacity with any exit capacity or vice versa;*"

making amendment proposals. Stakeholders were invited to share their technical reflections as well as concrete text proposals for amending CAM NC provisions.

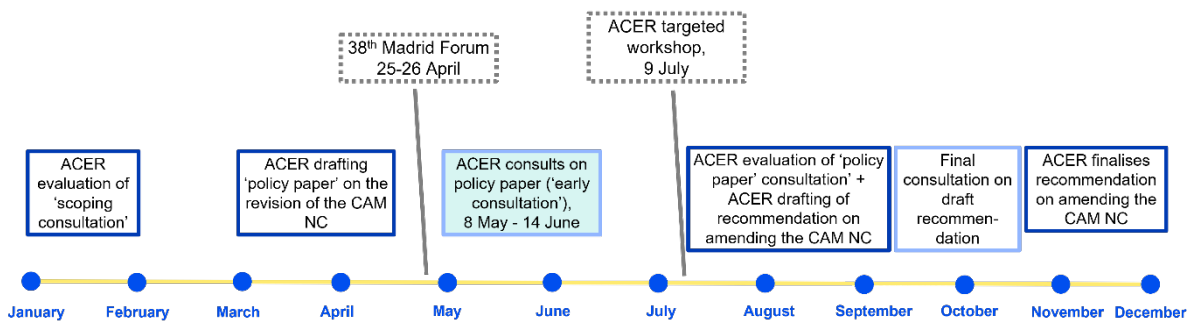
The consultation consists of a survey and a technical workshop (by invitation only). Only the participants to the survey were invited to the technical workshop as the objective of the workshop was to discuss and clarify further the responses to the survey.

1.2 Timeline

The public consultation was held between 8 May 2024 and 14 June 2024. The technical workshop complementing the written consultation was held on 9 July 2024.

After completing this ‘policy consultation’, ACER prepared reasoned proposals for amendments and will consult a last time with stakeholders before finalising and submitting them to the European Commission by the end of the year.

Figure 1. ACER’s process for preparing its recommendation on “reasoned amendments proposals for CAM NC” (“recommendation”)



2. PROCESS

All responses were reviewed per consultation topic and question to identify key themes brought forward by the respondents. Respondents making similar comments were appropriately grouped together retaining a representative formulation of the concerned comment. Exact individual comments remain accessible in the published individual responses.⁸

In this document, recast gas Regulation⁹ and recast gas Directive¹⁰ refer to Regulation (EU) 2024/1789 and Directive (EU) 2024/1788, respectively, as published in the Official Journal of 15 July 2024. The consultation document and consultation responses may contain references to Regulation (EC) No 715/2009 and Directive 2009/73/EC.

3. STAKEHOLDER ANSWERS

49 stakeholders responded to the public consultation. One respondent submitted its response twice; based on the time stamp, ACER considers the last submitted response as the final response and publishes that version. Two respondents marked parts of their response as confidential and provided a non-confidential version for those parts.

Occasionally, individual organisations adhered to their association’s response. ACER notes in this regard, that organisations had to register for the technical workshop of 9 July through the survey tool

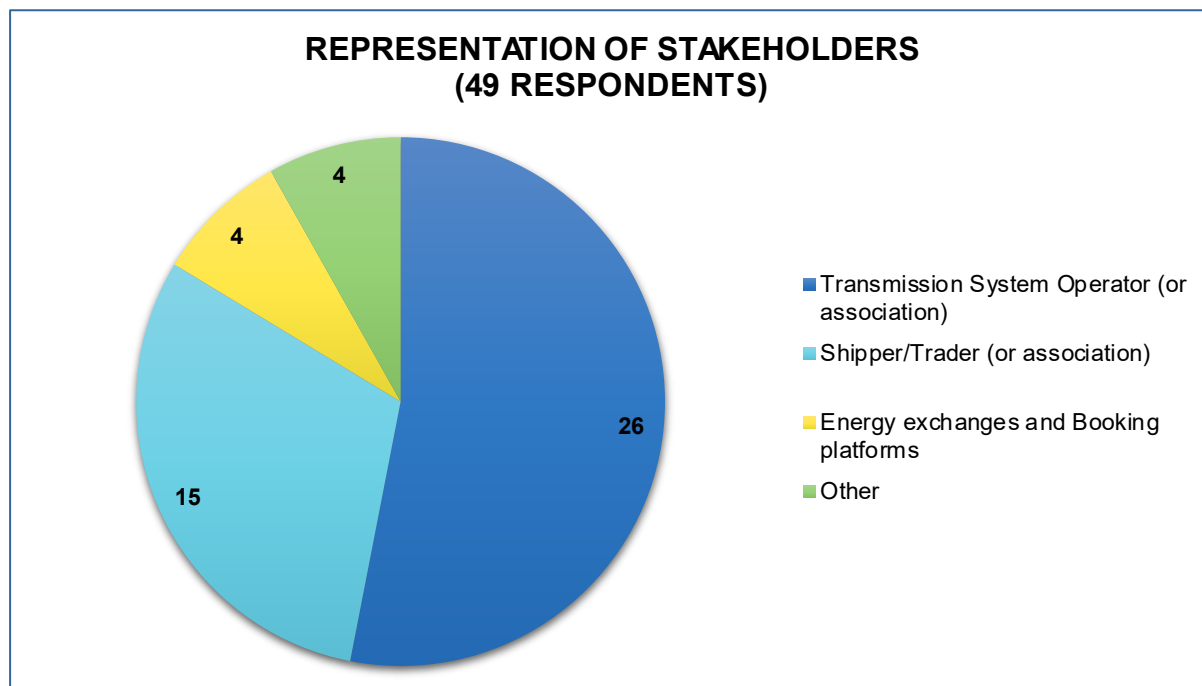
⁸ <https://www.acer.europa.eu/documents/public-consultations/pc2024g03>

⁹ <https://eur-lex.europa.eu/eli/reg/2024/1789/oj>

¹⁰ <https://eur-lex.europa.eu/eli/dir/2024/1788/oj>

and they merely referenced or confirmed the related association's response. In such case, the individual organisation is not referenced separately in the statistics for the question.

The list of respondents is available in Annex I to this document. The agenda of the technical workshop of 9 July 2024 and a summary note are available in Annex II.



Due to the nature of the questions, as overarching issues are touched in several CAM NC provisions, responses to one question contained in many instances comments related to areas of improvements in other articles. Such comments were moved in this report to the respective sections to ensure that those provisions are covered in the best possible way, in ACER's view.

3.1 Feedback on Chapter 1: Maximising the offer of firm capacity

3.1.1 Q1.1 How is the 'system integrity margin' determined in your system? Please include a description of the elements considered.

Respondents' replies	ACER views
INTRODUCING AND DEFINING 'SYSTEM INTEGRITY MARGIN'	
<p>ENTSOG and TSOs are against the proposal to introduce and define the 'system integrity margin' in the legislation. While RWE Supply & Trading as a trader, provides a definition of 'system integrity margin':</p> <ul style="list-style-type: none"> • Methods to calculate firm capacity vary among the Member States. Therefore, there is no uniform approach for 'system integrity margin'. There are countries where no specific margin is calculated. <i>"The methods used by TSOs reflect the unique nature of each market model and network to maximize the capacity offer as best as possible while ensuring system resilience."</i> [ENTSOG and TSOs] • <i>"The system integrity margin should be considered as the maximum theoretical physical capacity that could be made available under peak cold weather conditions and the amount of technical capacity which TSOs make available."</i> [RWE Supply & Trading] 	<p><u>On introducing system integrity in CAM NC</u></p> <p>ACER emphasises that Article 6 of CAM NC already requires system integrity to be considered as an element to be taken into account when maximising capacity. Furthermore, Article 10(1) of the recast gas Regulation requires to make available maximum capacity, considering 'system integrity and efficient network operation'. ACER believes the concerned 'margin' then represents the difference between the maximum capacity of the transmission system with and without considering system integrity and efficient network operation. In the decarbonising multi-vector energy system, in which gas infrastructure may be decommissioned or repurposed, it is paramount to have robust information about the system's potential and its effective use at various levels of utilisation.</p> <p><u>On harmonising the approaches for considering system integrity and its definition</u></p> <p>ACER understands that the practices for considering system integrity in the capacity calculation and maximisation vary among Member States and does not see an urgent need to harmonise those practices or to propose a more rigid definition of this margin in the network code. The introduction of a rigid or more narrow definition of this margin might be counterproductive. Nevertheless, ACER considers that the maximum physical capacity corresponds to the maximum flow capability at an interconnection point considering the physical assets in place. However, ACER understands that this maximum physical capacity is only available under certain theoretical conditions (e.g., flow is optimised for one border in one flow direction while disregarding any commercial constraints). ACER also recalls its Special</p>

Respondents' replies	ACER views
	<p>Congestion Report¹¹, in which it suggested to determine the maximum capacity based on a subset of (probable) flow scenarios (i.e. commercial constraints) optimised for a particular prevailing direction of flow. In either case, the market should be informed about the difference between the higher physical flow capability and the technical capacity that is offered to the market.</p> <p><u>On the need for a more transparent reporting of how system integrity is considered</u></p> <p>ACER notes that regulatory authorities, for the purpose of monitoring the efficient use of the system, as well as market participants, for taking well-informed business decisions, would like to have better information about how system integrity considerations affect the physical capacity that can be made available commercially.</p> <p>Therefore, ACER proposes to add a transparency requirement with respect to system integrity (and efficient network use): the capacity calculation and maximisation methodologies should explain how system integrity (and efficient operation of the network) have been considered and what is the impact on the maximum capacity ("technical capacity") and to ensure that information is made available to market participants. ACER emphasises that the reporting on the capacity calculation and maximisation methodology (cf. Article 6 of the CAM NC) shall also explain how the technical capacity and the margin relate to the commercial offer of firm, conditionally firm¹² and interruptible capacity products.</p> <p>ACER expects all TSOs to calculate and report on the difference between the 'technical capacity' that can be offered to market participants and the (physical) flow capability at a network point, as well as report on the commercially available firm, conditionally firm and interruptible capacities that correspond to the technical capacity and the margin.</p>

¹¹

https://acer.europa.eu/sites/default/files/documents/Publications/ACER_Special_Report_Congestion2023.pdf

¹² 'Conditionally firm capacity' is used as a term to make clear that conditional capacity is a subset of firm capacity as defined so in Article 2(35) of the recast gas Regulation.

Respondents' replies	ACER views
	<p>ACER recalls its observation of gas flow persistently exceeding technical capacity at few interconnection points and assumes system integrity to be a significant factor in explaining the difference between the potential to flow gas (flow capability) and the maximum capacity that can be commercially offered as firm capacity ('technical capacity').</p>
<p>CURRENT PRACTICES FOR CONSIDERING SYSTEM INTEGRITY (MARGIN)</p>	
<p>Common practices among TSOs:</p> <ul style="list-style-type: none"> Where used, 'system integrity margin' is determined based on system characteristics (e.g. transit, number of national customers, network complexity), pressure and gas quality requirements that TSOs must meet for safe and resilient network operation, and the margin must also be in line with requirements arising from contracts with network users. [ENTSOG and TSOs] <p>National practices vary:</p> <ul style="list-style-type: none"> Germany: No specific 'system integrity margin' is calculated. [FNB, BDEW] BBLC (Netherlands): No fixed margin - "<i>As a non-revenue regulated merchant interconnector, BBLC has no captive customers and therefore no baseline demand and no certainty of recovery of costs. Its revenue depends on BBLC attracting customers to book and utilise the available capacity. As a merchant interconnector, fully exposed to market forces, BBLC is therefore not obliged to offer its technical capacity to the market at all times but may reduce it to a lower level if expected related costs and risks outweigh the expected revenues. Therefore, this is not a fixed margin.</i>" [BBLC] National Gas Transmission (UK): no concept of system integrity margin – "<i>We do not have the concept of system integrity margin. For the purposes of sharing information within the GB regime, we have fixed levels of capacity we are obliged to release which are contained within our Licence, plus we are incentivised to sell capacity above those quantities.</i>" [National Gas Transmission] Energinet (Denmark): Usage of survival time at least X hours – "<i>In general, we'll consider the integrity of the system to be OK as long as the Survival time is at least X</i> 	<p>ACER refers to the previous point for its broader conclusion on amendment proposals to improve transparency of the capacity calculation and maximisation methodologies including the role of system integrity (and efficient network operation). ACER takes note of the common elements that are used to determine the system integrity margin as listed by ENTSOG.</p> <p>ACER takes note of the different national practices for determining the impact of system integrity on the capacity calculation and maximisation and that, according to the received input, not all TSOs have (or did not report) an approach for considering system integrity.</p> <p>ACER emphasises that the capacity calculation and maximisation methodologies should explain how these different elements affect the determination of technical capacity and how the levels of firm, conditionally firm and interruptible capacity are set.</p>

Respondents' replies	ACER views
<p><i>hours. The survival time is defined as how long the system can sustain (pressure limits in all points) the most critical N-1 incident of any one component failing. When calculating the survival time no mitigating measures are included.” [Energinet]</i></p>	
<p>CALCULATION OF FIRM AND INTERRUPTIBLE CAPACITY</p>	
<p>Practices of TSOs:</p> <ul style="list-style-type: none"> • <i>Firm capacity is calculated as the capacity that can be guaranteed in many different scenarios due to weather conditions, consumption, transit, pressure, etc. and is therefore available in any scenario except maintenance and force majeure. [ENTSOG and TSOs, BDEW, VNG Handel & Vertrieb]</i> • <i>Interruptible capacity is added to firm capacity and is not interrupted as long as certain conditions are met. [ENTSOG and TSOs, BDEW]</i> • <i>“Firm and interruptible capacity levels are individually designed and calculated based on the specific characteristics of a given TSO network.” [ENTSOG and TSOs]</i> • <i>“In the Italian system, the offer of additional capacity on top of firm level is implemented with the offer of interruptible technical capacity under clear and transparent terms. [...] [E]xplanations on how the interruptible capacity is determined are publicly available.” [SNAM SPA]</i> <p>Shippers' view:</p> <ul style="list-style-type: none"> • <i>The technical capacity should be determined by each TSO, and it shall be offered in its integrity on firm and on interruptible basis. [ENGIE SA]</i> 	<p>ACER takes note of the responses and emphasises that, in ACER's view, information on how system integrity is considered is essential for understanding how the 'technical capacity' (the commercial maximum firm capacity) has been determined compared to what physically (but not commercially) could be feasible.</p> <p>ACER notes that, while the definitions of technical, firm, conditionally firm and interruptible capacities are set in Article 2(1) of the recast gas Directive and Article 2 of the recast gas Regulation, the capacity calculation and maximisation methodology of Article 6 of the CAM NC describes in more detail how the offer of those products should be determined in accordance with the principles of Article 10 of the recast gas Regulation. ACER proposes to increase transparency of that methodology (cf. section 3.1.1).</p>
<p>OTHER POINTS OF NOTE</p>	
<p>NRAs oversee the calculation process and receive (or can receive upon request) all required information. [ENTSOG and TSOs]</p>	<p>ACER welcomes and expects the involvement of NRAs in the capacity calculation and maximisation to continue and emphasises that to ensure the joint maximisation of capacity neighbouring TSOs (and NRAs) must coordinate. ACER notes that market participants express they wish to engage more on and be informed better about the capacity calculation (cf. section 3.1.5), thereby contributing to further</p>

Respondents' replies	ACER views
	improvement of the capacity calculation and maximisation methodologies.
<p>Eni S.p.A. emphasises that the determination of the system integrity margin is crucial for the quality of service provided by TSOs to shippers. Shippers purchase firm capacity to avoid interruptions and expect TSOs to ensure system integrity before offering this capacity. The method used to determine the firm capacity that a TSO can sell is affected by the way the system integrity margin is calculated. If set too high, it can lead to interruptions and overestimation of the system's deliverability. Although TSOs can use commercial tools to manage system constraints, these are costly and TSOs often pass these costs on to shippers. To avoid these problems, Eni S.p.A. suggests aligning system capability with marketed firm capacity. [Eni S.p.A]</p>	<p>ACER takes note of Eni's response and emphasises that shippers request more information and transparency on this matter. Additionally, TSOs should reflect commercial realities while fulfilling their duty to maximise firm access to the gas system.</p>

3.1.2 Q1.2 How could the system integrity margin be reported (e.g. as a percentage of capacity, probability of failure...) in a way that gives clarity on the physical capability of the system, the calculated technical capacity (which has commercial nature) and the relationship between them?

Respondents' replies	ACER views
REPORTING OPTIONS	
<p><u>1. Reporting as percentage of technical capacity:</u></p> <p>5 Stakeholders are in favour to report the system integrity margin as a percentage of technical capacity. [VNG Handel & Vertrieb, BDEW, Orlen S.A., RWE Supply & Trading, Energy Traders Europe]</p> <ul style="list-style-type: none"> • Countries that use a system integrity margin could report it as a percentage of the technical capacity for each interconnection point or each entry and exit point - this is not the case for Germany. [VNG Handel & Vertrieb, BDEW, RWE Supply & Trading] • Useful approach for shippers and system users to understand operator assumptions and the actual possible size of the flows of scarcity. [Orlen S.A., Energy Traders Europe] <p><u>2. Reporting as absolute value:</u></p> <ul style="list-style-type: none"> • Distinction between the total physical capability and technical commercial capacity could be very useful for the market operators. To highlight the values of the capacities and 	<p>ACER notes that stakeholders who replied to this question do not agree on the preferred concept for reporting on the system integrity 'margin'.</p> <p>As this margin corresponds to the difference between technical capacity and the flow capability at a network point, ACER deems most transparent, the reporting of an absolute value covering the difference as such a concept aligns with the customary reporting of technical capacity on the ENTSOG Transparency Platform.</p> <p>A relative value, i.e. a percentage that comes on top of the technical capacity, would also provide transparent information on how the capacity is calculated and maximised and how the firm, conditionally firm and interruptible capacity levels are determined. Such a relative value could be published among the point specific information on the ENTSOG Transparency Platform.</p> <p>ACER notes, that reporting of the probability of system failure does not by itself explain how this probability affects technical capacity and the commercial offer levels of firm, conditionally firm and interruptible capacity.</p>

Respondents' replies	ACER views
<p>their relationship would be better to have absolute values, but as a second choice a percentage could be acceptable and useful too. Moreover, the elements that help the market operators to understand and preview a possible variation of the relationship of these quantities should be published. [Hera Trading S.r.l.]</p> <p>3. Reporting as probability of system failure:</p> <p>2 stakeholders are in favour to report the system integrity margin as probability of system failure when the margin is being exceeded. [Edison SPA, Proxigas]</p> <ul style="list-style-type: none"> • <i>“This approach allows the margin to be divided into steps, each linked to a specific probability of failure, clarifying the risks of operating the system at various levels for all parties involved.”</i> [Edison SPA] • <i>“Virtuous examples from member states, such as Italy, might be considered in setting the new standard (i.e. offer of interruptible technical capacity under clear and transparent terms).”</i> [Proxigas] <p>4. Other type of reporting: Survival time</p> <p><i>“Calculation of the survival time historically; and the gap between minimum acceptable survival time and actual survival time.”</i> [Energinet]</p>	<p>ACER understands ‘survival time’ as a concept that takes into account the n-1 principle to ensure the safety of the system. However, ACER considers that this approach might not cover the entirety of system integrity and efficient network operation, and additional information would be needed to achieve transparency on how system integrity and efficient network operation affect the technical capacity.</p> <p>ACER proposes to improve transparency and to require that TSOs make available the information on how system integrity is considered in a way that is easily accessible by market participants, regulatory authorities and other stakeholders, e.g. on an EU-wide platform like the ENTSOG Transparency Platform. The concept for reporting should relate to technical capacity and therefore a percentage on top of technical capacity or the equivalent absolute value are the most informative concepts for the market.</p>

3.1.3 **Q1.3 Do you consider this information should be made available to neighbouring TSOs, to regulatory authorities, or market participants?**

Respondents' replies	ACER views	
Do you consider this information should be made available to neighbouring TSOs, to regulatory authorities, or market participants? (multiple options)	Type of organisation / company	Total
neighbouring TSOs; regulatory authorities; market participants	other	3
	shippers/traders and their associations	9
	<i>Total</i>	12
regulatory authorities	TSO and their associations	22
	TSO and their associations; DSO and their associations	1
	<i>Total</i>	23
market participants	shippers/traders and their associations	3
	<i>Total</i>	3
Grand Total		38

Respondents' replies	ACER views
<ul style="list-style-type: none"> • ENTSOG and TSOs express that information on the system integrity margin should be made available only to regulatory authorities, whereas Energy Traders Europe and shippers/traders and others believe the information should be available to neighbouring TSOs, regulatory authorities and market participants • 11 respondents did not express their view. 	
ARGUMENTS ON MAKING THE INFORMATION AVAILABLE TO ALL MARKET PARTICIPANTS	
<p>View of market participants:</p> <ul style="list-style-type: none"> • Energy traders are in favour of increasing transparency and making data for all involved stakeholder available. [DEPA COMMERCIAL S.A. supported by SEFE Marketing & Trading, Hera Trading S.r.l.] • It Improves the efficiency of transport. [MNG Handel & Vertrieb GmbH] <p>Effects on market:</p> <p>Directly impacts the capacity offerings at IPs, in order to assess its effects on the market. [EDISON, Proxigas, EDF]</p> <ul style="list-style-type: none"> • Availability to market participants is key for development of liquid natural gas markets. [IFIEC] • Favours the exchanges on the capacity market. [ENI] • It can help evaluating the impact that this 'margin' has on size of firm bundled capacity and efficiency of the TSO in maximizing the capacity made available e.g. through interruptible products. [Energy Traders Europe, Uniper Global Commodities SE] • Beneficial for understanding volumes offered by an operator and the security of services it provides. [Orlen S.A.] • Optimizes the collaboration between neighbouring TSOs and regulatory authorities with the aim of reducing the risks and grow the opportunity of the use of the capacities. [Hera Trading S.r.l.] • To ensure all interested parties are aware of the possible additional capacity that could be made available in extremis, when the system is under the most stress. [RWE Supply & Trading] • Positive impact both on system resilience, supply security, and efficient commercial operation. [ELPEDISON SA] 	<p>ACER takes note of the contradicting views expressed by TSOs and market participants. While TSOs argue that this information is only relevant to regulatory authorities (and is already available for them) and shippers do not benefit from having this information, the shippers who responded clearly express interest to have more information on the capacity calculation and how it is impacted by considering system integrity.</p> <p>ACER deems that TSOs have a duty to be transparent about the capacity calculation and maximisation, including how system integrity considerations affect the technical capacity, and to inform all interested parties accordingly.</p> <p>ACER takes note that the information should already be available to regulatory authorities (or can be made available upon their request). For instance, Article 78(4) of the recast gas Directive as well as Article 38 of the CAM NC foresee the exchange of information with the regulatory authorities to facilitate implementation monitoring.</p> <p>ACER additionally notes that the current network code already emphasises coordination between neighbouring TSOs to jointly optimise the offer of bundled firm capacity and that there is anecdotal evidence that this coordination is not always as expected. ACER therefore expects sustained coordination and cooperation between TSOs and NRAs.</p> <p>ACER emphasises that the current way in which information is provided and reported needs to be improved. ACER refers to its proposals in the preceding points on making available this information to all stakeholders to improve further market functioning, for instance, by enabling a deeper insight into the availability of firm, conditionally firm and interruptible capacity products.</p>

Respondents' replies	ACER views
ARGUMENTS AGAINST MAKING THIS INFORMATION AVAILAIBLE TO ALL MARKET PARTICIPANTS	
<p>View of TSOs:</p> <ul style="list-style-type: none"> No added value for market participants in getting this information, NRAs already receive (or upon request can receive) all the required data, which means that TSOs' assessments in this regard are already subject to NRA scrutiny. [ENTSOG and TSOs] Disclosure of such data to the whole market as public information could compromise the safe operation of gas networks and security of system. [ENTSOG and TSOs] BBLC does not agree to make this information available for anyone, because <i>"only the available capacity is relevant"</i>. [BBLC] 	<p>As indicated above.</p>
ARGUMENTS AGAINST COMMON REPORTING ON SYSTEM INTEGRITY MARGIN	
<p>ENTSOG, FNB Gas e.V. and TSOs are not in favour of a common reporting of system integrity margin, since the current methodologies and outcomes are (or can be reported on request) to NRAs in most appropriate manner.</p> <ul style="list-style-type: none"> Common reporting template for NRAs is unnecessary and would only lead to more complexity. [ENTSOG and TSOs] In countries without system integrity margin there would be no information to be reported, because of the different approach. [FNB, BDEW] 	<p>Cf. section 3.1.1.</p>
OTHER POINTS OF NOTE	
<p>Regulatory authorities are the parties responsible for the TSOs operating in compliance with the rules. Preferable same rules/solution for all EU TSO's. [Energinet]</p>	<p>ACER acknowledges that system designs vary and therefore different approaches and methodologies for capacity calculation and maximisation exist. It is essential to achieve a greater degree of comparability and harmonisation across the systems, as well as increased transparency among all EU TSOs.</p>

3.1.4 **Q1.4 Which steps in the capacity calculation process would you find essential to facilitate your contribution as a concerned party (e.g., market participant, regulatory authority, TSO)?**

Respondents' replies	ACER views
CONTRIBUTIONS OF MARKET PARTICIPANTS	
<p>Shippers/traders list essential elements to facilitate their contribution to the capacity calculation process:</p> <ul style="list-style-type: none"> • All steps in the diagram (<i>note: the illustration in the policy paper</i>) are crucial for market participants to know when their opportunity to contribute arises. [Edison SPA, Proxigas] • The proposed diagram includes relevant steps to be followed in particular by interconnected TSOs under NRA oversight and offers a solid foundation. [Proxigas, Europex] • More detailed information on the system parameters and scenarios needs to be published (for the network users to be able to comment on them). In particular, the information on the notified/agreed "integrity margin" would be helpful in understanding and evaluating the calculation results. [Energy Traders Europe, Europex] • Market participant could give contributions in: "Collect input data", in the "Consult with network users an expected demand/bookings"; "Consult on calculated technical capacity", in the "Open a public consultation on calculation technical capacity". [Hera Trading S.r.l.] • Involving market stakeholders in discussions on both the underlying data (input) and the final outputs could enhance the process effectiveness. [Europex, Energy Traders Europe, Hera Trading S.r.l.] • The consultation process with network users on expected demand/ bookings [VNG Handel & Vertrieb GmbH, BDEW, Hera Trading S.r.l.] <p>IFIEC points out the steps for gas consumers, where they would like to contribute:</p> <ul style="list-style-type: none"> • Mathematical model (especially the assumptions made and a numerical example calculation) • Used scenarios (including expected future flows) [IFIEC] 	<p>ACER takes note that shippers want to provide input to the capacity calculation process and are asking for a more transparent process that indicates clearly how and when the market will be consulted.</p> <p>ACER emphasises that Article 6 of the CAM NC already relies on shipper inputs about future expected flows. Their inputs and participation are therefore a crucial element in this process.</p> <p>ACER proposes to clarify the duty of TSOs to consult shippers (but also concerned TSOs and NRAs) as part of the capacity calculation (and capacity re-calculation) process and to improve transparency by requiring the process to be published.</p> <p>A transparent process identifies clearly the consultation modalities and actively seeks participation of the parties that must be consulted.</p>
<p>Few shippers/traders indicate that they see no role for them in the capacity calculation process.</p>	<p>ACER reiterates that the current process already foresees the market to be involved in the capacity</p>

Respondents' replies	ACER views
<p>No significant role in the capacity calculation process, other than to accurately reflect our capacity requirements in the relevant TSO capacity booking processes. [RWE Supply & Trading]</p> <p>No need for a joint calculation mechanism, since current system is sufficient. [Uniper Global Commodities SE]</p> <p><i>"We think it is not useful for regulatory flexibility to go into such details of calculation. A useful piece of information would be more detail on Interconnection agreements on specific IPs."</i> [ENGIE SA]</p>	<p>calculation and maximisation process of Article 6 of the CAM NC.</p> <p>ACER emphasises that TSO have a duty to consult shippers, but shippers may choose not to contribute.</p>
TSOS' RESPONSES	
<ul style="list-style-type: none"> • <i>"TSOs are of the opinion that the extent of information exchanged between them in line with Art. 6 CAM NC is sufficient to properly maximise the offer of capacity."</i> [ENTSOG and TSOs] • <i>"The cooperation of TSOs works with the established Article 6 NC CAM."</i> [BDEW] 	<p>As mentioned above, ACER welcomes the cooperation among TSOs. Nevertheless, there is a need to enhance joint coordination and transparency in this area and this shall further be improved.</p>
OTHER COMMENTS	
<p>Information needed for market participants to understand when they have their window to book the capacity should be made available in clear, timely and transparent way. [Proxigas]</p>	<p>ACER points out that the auction calendar published by ENTSOG contains all information on when shippers can book different capacity products.</p>
<p><i>"Expected supply and consumption on base of historical use must be defined for the TSO network or balancing area. Moreover, it is important to include information about decided changes in the future for connection systems and for consumptions/ productions in domestic system. Similarly, expected gas quality constraints. The expected and worst case (probability x%) conditions must be defined. This includes use of storage and consumption."</i> [Energinet]</p>	<p>ACER takes note of this comment and believes it corresponds to the already existing obligation to consider future expected flows in the capacity (re)calculation. ACER emphasises that coordination between neighbouring TSOs and NRAs is vital to jointly maximise access to the system.</p>

3.1.5 Q1.5 Should the (same) information on the capacity calculation process be available to market participants, to concerned TSOs and concerned regulatory authorities?

Respondents' replies		ACER views
<p>SHOULD THE (SAME) INFORMATION ON THE CAPACITY CALCULATION PROCESS BE AVAILABLE TO MARKET PARTICIPANTS, TO CONCERNED TSOs AND CONCERNED REGULATORY AUTHORITIES?</p>		<p>Type of organisation / company</p>
		Total
concerned TSOs; concerned regulatory authorities; market participants	other	4
	shippers/traders and their associations	8
	TSO and their associations	1
	<i>Total</i>	13
concerned regulatory authorities	TSO and their associations	1
	<i>Total</i>	1
market participants	shippers/traders and their associations	2
	<i>Total</i>	2
Grand Total		16
<ul style="list-style-type: none"> • Among the 16 respondents who answered the question, the majority is of the view that information on the capacity calculation process should be available to all stakeholders. • 34 respondents, including ENTSOG, did not express their views. 		
<p>ARGUMENTS FOR MAKING AVAILABLE INFORMATION ON THE CAPACITY CALCULATION PROCESS TO ALL CONCERNED PARTIES</p>		
<p>Stakeholders bring forward a range of arguments why different entities need certain information:</p> <ul style="list-style-type: none"> • Making this information publicly available increases transparency and transparency turned out to be key for development of liquid natural gas markets. [IFIEC] • Encouraging collection of a variety of views (as long as this does not threaten the security of operations of the concerned TSO). [Energy Traders Europe, EDF] • To ensure all interested parties are aware of the capacity calculation process, ability to compare and challenge the respective processes. [RWE Supply & Trading, Edison SPA] • Enhancing and facilitating communication. [Edison SPA, SNAM SPA, Proxigas] • Differentiating or excluding information for some parties would lead to discrimination, which benefits no one, and would also require the TSO to create multiple reports, increasing their workload. [Edison SPA, SNAM SPA, Proxigas] 	<p>ACER finds it reasonable that the process for capacity calculating and maximisation is fully transparent and thus available to all stakeholders. In essence it shows how a TSOs is implementing Article 6 of the CAM NC. Moreover, transparency of this process facilitates TSOs' duty to coordinate with neighbouring TSOs and NRAs and to consult shippers when appropriate.</p>	

Respondents' replies	ACER views
<ul style="list-style-type: none"> Ensuring a uniform understanding of how capacity is calculated as e.g. reported in the Network codes and NRAs resolutions. [Edison SPA, SNAM SPA, Proxigas] All parties involved should have access to the same relevant information, so that maximum transparency should be ensured. [EDF, Hera Trading S.r.l.] 	
ARGUMENTS FOR DIFFERENTIATING THE AVAILABLE INFORMATION ON THE CAPACITY CALCULATION PROCESS BY TYPE OF STAKEHOLDER	
<p>ENTSOG and TSOs argue that information needs to be differentiated by stakeholder:</p> <ul style="list-style-type: none"> Different types of information need to be disclosed to different addressee. This is due to the security of the system's functioning and the complexity of the process which, if misunderstood and not properly executed, can lead to wrong results. [ENTSOG and TSOs] As a default rule, TSOs provide all required information at the request of their NRA –no need to specify what information should be disclosed by TSOs to the NRA. [ENTSOG and TSOs] Adjacent TSOs already have functioning templates for data exchange - No need to further specify the set of data to be exchanged. [ENTSOG and TSOs] <p>ENTSOG finds it difficult to understand where such a request would come from:</p> <ul style="list-style-type: none"> <i>"The market does not seem to be interested in obtaining this information and ENTSOG do not see any added value to the market if this information were to be revealed"</i> [ENTSOG and TSOs, VNG Handel & Vertrieb GmbH, BDEW] <p>Two shippers agree that information needs are different per stakeholder:</p> <ul style="list-style-type: none"> Each stakeholder needs information for different reasons: Regulatory authorities need to know the specifics of the capacity calculation process to ensure its integrity, concerned TSOs should be informed, and market participants need to know the details of the process in order to have a solid understanding of the procedure. [ELPEDISON SA] If there are some information that are considered reserved and that shouldn't be provided to market participants, this 	<p>ACER agrees that different stakeholders may have different information needs. ACER deems this is primarily relevant for (the details of) the calculation steps, e.g. TSO may argue in justified cases that certain inputs must remain confidential and restricted to the concerned TSO and NRA (for instance to preserve security).</p> <p>However, as noted above, the market does indicate an interest in being informed about the capacity calculation and maximisation process.</p>

Respondents' replies	ACER views
information should be limited and shouldn't limit the comprehension of the available capacity by the market participants. [Hera Trading S.r.l.]	

3.1.6 Q1.6 Which information on calculation steps would you find essential to facilitate your understanding of how capacity is maximised (e.g., a mathematical description of each calculation step with a quantitative explanation, or a qualitative explanation that provides a more descriptive understanding, a simplified capacity calculation model)?

Respondents' replies	ACER views
SHIPPERS AND OTHER STAKEHOLDERS' VIEWS ON ESSENTIAL INFORMATION TO UNDERSTAND HOW CAPACITY IS MAXIMISED	
Shippers and other stakeholders expressed their preferred information/elements to understand the calculation steps better: Full description of the process should be made available along with a simplified description and example calculations where appropriate. [Energy Traders Europe, RWE Supply & Trading]	ACER takes note that shippers request a description of the calculation steps, complemented by example calculations that provide more transparency on the capacity calculation and maximisation methodology. ACER proposes not to include this level of detailed transparency requirements inside the CAM NC; yet ACER recommends ENTSOG and TSOs take note of arguments included in this report when implementing the general transparency requirement that ACER proposes to add to Article 6 of the CAM NC (cf. preceding points).
Providing a simplified calculation model <ul style="list-style-type: none"> Supported by VNG Handel & Vertrieb GmbH, RWE Supply & Trading, Energy Traders Europe, EDF, Edison SPA, Eni S.p.A, SEFE Marketing & Trading A simplified model that illustrates the effects of parameter changes would be highly beneficial. [Edison SPA] 	As noted above.
More detailed information on the capacity calculation model/method <ul style="list-style-type: none"> Underlying infrastructure, variables and parameters used in the model (with justification if needed), and the stated objective(s) - particularly if different to capacity maximization. [Energy Traders Europe, Europex] 	As noted above.
More high-level information on the capacity calculation model/method	As noted above.

Respondents' replies	ACER views
<ul style="list-style-type: none"> • Qualitative explanations [VNG Handel & Vertrieb, RWE Supply & Trading, Energy traders Europe, EDF] • Clarifying the scenario (expected flows) underlying the results of the calculations (and their descriptive notes). [Europex, Energy Traders Europe] 	
GENERAL CONDITIONS AND OBJECTIVES OF THE CALCULATION MODEL/CALCULATION PROCESS	
<ul style="list-style-type: none"> • Calculation model must be clear and transparent, whether the methodology is quantitative or qualitative. It is crucial that all necessary information is provided clearly for understanding the capacity calculation. [Edison SPA, SNAM SPA, Proxigas] • Aim should be to give market operators the necessary information to evaluate the capacity calculation process and the effects of modifying the input data. [EDF] • <i>“All the information necessary to understand and follow the calculation process should be deemed needed.”</i> [Energy Traders Europe, Uniper Global Commodities SE] • <i>“All calculation steps with quantitative explanations / calculation examples would facilitate the understanding of end users on how capacity is maximized. The explanations and calculations should be presented at a transparent level where end users can understand the outcomes and deduct the process coming to these outcomes.”</i> [IFIEC] 	As noted above.
VIEWS AGAINST THE NEED FOR A SIMPLIFIED MATHEMATICAL MODEL AND MORE INFORMATION	
<p>SNAM SPA and Proxigas point out the potential of misleading results due to simplified models:</p> <ul style="list-style-type: none"> • <i>“Capacity calculations are based on complex hydraulic simulation models (in particular, for meshed networks) which cannot be easily implemented in simplified models, potentially leading to wrong or misleading results.”</i> [SNAM SPA, Proxigas] <p>TSOs do not consider it useful to provide more information on calculation steps:</p> <ul style="list-style-type: none"> • <i>“As TSOs, we already exchange required data with our neighbouring TSO(s) to maximize the offering of capacity as required</i> 	As noted above.

Respondents' replies	ACER views
<p><i>under Art. 6 CAM NC.</i>" [ENTSOG and TSOs, BDEW]</p> <p>ENGIE SA is unclear if qualitative explanation or simplified calculation is needed:</p> <ul style="list-style-type: none"> • <i>"Either a qualitative explanation or a simplified calculation is enough if anything."</i> [ENGIE SA] 	

3.1.7 **Q1.7 Should the (same) information on the capacity calculation process be available to market participants, to concerned TSOs and concerned regulatory authorities?**

duplication of question 1.5

3.1.8 **Q1.8 Please share your view on the role of the network topology in the capacity calculation (e.g. compressor stations, diameter of pipelines, inlet pressure etc.)?**

Respondents' replies	ACER views
ON THE ROLE OF NETWORK TOPOLOGY IN CAPACITY CALCULATION	
<p>Views on the role of network topology in capacity calculation:</p> <ul style="list-style-type: none"> • This is one of the most essential data that TSOs assess in the process of capacity maximization. General system overviews are published by TSOs (e.g. on the ENTSOG Transparency Platform or GIE/ENTSOG capacity maps). [ENTSOG and TSOs] • Network topology is one of the most (if not the most) crucial aspects of calculating the firm capacity level to be offered [ENTSOG and TSOs] • These parameters are essential and have a big influence on the resulting capacities. [Energinet] • The availability of the assets, redundancy of them and risk of failure are essential for the availability of the capacities. [Energinet] 	<p>ACER acknowledges that general system overviews are already published.</p> <p>ACER considers the network topology as one of the most essential aspects of for the capacity calculation process and the availability of capacity products. Therefore, information on how it impacts the capacity calculation should be available for regulatory authorities in sufficient detail, and as much as possible to other stakeholders as well.</p>
PROVIDING MORE DETAILED INFORMATION ON NETWORK TOPOLOGY	
<p>Some shippers are in favour of TSOs providing more detailed information on network topology. [Edison SPA, DEPA COMMERCIAL S.A., RWE Supply & Trading, Energy Traders Europe]</p> <ul style="list-style-type: none"> • Helps to understand the physical constraints the TSOs are facing in their work. Since these constraints are used to justify limited capacity availability, curtailment of capacity, etc. The 	<p>ACER recognises that detailed information on operational and infrastructure security may be confidential. Nevertheless, market participants need sufficient information that enables them to understand the presence of physical constraints and how these constraints affect the offer of firm, conditionally firm and interruptible capacity products.</p>

Respondents' replies	ACER views
<p>information is essential for understanding the calculation process that follows. [Energy Traders Europe]</p> <ul style="list-style-type: none"> Given the importance of these technical elements in capacity calculation, it's crucial to provide clear and transparent information about them. [Edison SPA] Transparency would be increased if TSOs shared all information on the technical details used for these calculations, especially for those regarding conditional capacity. [DEPA COMMERCIAL S.A.] To the extent the network topology determines the capacity calculation process at each entry/exit point it should be made available by way of system diagrams. [RWE Supply & Trading GmbH] <p>ENTSOG and TSOs, one shipper and Proxigas oppose more details on network topology, especially for security reasons:</p> <ul style="list-style-type: none"> Information on the exact location of compressor stations, pressures or (extreme) conditions for each scenario etc. are of a sensitive nature. Such information is highly relevant for the safety of system operation and infrastructure security. [ENTSOG and TSOs, VNG Handel & Vertrieb GmbH, Proxigas] Information on technical elements is mainly already available in a clear and transparent way on TSOs or other public institution websites. Other more detailed information is not key for capacity calculations. [SNAM SPA supported by Proxigas] 	<p>To ensure transparency of the capacity calculation and maximisation, TSOs should provide all relevant information that helps understanding the calculation methodology without compromising system and supply security (cf. section 3.1.1).</p>
OTHER POINTS OF NOTE	
<p>Effect of differences in gas quality on actual capacities:</p> <ul style="list-style-type: none"> <i>“Also differences in gas quality limits on cross-border points can have significant influence on the operational possibilities and thereby on actual capacities.”</i> [Energinet] 	<p>ACER acknowledges the impact of gas quality on the mass flow rating of a pipeline (in m³/h or kg/h versus kWh/h) but that does not impact the capacity calculation.</p> <p>As far as regulatory and legal barriers exist that hinder the free flow of gas, ACER recalls its recommendation in its Special Congestion Report that neighbouring regulatory authorities coordinate and remove such barriers as much as possible.</p>

3.1.9 Q1.9 Please share your view on the role of the input assumptions (i.e. boundary conditions such as demand and supply scenarios and expected future flows) and the decision variables (the elements under control by the TSO) of the capacity calculation?

Respondents' replies	ACER views
DECISION VARIABLES	
<p>View on decision variables:</p> <ul style="list-style-type: none"> • TSOs decision variables are limited, because TSOs are required to offer the maximum available capacity. [SNAM SPA, Proxigas] • Should be disclosed and consulted on [Energy Traders Europe] 	<p>The choice of decision variables should be consistent with the objective of the network code to maximise access to the system through firm, conditionally firm and interruptible capacity. System integrity, security of supply, economic viability, etc. should be considered as constraints.</p> <p>ACER expects TSOs to report this information under the transparency requirements without prescribing it in excessive detail inside CAM NC; ACER recommends ENTSOG and TSOs take note of this evaluation of responses document when implementing the general transparency requirement that ACER proposes to add to Article 6 of the CAM NC (cf. preceding points).</p>
INPUT ASSUMPTIONS	
<p>TSOs provided their view on input assumptions as crucial elements of the capacity calculation. [ENTSOG and TSOs, FNB Gas e.V., VNG Handel & Vertrieb GmbH, BDEW, Proxigas].</p> <p>Two shippers indicate which input assumptions they believe should be used. [SEFE Marketing & Trading, RWE Supply & Trading]</p> <p>TSO's view on input assumptions:</p> <p>Demand inputs and expected flows, are and should appropriately be take into account by TSOs in the capacity calculation in view of maximizing services offer. [ENTSOG and TSOs, VNG Handel & Vertrieb GmbH, BDEW]</p> <p>Shipper's view on (desired) input assumptions:</p> <ul style="list-style-type: none"> • Should primarily be based on economic supply and demand models. [SEFE Marketing & Trading] • Expecting peak cold weather demand at exit points to be a key input assumption. [RWE Supply & Trading] • Supply assumptions at entry points to be based on the greater of the maximum historic supply, and the technical capacity plus safety margin. [RWE Supply & Trading] 	<p>ACER stresses that the input assumptions should follow the current requirements of Article 6 of the Network Code (expected future flows, demand and supply scenarios, climatic conditions, network configurations etc.).</p> <p>ACER expects TSOs to report this information under the transparency requirements without prescribing it in excessive detail inside CAM NC; ACER recommends ENTSOG and TSOs take note of this evaluation of responses document when implementing the general transparency requirement that ACER proposes to add to Article 6 of the CAM NC (cf. preceding points).</p>

Respondents' replies	ACER views
<ul style="list-style-type: none"> Any new supply will be signalled through the incremental capacity processes which exist at IPs and other entry points. [RWE Supply & Trading] <p><i>“Since these elements are determined by the TSO, it's imperative that the process for assessing and defining them is clear and transparent for market participants.”</i> [Edison SPA]</p> <p><i>“All these information should be shared”</i> [DEPA COMMERCIAL S.A.]</p>	
SUPPLY SCENARIOS, EXPECTED FUTURE FLOW AND EXPECTED BOOKINGS	
<p>Views on supply scenarios and expected future flows:</p> <ul style="list-style-type: none"> <i>“Supply scenarios and expected future flows are market driven and cannot be influenced by TSOs.”</i> [ENTSOG and TSOs, VNG Handel & Vertrieb GmbH, BDEW, Proxigas] <i>“TSOs while conducting their calculations are doing their best to prepare for all possible scenarios.”</i> [ENTSOG and TSOs, BDEW, Proxigas] <i>“Therefore, TSO should be emphasized to consult market participants.”</i> [VNG Handel & Vertrieb GmbH] Market participants can provide valuable comments on information about future scenarios, since they often hold a better picture of the supply and demand trends on the market. [Energy Traders Europe] ENGIE SA states, that expected bookings are not useful and can be misleading. These are commercially sensitive information, and there is no assurance of the quality of the data. [ENGIE SA] 	<p>ACER acknowledges the work conducted by TSOs to prepare for various scenarios. Recognising that market participants have good knowledge about changing market circumstances, ACER expects TSOs to consult them in alignment with the proposal to make clear the TSOs duty to include consultation in the capacity calculation and maximisation process (cf. section 3.1.4)</p> <p>ACER additionally refers to the requirements in Article 55 of the recast Gas Directive on integrated planning and Article 10(4) of the recast Gas Regulation on demand assessments; both processes provide essential input to the capacity calculation and maximisation methodology and involve collecting input from network users.</p>
OTHER POINTS OF NOTE	
<p>Energinet points out that the role of input assumptions and decision variables is essential and refers to its concept of survival time for the system integrity margin in questions 3.1.1. and 3.1.4:</p> <ul style="list-style-type: none"> <i>“Expected supply and consumption on base of historical use must be defined for the TSO network or balancing area. Moreover, it is important to include information about decided changes in the future for connection systems and for consumptions/ productions in domestic system. Similarly, expected gas</i> 	<p>ACER takes note of Energinet's comment that also signals the regional implication of the various assumptions when systems are connected; coordination between TSOs is paramount to optimise the access to the EU gas system.</p> <p>ACER emphasises the requirements referred to in Article 24 of the recast Gas regulation on the coordination obligation for transmissions operators in order <i>‘to ensure the optimal management, coordinated operation and sound technical evolution of the natural gas transmission network’.</i></p>

Respondents' replies	ACER views
<p><i>quality constraints. The expected and worst case (probability x%) conditions must be defined. This includes use of storage and consumption.</i>" [Energinet]</p>	

3.1.10 Q1.10 Please share your view on making available numerical examples of the capacity calculation in a transmission system, e.g. in the form of a simplified capacity calculation model?

Respondents' replies	ACER views
VIEWS ON MAKING AVAILABLE NUMERICAL EXAMPLES OF THE CAPACITY CALCULATION	
<p>Shippers are supporting the idea on providing numerical examples of the capacity calculation. [Energy Traders Europe, Hera Trading S.r.l., RWE Supply & Trading, SEFE Marketing & Trading, Edison SPA, VNG Handel & Vertrieb GmbH, Energinet and Europex]</p> <ul style="list-style-type: none"> • Helpful to understand how market participants could support an efficient capacity offer. [VNG Handel & Vertrieb GmbH] • Helpful to obtain better understanding of the actual capacity calculation. [Energy Traders Europe, Europex] • Numerical examples are useful, but more transparency is required on the rationale used to assess future capacity bookings. [SEFE Marketing & Trading] • Simplified capacity models help understand the effects of parameter adjustments and the co-dependency of capacities at different network points. [Edison SPA, Energinet, Hera Trading S.r.l., SNAM SPA] <p>Raised concerns regarding numerical examples by market participants:</p> <p>It should be considered that significant simplification may not always be beneficial or feasible. [Energy Traders Europe, Europex] Edison SPA, SNAM SPA and Proxigas are pointing out that a common simplified model would not be beneficial:</p> <ul style="list-style-type: none"> • EU TSOs manage very different systems, so a common simplified model would be complex to set out without losing essential system-specific information. [SNAM SPA supported by Proxigas] • Oversimplifying certain system-specific features would pose a slight challenge. [Edison SPA] 	<p>ACER considers numerical examples a good practice for raising transparency of calculation methodologies. Such examples offer a better understanding of the capacity calculation and maximisation, the main logic behind the chosen methodology and the impact of different assumptions.</p> <p>ACER acknowledges that these examples may include a high degree of complexity and that simplified calculation examples might raise wrong conclusions about capacity.</p> <p>ACER expects TSOs to carefully consider the use of numerical examples under the transparency requirements without prescribing them inside CAM NC. ACER agrees with ENTSOG and TSOs that regulatory authorities should have access to comprehensive numerical data and calculation models.</p>

Respondents' replies	ACER views
<p>TSOs and other stakeholders are not in favour on providing numerical examples of the capacity calculation:</p> <ul style="list-style-type: none"> • NRAs receive (or upon request can receive) all required data; • Capacity calculation models are very complex tools; • On both the TSOs' and NRAs' side, there is a limited number of experts who can properly conduct and assess the process; • The models are highly dependent on network configuration and market design. Attempts to simplify this process can be counterproductive and lead to wrong outcomes. [ENTSOG and TSOs, VNG Handel & Vertrieb GmbH, BDEW, Proxigas] 	

3.1.11 Q1.11 Would a common reporting template be useful to increase transparency of the joint capacity calculation and maximisation? Please explain why.

Respondents' replies	ACER views
VIEWS ON A COMMON REPORTING TEMPLATE FOR CAPACITY CALCULATIONS	
<p>Support for a common reporting template by shippers:</p> <ul style="list-style-type: none"> • Streamlining and simplify comprehension of information for market participants. [Europex, Edison SPA, Proxigas, EDF, Hera Trading S.r.l., Edison, Eni] • Facilitate comparison of methodologies and decisions across different TSOs. [IFIEC, Edison SPA, Proxigas, DEPA COMMERCIAL S.A., EDF, RWE Supply & Trading, Hera Trading S.r.l.] • Foster information exchange among EU TSOs. [Edison SPA, EDF] • <i>"A common transparency template has proved to be useful in different applications, hence, its introduction would be supported."</i> [Energy Traders Europe] <p>Concerns about a common reporting template:</p> <ul style="list-style-type: none"> • Neither a template for reporting to NRAs, nor a template for TSO-TSO, nor for publishing data is needed: no added value by introducing new templates. [ENTSOG and TSOs] 	<p>ACER takes note of shippers' support for the use of a common reporting template to raise transparency of the capacity calculation and maximisation methodology and make additional information available. Such a template harmonises how a minimum set of information should be reported facilitating comparability and understandability, including of the justified differences between calculation methodologies. ACER takes note of ENTSOG's, and TSOs' comments and appreciates the constructive proposal by ENTSOG to develop such template on the capacity calculation methodology and capacity maximisation.</p> <p>ACER proposes to task ENTSOG with the development of a common reporting template and recommends that ENTSOG consults stakeholders as well as considers ACER's views and this evaluation of responses document (in particular the elements indicated under section 3.1.12). ENTSOG may update this template on its own initiative or upon request by ACER.</p> <p>ACER notes that the full methodologies and the completed templates should also be accessible via an EU-wide and easily accessible platform such as the ENTSOG transparency platform.</p>

Respondents' replies	ACER views
<ul style="list-style-type: none"> • Risk of too few details and then wrong conclusions or too many details to give useful transparency. [Energinet] • Not strictly necessary because the existing information exchanges between TSOs guarantee a good degree of coordination, whose outcomes are ultimately available to users in terms of maximised capacity. (However, we stay open to explore how to possibly build a common reporting template.) [SNAM SPA] <p>Harmonization to a minimum standard is neither desired nor advantageous overall: <i>“There are many differing national laws and systems in this regard. Balancing systems vary significantly. A word-for-word alignment to the lowest common denominator agreed upon can also lead to national deteriorations. For example, termination rights in Germany are well regulated.”</i> [BDEW, VNG Handel & Vertrieb GmbH]</p> <p>ENTSOG proposal to draft a template and publish methodologies on the ENTSOG web page:</p> <p><i>“Given the complexity of the issue, CAM amendment could task ENTSOG with preparing a template that takes into consideration the differences between networks and can be used by TSOs. [...] Moreover, TSO capacity calculation methodologies could also be published on the ENTSOG website.”</i> [ENTSOG and TSOs]</p>	<p>ACER notes that the template may need to accommodate very different methodologies; the template may rather be a complement to the comprehensive methodologies than a full substitute.</p>

3.1.12 Q1.12 What are the essential elements (e.g. calculation values, methodology) to be included in such a template?

Respondents' replies	ACER views
DESIRED ELEMENTS OF TEMPLATE	
<p>Desired elements of template: Description of</p> <ul style="list-style-type: none"> - System parameters - Scenarios - Associated variables - Applied integrity margin - Link to the simplified capacity calculation model (where available) should be provided along with up-to-date information necessary to use it (such as assumed booking and flow levels) [Energy Traders Europe] <p>Description of the methodology including quantitative and qualitative explanations [IFIEC, Edison SPA, Proxigas, EDF, RWE Supply & Trading, IFIEC]</p> <p>Calculation values [IFIEC]: <i>"The explanations and calculations should be presented at a transparent level where end users can understand the outcomes and deduct the process coming to these outcomes."</i> [IFIEC]</p> <p>Description of</p> <ul style="list-style-type: none"> - the capacity calculation process - the calculation steps - the network topology [ENTSOG and TSOs] <p>Basic parameters for system integrity, historical survival time, unplanned capacity reductions (up time). [Energinet]</p> <p>Demand/supply inputs. [RWE Supply & Trading]</p>	<p>ACER takes note of the requested elements of the template and recommends ENTSOG to consider them when developing a common template.</p>

3.1.13 Q1.13 Please share your views on the benefits and drawbacks of a 'time-dependent re-calculation' schedule, and which option—annual re-calculation or seasonal adjustments (or even more granular)—do you find more beneficial. Please explain why.

Respondents' replies	ACER views
SUPPORTING ARGUMENTS FOR A 'TIME-DEPENDENT RE-CALCULATION' SCHEDULE	
<p>It is already common practice among TSOs to conduct 'time-dependent re-calculation' as part</p>	<p>ACER takes note of the current practices with respect to time-dependent re-calculation and emphasises that a regularly scheduled re-</p>

Respondents' replies	ACER views
<p>of regular and 'longer term' calculations. TSOs perform this at different frequencies depending on:</p> <ul style="list-style-type: none"> • the specifics of their system • and national regulations. <p>Some do so every two years (e.g. national regulatory requirement resulting from the national network development plan), others on an annual basis (e.g. in connection with procedures related to Art. 6 CAM NC) or even more frequently (e.g. TSOs offering seasonal capacity). The frequency of the re-calculation process is independent of the increase in available seasonal capacity. [ENTSOG and TSOs, FNB Gas e.V., VNG Handel & Vertrieb GmbH]</p> <ul style="list-style-type: none"> • As a merchant interconnector, BBLC already dynamically assesses the capacity to be made available in response to market forces and customer demand. [BBLC] • It provides market participants with greater certainty that capacity will be regularly reviewed in light of changing demand, supply and system dynamics. [RWE Supply & Trading] • Very relevant for systems with sold-out capacity. [Energinet] • It would favour the activities (internal organization, planning and bidding) for market participants. [Eni S.p.A.] 	<p>calculation facilitates coordination between TSOs and consultation of stakeholders who will know when the process will take place.</p> <p>It provides predictability to the market participants in terms of how much capacity will be available for the next years considering that at least the upcoming five gas-years must be offered in the yearly-capacity auction.</p>
<p>ARGUMENTS AGAINST A 'TIME-DEPENDENT RE-CALCULATION' SCHEDULE</p>	
<ul style="list-style-type: none"> • Burdensome and does not offer clear advantages, particularly in the absence of significant technical grid changes like capacity expansion. [Edison SPA, Proxigas, EDF, Energy Traders Europe] • Burdensome for TSOs and market participants to engage in the consultation processes, if there would be no outright need to re-calculate the capacities (this would be particularly the case for re-calculations with granularity greater than annual). [Energy Traders Europe] • Difficult to establish why cyclical re-calculations would be advisable, without detailed information available on the calculation methodologies. [Energy Traders Europe] 	<p>ACER notes that TSOs already apply a 'time-dependent re-calculation' approach as part of the obligations in Article 6 of the CAM NC. Therefore, ACER does not share the view of shippers that 'time-based re-calculation' is burdensome <i>a priori</i>. On the contrary, ACER considers that through participating more in these processes, stakeholders will acquire specific skills and experience over time, which will make the overall process more robust. ACER does acknowledge that a too frequent time-dependent re-calculation (see also the next point) reduces predictability of the technical capacity (under calm market circumstances) and may be counterproductive in making capacity calculation and maximisation a more transparent and consultative process.</p>
<p>FREQUENCY OF 'TIME-DEPENDENT RE-CALCULATION'</p>	

Respondents' replies	ACER views
<p>Annual joint review of the amount of technical capacity. [RWE Supply & Trading] The appropriate frequency may be different for different points in the system (e.g. more frequent where it is possible to offer seasonal capacity). [ENTSOG and TSOs, VNG Handel & Vertrieb GmbH] If a system has a seasonal volatile consumption, production or transit it would be meaningful to have re-calculations accordingly. [Energinet] No necessity for annual or more frequent re-calculation, when technical capacity is transparently and accurately calculated. [Edison SPA, Proxigas] Higher frequency than once a year seems to be impractical due to complexity of process with a lot of different input factors which have to be taken into consideration. Furthermore, it takes several months to arrive at reliable results. The two-year German national development plan process is sufficient, and the supply is also reviewed before the annual auctions (relocation). [VNG Handel & Vertrieb GmbH, BDEW]</p>	<p>Considering the current practices for time-dependent re-calculation, the biennial frequencies of the related TYNDP and demand assessment processes, and shippers' comments, ACER proposes to have a re-calculation frequency of at least once every two years. This frequency is in line with the integrated network planning process (cf. Article 55 of the recast gas directive) and the demand assessment (cf. incremental process in CAM NC). With this alignment the consultative processes can be optimised. Additionally, 'occasional re-calculation' should be conducted, and capacity levels updated in case of triggering' events (see section 3.1.14) that affect the assumptions on which the capacity calculation was based (e.g., the inclusion of new infrastructure assets, changes in demand and supply that are outside of the usual range of variability). ACER points out that the re-calculation frequency is independent of the temporal granularity of technical capacity, and the offer of firm, conditionally firm and interruptible capacity, which may reflect seasonal patterns (e.g. when related to storage injections and withdrawals). ACER emphasises that the re-calculation process starts with a review of the main assumptions underpinning the calculation and maximisation methodology and when the assumptions are confirmed as still valid, TSOs may conclude the process and confirm the capacity levels that were in place in a transparent way.</p>
<p>REVISION OF THE TECHNICAL CAPACITY IN RELATION TO BOOKING STRATEGIES</p>	
<p>It is important to find a balance between keeping technical capacity up to date and minimising disruption to existing contracts and market stability. Fluctuations in technical capacity can have a significant impact on booking strategies and offered capacity due to set-aside rules. While upward revisions do not pose major problems, downward revisions can disrupt market dynamics. Without transparency in the calculation methodologies, it becomes difficult to justify re-calculations, especially those more detailed than annual calculations. [Energy Traders Europe, Europex, Edison SPA, Proxigas, EDF] <i>"Revisions of technical capacity affect booking strategies and the amount of capacity on offer"</i></p>	<p>ACER takes note of shippers' considerations on how the revision of technical capacity, both downward and upward, interacts with their booking strategies. ACER considers important predictability of the capacity levels by shippers as well as adaptability of capacity levels to changing market circumstances. In that context, ACER emphasises that coordination, consultation and transparency of the capacity calculation and maximisation methodology are all vital and therefore central in ACER's proposals for amending Article 6 of the CAM NC: TSOs must make available information on how system integrity is considered when (jointly) maximising the commercial</p>

Respondents' replies	ACER views
<p><i>according to the set-aside rules. While no major issue is created whenever the technical capacity is revised upwards, downward updates can cause distortions.</i>" [Energy Traders Europe]</p> <p>TSOs should jointly review the amount of technical capacity they will each make available at IPs annually, prior to the CAM NC auctions, with any increases or decreases being announced in advance and explained. [RWE Supply & Trading]</p> <p>In the case that consistently firm capacity exceeds technical capacity, TSOs should be required to explain why and notify market participants whether technical capacity will be increased for the remainder of the gas year and for future gas years. [RWE Supply & Trading]</p> <p>Once the annual auction has taken place for the upcoming gas year then available capacity should be fixed to avoid market distortion ("e.g. situation at VIP THE/ZTP OGE Entry in gas year 22 - interruptible capacity was marketed and sold at a premium for the gas year but firm capacity was then released intra-year which significantly devalued the original interruptible bookings"). [SEFE Marketing & Trading]</p>	<p>technical capacity (starting from the physical flow capability), and explain how the firm, conditionally firm and interruptible capacity levels are determined.</p> <p>ACER proposes to foresee time-dependent re-calculation of (technical) capacity every two years, complemented by occasional re-calculation when the fundamental assumptions underlying the capacity calculation significantly change, providing predictability as well as adaptability to changing market circumstances.</p> <p>ACER finds it reasonable to carry out the time-dependent re-calculation ahead of the yearly-capacity auction. Occasional re-calculation, however, should take place whenever market needs demand for it, the gas market crisis of 2022 being an example of the value added by adapting the capacity offer to new market circumstances, including evolutions in the light of decarbonisation of the EU's multi-vector energy system that integrates electricity, decarbonised gas and hydrogen in a cost-effective manner.</p>

3.1.14 **Q1.14 Please share your views on the benefits and drawbacks of 'occasional re-calculation' triggered by specific events, and on which events would require a re-calculation. Please explain why.**

Respondents' replies	ACER views
ARGUMENTS FOR AND AGAINST 'OCCASIONAL RE-CALCULATION'	
<p>Occasional re-calculation is already being done by TSOs. It allows TSOs to react at short (but sometimes longer-term) notice to events that may affect the amount of capacity offered. [ENTSOG and TSOs]</p> <p>Supporting arguments:</p> <ul style="list-style-type: none"> Reasonable approach to the process, noting that: <i>"revisions should be made in the spirit of maximising the technical capacity available to the market in view of changing technical/market conditions."</i> [Energy Traders Europe, Europex] TSOs argue that occasional re-calculation allows TSOs to respond flexibly to changes in the market. [ENTSOG and TSOs, FNB Gas e.V.] 	<p>ACER takes note of the current practices with respect to occasional re-calculation and emphasises that such re-calculation ensures adaptability of capacity to evolving market circumstances as well as when other assumptions underlying the capacity calculation change significantly.</p> <p>ACER does not propose to define within Article 6 of the CAM NC, the 'trigger' events that require occasional re-calculation.</p> <p>ACER finds the re-calculation process is an essential element of the overarching capacity calculation and maximisation methodology and process and therefore all transparency requirements should also apply to it: TSOs must be transparent about when and why they conduct re-calculation and publish this information accordingly.</p>

Respondents' replies	ACER views
<ul style="list-style-type: none"> If the technical aspects of the grid evolve due to modifications in the network structure, re-calculating capacity at IPs becomes necessary, as these alterations could impact their maximum capacity. [Edison SPA, EDF] The occasional approach is more pragmatic: It encourages optimal network use without a potentially distortive effect that frequent capacity revisions might have on the market. Frequent revisions of this value may be difficult to manage and have a discouraging effect on bookings in the medium- and long-term horizon. [Energy Traders Europe, Europex] Modifications of technical aspects in the network structure, require capacity re-calculation at interconnection points (IPs). [Edison SPA, Proxigas] Allows adjustments to current temporary conditions. [DEPA COMMERCIAL S.A.] ENGIE SA considers occasional re-calculation might be advantageous for the market. [ENGIE SA] It will apply only on the ground of necessity, avoiding not useful re-calculation. [Hera Trading S.r.l.] <p>Arguments against:</p> <ul style="list-style-type: none"> The definition of "specific events" is not objectively described/ it is difficult to specify "specific events" requiring a re-calculation. [Interconnector Ltd, BBLC] It is important that the market can function effectively by having for a degree of stability of what capacity is available so that market players can understand availability and plan their requirements accordingly. [Interconnector Ltd, BBLC] 	
TRIGGERING EVENTS INITIATING AN OCCASIONAL RE-CALCULATION	
<p>Events that could lead to an adjustment of the technical capacity:</p> <ul style="list-style-type: none"> Major changes in the gas transmission network (e.g., new infrastructure, incremental capacity, decommissioning, reuse of elements). [Energy Traders Europe, Europex, Energinet, Edison SPA, Proxigas, EDF] Significant, anticipated shifts in expected gas throughput, supply and/or consumption). [Energy Traders Europe, Europex, Energinet] 	<p>ACER takes note of these suggestions and recommends ENTSOG and TSOs consider them as part of their re-calculation processes.</p>

Respondents' replies	ACER views
<ul style="list-style-type: none"> A crisis or a major shift in expectations leads to adjustments in the technically available capacities. [VNG Handel & Vertrieb GmbH, BDEW] Specific events should be relevant and not too broad. [SEFE Marketing & Trading] <p>Events that should not lead to an adjustment of the technical capacity:</p> <ul style="list-style-type: none"> Short-term events (changes of weather-conditions, etc.) are already considered in the different product-types. [VNG Handel & Vertrieb GmbH, BDEW] <p>Further considerations on triggering events:</p> <p><i>"With regard to the 'specific events' we can state that one cannot be prepared for every event that possibly might occur. Examples: the consequences of Covid, the geopolitical events in Ukraine and the sabotage of Nordstream. There has to be a trade-off between the events we can take into account because of their possible opportunity (occurrence) and effect."</i> [IFIEC]</p> <p>Triggering events should be technical rather than market-related: <i>"Market conditions can fluctuate rapidly, rendering it impractical to re-run the calculation process for every market fluctuation. Moreover, determining what qualifies as a relevant market change warranting re-calculation would pose significant challenges."</i> [Edison SPA, Proxigas, EDF]</p> <p>The triggers that bring a new re-calculation should be clear and public. [Hera Trading S.r.l.]</p>	
OTHER POINTS OF NOTE	
<ul style="list-style-type: none"> Impact of adjustments on existing contractual arrangements: <i>"Importantly, any adjustments should be made well in advance of capacity auctions and consider the impact on existing contracts to minimise disruption."</i> [Energy Traders Europe, Europex] Timing of adjustments introduction: <i>"Also in these cases, the adjustments need to be introduced in advance of the capacity auctions, to allow market participants adjust their booking strategies."</i> [Energy Traders Europe] Rather than pre-define specific events which would require a re-calculation, TSOs should be required to explain instances of where 	<p>ACER takes note of shippers' considerations on how the revision of technical capacity, both downward and upward, interacts with their booking strategies and refers to its proposals in the above points and in section 3.1.13.</p> <p>ACER refers to its proposals for a transparent capacity calculation and maximisation methodology and process, including TSOs should explain how their commercial offer levels of firm, conditionally firm and interruptible capacity have been determined and how system integrity has been considered. ACER notes that this includes explaining why flow can be above technical capacity for long periods, but more firm capacity cannot be offered.</p>

Respondents' replies	ACER views
<p>they have consistently made firm capacity available in excess of technical capacity and state whether this will continue. [RWE Supply & Trading]</p> <ul style="list-style-type: none"> The CAM rules are already clear on requiring dynamic calculation and for TSOs to offer the maximum technical capacity. Further rules are not required. [Interconnector Ltd, BBLC] 	

3.1.15 Q1.15 Which approach for re-calculation do you prefer?

Respondents' replies	ACER views																													
<table border="1"> <thead> <tr> <th style="background-color: #00a0c0; color: white;">Which approach for re-calculation do you prefer?</th> <th style="background-color: #00a0c0; color: white;">Type of organisation / company</th> <th style="background-color: #00a0c0; color: white;">Total</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Occasional re-calculation</td> <td>other</td> <td>1</td> </tr> <tr> <td>shippers/traders and their associations</td> <td>4</td> </tr> <tr> <td><i>Total</i></td> <td>5</td> </tr> <tr> <td rowspan="3">Time-dependent re-calculation</td> <td>shippers/traders and their associations</td> <td>3</td> </tr> <tr> <td>TSO and their associations</td> <td>1</td> </tr> <tr> <td><i>Total</i></td> <td>4</td> </tr> <tr> <td rowspan="4">No preference</td> <td>other</td> <td>2</td> </tr> <tr> <td>shippers/traders and their associations</td> <td>3</td> </tr> <tr> <td>TSO and their associations</td> <td>3</td> </tr> <tr> <td><i>Total</i></td> <td>8</td> </tr> <tr> <td>Grand Total</td> <td></td> <td>17</td> </tr> </tbody> </table>	Which approach for re-calculation do you prefer?	Type of organisation / company	Total	Occasional re-calculation	other	1	shippers/traders and their associations	4	<i>Total</i>	5	Time-dependent re-calculation	shippers/traders and their associations	3	TSO and their associations	1	<i>Total</i>	4	No preference	other	2	shippers/traders and their associations	3	TSO and their associations	3	<i>Total</i>	8	Grand Total		17	
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<ul style="list-style-type: none"> While Energy Traders Europe expressed a preference for occasional re-calculation, there is no clear preference expressed for either occasional re-calculation (5) or time-dependent re-calculation (4). 32 respondents did not vote, and 8 more explicitly expressed to have no preference. Please find the arguments for the preferred approach under 1.13 and 1.14 																														
ARGUMENTS FOR NO CLEAR PREFERENCE (NOT RAISED UNDER 1.13 AND 1.14)																														
<ul style="list-style-type: none"> Energinet is fine with both, but if one choice has to be made, then we opt for time-dependent re-calculation [Energinet] No preference since each approach has a different purpose: While 'time-dependent re-calculation' is used as part of regular and 'longer term' calculations, 'occasional re-calculation' allows TSOs to react at short (but sometimes longer-term) notice to events that may affect the amount of capacity offered. 	<p>ACER deems that dynamic re-calculation requires both time-dependent re-calculation and occasional re-calculation as these approaches are complementary and offer a balance between predictability and adaptability.</p>																													

Respondents' replies	ACER views
[ENTSOG and TSOs, VNG Handel & Vertrieb GmbH, BDEW]	
OTHER POINTS OF NOTE	
<p>Use of interruptible products to ensure necessary level of flexibility: <i>"In any case, we believe that extensive use of interruptible products can help ensuring the necessary level of flexibility around the stated technical capacity, that both the TSOs and the market participants need."</i> [Energy Traders Europe]</p>	<p>ACER agrees that interruptible capacity plays an important role in maximising access to the system (see ACER's proposals in Section 3.2).</p>

3.1.16 Q1.16 Considering the improvement options discussed in this chapter, do you have concrete proposals to amend the CAM NC? Please specify your proposed revisions to the legal text.

Respondents' replies	ACER views
PROPOSAL BY GAZ-SYSTEM FOR AMENDMENT OF ARTICLE 6: 'CONDITIONAL CAPACITY' DEFINITION (INSERT NEW POINT 1B)	
<p>Article 6 Capacity calculation and maximisation</p> <p>1. The maximum technical capacity shall be made available to network users, taking into account system integrity, safety and efficient network operation. (...)</p> <p><i>>1b. In the detailed analysis aimed at maximisation of the offer of technical capacity, the possibility of increasing the amount of technical capacity offered at a given interconnection point by offering conditional capacity should also be taken into account. For this purpose, the relevant transmission system operator analyses the history of flows in the network and the existing technical and operational constraints of the network, in order to determine the possibility of defining conditions for a given conditional capacity at a given interconnection point. This could be performed by i. e. limiting the capacities allocability by specifying other points of the network, in which gas fuel flow should be maintained at an appropriate level or by defining other conditions, under the fulfilment of which, a capacity could be used as firm.<</i></p>	<p>ACER takes note of this proposal and evaluates it in its reasoned proposal for amendments.</p>

Respondents' replies	ACER views
2. Where the optimisation of technical capacity causes costs to the transmission (..)	
COMMENT BY ENERGINET: MAKING OBLIGATIONS OF TSOS AND THEIR NEIGHBOURS CLEARER	
<p>It is not clear when the TSO(s) need to take something into their analysis and when they need to do something (e.g., make a market hearing) and actually reflect it in their decisions.</p> <p>In some cases, it is easy to see that some are not complying with the intentions in Art. 6 but fairly difficult to point at a specific violation that is precise enough to take through the regulatory or legal system.</p> <p>Proposal:</p> <p><i>"If TSOs or NRAs wish to decrease the technical or commercial firm capacity on their side of the boarder, they will inform and discuss with the adjacent TSOs/NRAs with sufficient notice, at least one year."</i></p>	<p>ACER takes note of this proposal and evaluates it in its reasoned proposal for amendments.</p>
OTHER POINTS OF NOTE	
<p>Capacity swaps among IPs with hydraulic correlation should be available: <i>"For instance, once a User has booked capacity in two IPs with such correlation, he should be able to declare to the TSO the transfer of his booked capacity from one IP to the other. In such a case, the infrastructure use is optimised, and the user avoids extra costs."</i> [DEPA COMMERCIAL S.A]</p>	<p>ACER evaluated this proposal as part of the scoping activities and considers it out of scope for amendment as instruments exist to address the raised issue (e.g. surrender of capacity, offering capacity on the secondary market).</p>
PROPOSAL SUBMITTED BY ENTSOG	
Concrete proposals in annex covering Article 6.1a.	ACER takes note of this proposal and evaluates it in its reasoned proposal for amendments.

3.2 Feedback on Chapter 2: Maximising the offer of interruptible capacity

3.2.1 Q2.1 Which information would you find essential to understand how the interruptible capacity is determined and maximised, how the system can manage those volumes and what is the probability of interruption?

Respondents' replies	ACER views
ON THE NEED FOR MORE TRANSPARENCY ON HOW INTERRUPTIBLE CAPACITY IS DETERMINED AND MAXIMISED	
<p>TSOs, regulatory authorities and the market require essential information on access to the gas system, including interruptible access. Some stakeholders challenge that any additional information is required.</p> <p><u>View in support of greater transparency:</u></p> <ul style="list-style-type: none"> • We support greater transparency around the process of offering interruptible products and we believe due justification should be given by the TSOs whenever the availability of these products is restricted. [Energy Traders Europe] • To increase market confidence in interruptible products, we call for greater transparency from TSOs on their offering process. This information empowers shippers to make informed decisions by providing a clearer picture of the risks involved and the actual network capacity available. [Europex] • Information on not nominated firm capacity as well as an historical statistical overview on interruptions is key. Insights are necessary to be able to make the best educated guess. [IFIEC] • Transparency is required on what interruptible capacity is available. [SEFE Marketing & Trading] <p><u>Disagreement with a need for greater transparency:</u></p> <ul style="list-style-type: none"> • As for the information to be made public: here the same principles should be applied as for firm capacity. Specifically, regarding the probability of interruption, TSOs, as prudent operators, can only base their assumptions (to be shared with the market) on data such as past events and historical data. Since this information is already known to market participants and published on the Transparency Platform and there are specific REMIT requirements that require market participants to disclose certain information, ENTSOG does not see how the scope of 	<p>ACER emphasises that Article 10(1) of the recast gas Regulation requires the maximum capacity to be made available. Firm, conditionally firm and interruptible capacity all contribute to maximising access to the system.</p> <p>ACER proposes to apply to interruptible capacity the proposed transparency requirements of Article 6, meaning that TSOs should explain in their capacity calculation and maximisation methodologies how capacity is maximised and how the firm, conditionally firm and interruptible capacity levels are determined (see the proposals under Section 3.1).</p> <p>ACER proposes to amend Article 32 of the CAM NC and clarify that the obligation to maximise access to the system encompasses interruptible capacity (while TSOs shall explain how the interruptible capacity level is set in accordance with Article 6 of the CAM NC).</p>

Respondents' replies	ACER views
<p>information to be disclosed could be extended. We also refer to the answers to the questions in Chapter 1. [ENTSOG and TSOs]</p> <ul style="list-style-type: none"> • For BBLC this works okay, no additional information is required. [BBLC] • The information currently public is sufficient to understand how the interruptible capacity is determined and maximised. [SNAM SPA] • Asking for indicators makes no sense, because the probability of interruption in a moving number and depending on several circumstances which can change hour by hour. [Uniper Global Commodities SE] 	
<p>ON ESSENTIAL INFORMATION TO UNDERSTAND HOW INTERRUPTIBLE CAPACITY IS DETERMINED AND MAXIMISED</p>	
<p>Stakeholders' thoughts on essential information with respect to interruptible capacity products. The grouping below is ACER's.</p> <p>Type of information:</p> <ul style="list-style-type: none"> • It will probably be different from point to point what information would be essential. The TSO's should describe the way the interruptible capacity is determined and maximised in a public paper. This could besides historical data also include forward looking assumptions, e.g. new and repurposed pipelines and new or decommissioned production facilities. [Energinet] • In this spirit we would like to receive reassurance that the interruptible products on offer properly reflect, as appropriate, the level of capacity that may not be used by primary holders at a given point in time or the level of forecasted flows in terms of virtual reverse flow. [Energy Traders Europe] • Probability of interruption associated with these products and how it is established should also be indicated so that shippers have a good understanding of the risk of not being able to nominate gas flows when needed. [Energy Traders Europe, BDEW, VNG Handel & Vertrieb GmbH, Europex] • Agreed capacity in the Interconnection agreement would be useful. [Engie] 	<p>ACER considers the determination of interruptible capacity part of the capacity calculation and maximisation methodology.</p> <p>ACER suggests including the reporting on the calculation of interruptible capacity in the template to be developed by ENTSOG (cf. section 3.1.11), or a similar template.</p> <p>ACER notes that TSOs shall make available information on interruptions to the extent this information is available to them in accordance with Point 2.1.5 of Annex I of the recast gas Regulation. That information should also be considered in the capacity calculation and maximisation methodology.</p> <p>ACER acknowledges historic information on interruptions is published on the ENTSOG Transparency Platform and notes in that regard that due to the operational practice of 'matching operator'¹³ interruptions are reported only on one side of a border. While ACER finds the matching operator efficient for the process of nominating use of capacity, it might lead to an underestimation of the probability of interruption. In this light, ACER deems that the information on interruptions may benefit from a review and possibly adjustments to how information on interruptions is published on the platform.</p>

¹³ A 'matching operator' confirms the nominations that were successful at the other side of the interconnection point, meaning that interruptible capacity would not be interrupted as it would be deemed never to have been nominate.

Respondents' replies	ACER views
<ul style="list-style-type: none"> • Clear explanations of when the availability of these [interruptible] products is limited. [Europex] <p><u>Indicators and details of information:</u></p> <ul style="list-style-type: none"> • The technical capacity and the “integrity margin”. [Energy Traders Europe, Hera Trading S.r.l., RWE Supply & Trading] • How much firm and interruptible capacity has been sold at each entry point. [Energy Traders Europe, RWE Supply & Trading] • Expected demand at seasonal normal temperature. [Energy Traders Europe] • Historical flow information (on supply by entry point and on demand), including information on historical interruption. [Energy Traders Europe, RWE Supply & Trading, BDEW, VNG Handel & Vertrieb GmbH, IFIEC] • Information on grid constraints in-country that would limit the extent to which capacity at one entry point can be substituted by another. [Energy Traders Europe] • Information on how curtailment is to be managed (e.g. pro-rata, last-in-first-out, other). [Energy Traders Europe] • Information on not nominated firm capacity. [IFIEC] • In the case of virtual reverse flows, a useful information would be to know the level of physical forward flow to operate the reverse flow. [Engie] 	
<p>ON MAXIMISING THE OFFER OF INTERRUPTIBLE CAPACITY (AND OFFERING UNLIMITED INTERRUPTIBLE CAPACITY)</p>	
<p><u>Support:</u></p> <ul style="list-style-type: none"> • Interruptible capacity should always be offered unlimited, it is up to the respective shipper to judge how high the probability of interruption is. In Germany, the unlimited supply of interruptible capacity can be rated as good, as it is offered unbundled. [BDEW, VNG Handel & Vertrieb GmbH, Uniper Global Commodities SE] • ENTSOE would like to elaborate on the specific case where unlimited interruptible capacity is offered. First, this is the case in only a few systems, with the following reasoning: the physical flow is the net flow of booking and nomination in both directions. So, if someone nominates a large quantity in one direction and another shipper nominates in the other, the remaining net flow may be 	<p>ACER underlines that TSOs have a duty to jointly maximise the offer of firm capacity, including conditional capacity. ACER underlines additionally that interruptible capacity plays an important complementary role to maximise access to the gas transmission system and to use it efficiently.</p> <p>ACER proposes to amend Article 32 of the CAM NC and clarify that the obligation to maximise access to the system encompasses interruptible capacity.</p> <p>ACER also proposes that TSOs must explain how the interruptible capacity level is set in accordance with Article 6 of the CAM NC.</p> <p>ACER recalls its observation in the Special Congestion Report that unlimited interruptible capacity was allocated and then massively interrupted because it did not reflect the physical</p>

Respondents' replies	ACER views
<p>small. Furthermore, limitations were put in place during the gas crisis, showing that these systems can adapt to odd market situations. [ENTSOG]</p> <ul style="list-style-type: none"> A majority of German TSOs offers an unlimited level of interruptible capacity to offer the market the highest possible flexibility and maximum (virtual) reverse flow capacities. Any limitation in offering interruptible capacity will put shippers in a worse situation. We also want to add that the offer of unlimited interruptible capacity comes along with a wide range of different firm capacity products to serve our customers the optimal solution for their specific demand. [FNB Gas e.V. and German TSOs] Interruptible capacity should be unlimited as shippers take on the risk associated with booking interruptible capacity. Provided the transparency is clear and the technical capacity available is published to the market and the interruptible capacity should be timestamped in the event of interruption (as opposed to pro-rated). [SEFE Marketing & Trading] The highest possible flexibility and maximum reverse flow should apply. A limit only makes sense in exceptional situations (crisis) in order to be able to reflect the willingness to pay in terms of price. [BDEW, VNG Handel & Vertrieb GmbH] <p>Disagreement:</p> <ul style="list-style-type: none"> It is not clear why 'maximisation' of interruptible capacity would be a desirable policy objective. Firm capacity products should not be undermined through the increase of interruptible capacity availability. [National Gas Transmission (UK)] Fluxys Belgium would also like to insist on limiting the possibility to offer unlimited interruptible capacities. [Fluxys Belgium] 	<p>reality. ACER points out that it is crucial to enable price to play its role in the allocation of capacity, especially under tight conditions. Therefore, the offer of unlimited interruptible capacity needs to be critically assessed to ensure that it accurately reflects the physical realities of the system.</p> <p>Whenever TSOs offer unlimited interruptible capacity, they must explain how they have determined this offer level and what are the underlying conditions/assumptions. When those conditions are no longer met, for instance, under tight market conditions, TSO should consider limiting the offer of interruptible capacity to ensure price-based allocation of capacity can take place.</p> <p>ACER reminds that the duty of TSOs to coordinate with neighbouring TSOs (and NRAs) also applies to the case of determining interruptible capacity (even if this concerns unbundled capacity).</p>
OTHER POINTS OF NOTE	
<p>The majority of essential data is already available on the ENTSOG Transparency Platform. [RWE Supply & Trading]</p>	<p>As noted above</p>
<ul style="list-style-type: none"> Keep and/or to implement the principle to offer unbundled interruptible capacities at IPs/VIPs, even if firm capacity is not sold out. 	<p>ACER notes that interruptible capacity is not bundled and can only be sold under specific</p>

Respondents' replies	ACER views
<p>[BDEW, VNG Handel & Vertrieb GmbH, Uniper Global Commodities SE]</p> <ul style="list-style-type: none"> With unbundled interruptible capacity shippers with heritage contracts at the flange have the possibility to fulfil their contractual obligations and serve Security of Supply as these contracts are bringing large volumes into the market. Without any improvement mandatory bundling of interruptible capacities would hamper a well-working system optimising capacities at borders for shippers and TSOs. As a shipper, we strongly vote to keep the current rules of NC CAM unchanged. [Uniper Global Commodities SE] 	<p>conditions (respecting the hierarchy of capacity products).</p> <p>ACER refers to chapter 3, question 3.21 for its view on relaxing the conditions under which interruptible capacity may be offered.</p> <p>ACER refers to question 2.5 on the bundling interruptible capacities.</p>

3.2.2 **Q2.2 Building on your response to the above question, would there be any specificities to determining and maximising interruptible capacity in the case of virtual reverse flow??**

Respondents' replies	ACER views
MAKING AVAILABLE VIRTUAL REVERSE FLOW UP TO THE FORWARD PHYSICAL FLOW	
<p>Stakeholders presented views on making available virtual reverse flow up to the forward physical flow.</p> <p>Arguments in support: [Energy Traders Europe, Europex, National Gas Transmission (UK), Engie, Hera Trading S.r.l., SEFE Marketing & Trading, RWE Supply & Trading]</p> <ul style="list-style-type: none"> We believe that virtual reverse flow should ensure that the nominations in the direction opposite to the physical flows should be possible up to the level of these flows and we see no reason why availability of interruptible products in this respect should be restricted. If such reasons exist, they should be disclosed and duly justified as per our answer to question 2.1. [Energy Traders Europe] We advocate for maximising virtual reverse flow capacity. Nominations flowing in the opposite direction of physical gas should be readily accepted up to the existing physical flow limits. We see no reason to restrict interruptible products in this context. However, if specific reasons necessitate such limitations, they should be transparent and demonstrably justified, following the principles outlined in our response to Question 2.1. [Europex] 	<p>Virtual reverse flow represents the case of interruptible capacity that is conditional to forward flow being present. Maximising access to the system encompasses also access by means of interruptible capacity in the form of 'virtual reverse flow'.</p> <p>ACER proposes to amend Article 32 of the CAM NC and clarify that the obligation to maximise access to the system encompasses interruptible capacity.</p> <p>Interruptible capacity in the virtual reverse flow direction shall therefore be offered up to the level of nominations in the forward flow direction, at least on a day-ahead and intra-day basis.</p> <p>The capacity calculation and maximisation methodology should explain any conditions there may be that restrict the offer of virtual reverse flow capacity below the forward flow.</p>

Respondents' replies	ACER views
<ul style="list-style-type: none"> The interruptible capacity should be no greater than the firm capacity release in the physical flow direction. Virtual flows should not exceed the physical flows in the other direction. [National Gas Transmission (UK)] <p>Considerations:</p> <ul style="list-style-type: none"> We want to stress that this calculation is not straightforward: the virtual interruptible capacity in the reverse direction is not always equal to the firm capacity in the other direction since it depends on the actual use of this capacity. Some systems need a minimal entry flow to be able to transport gas somewhere else in the balancing zone. [ENTSOG and TSOs, FNB Gas e.V.] 	
<p>ON ESSENTIAL INFORMATION TO UNDERSTAND HOW VIRTUAL REVERSE FLOW CAPACITY IS DETERMINED AND MAXIMISED</p>	
<ul style="list-style-type: none"> Information on restrictions to offer virtual reverse flow up to the level of the physical flow. [Energy Traders Europe, Europex] Information on the level of capacity nominations and physical forward flow to operate the reverse flow. [Engie, Hera Trading S.r.l., SEFE Marketing & Trading, RWE Supply & Trading] 	<p>ACER takes note of this and refers to the above point.</p>

3.2.3 Q2.3 Which of the listed metrics do you consider more appropriate for explaining how the level of interruptible capacity products has been determined?

- **Option 1:** set the limit to the technical capacity level;
- **Option 2:** set the limit to the sum of the technical capacity and the system integrity margin;
- **Option 3:** set the limit to the maximum between technical capacity and the recorded maximum physical flow in the last 'x' months; and
- **Option 4:** base the limit on the probability of interruption,

Respondents' replies	ACER views	
INTRODUCING		
2.3(a) Which of the listed metrics do you consider more appropriate for explaining how the level of interruptible capacity products has been determined?	Type of organisation / company	Total
Option 1 - set the limit to the technical capacity level.	other	1
	shippers/traders and their associations	4
	<i>Total</i>	5
Option 2 - set the limit to the sum of the technical capacity and the system integrity margin.	shippers/traders and their associations	2
	TSO and their associations	3
	<i>Total</i>	5
Option 3 - set the limit to the maximum between technical capacity and the recorded maximum physical flow in the last 'x' months.	other	1
	shippers/traders and their associations	1
	<i>Total</i>	2
Option 4 - base the limit on the probability of interruption.	other	1
	shippers/traders and their associations	2
	<i>Total</i>	3
Grand Total		15
<p>34 respondents, including ENTSO, did not express their preference on a metric to determine the interruptible capacity offer. Energy Traders Europe expressed a preference for Option 4 (probability of interruption). Options 1 (technical capacity) and 2 (technical capacity plus system integrity margin) were each selected five times.</p>		
ARGUMENTS IN SUPPORT OF THE DIFFERENT METRIC OPTIONS		
<p><u>Arguments for Option 1 - set the limit to the technical capacity level:</u></p> <ul style="list-style-type: none"> • Setting such a limit would ensure that the interruptible capacity offered this way would have the minimal chances of actually be interrupted, as it would be the most adherent 	<p>ACER notes there is no clearly preferred metric and takes note of the arguments made in support for different metric options.</p> <p>ACER refers to its proposals in section 3.2.1 to apply the proposed transparency requirements of Article 6 to interruptible capacity, meaning that TSOs should explain in</p>	

Respondents' replies	ACER views
<p>to the technical capacity of the IP, if calculated correctly. [EDF]</p> <ul style="list-style-type: none"> Establishing such a limit would effectively mitigate the risk of interruptions for the interruptible capacity provided, as it would closely align with the technical capacity of the IP, provided accurate calculation methods are utilized. [Edison] All technical capacity should be listed as interruptible at least on a daily basis, interruptible prices should be determined according to probability of interruption or based on reimbursement upon interruption. [Engie] Nevertheless, if a limit is to be set, we favour setting it at the level of technical capacity (Option 1) as this is simple and transparent, which is important if interruptible capacity is to be offered when firm capacity has not sold out, been allocated at a premium or offered. The other options are more complicated and less transparent and, in practice, are unlikely to result in significantly more flows on the system than those that may potentially arise under Option 1. [RWE Supply & Trading] Setting such a limit would ensure that the interruptible capacity offered this way would have minimal chances of being interrupted, as it would closely adhere to the technical capacity of the IP if calculated correctly. [Proxigas] <p><u>Arguments for Option 2 - set the limit to the sum of the technical capacity and the system integrity margin:</u></p> <ul style="list-style-type: none"> This provides a bigger value for the interruptible capacity, and it would be clear to all operators. [Hera Trading S.r.l.] Setting the limit to the sum of the technical capacity and the system integrity margin will allow for the maximum use of the system's capabilities while giving an operator the opportunity to interrupt the service if necessary. [Orlen S.A.] <p><u>Arguments for Option 3 - set the limit to the maximum between technical capacity and the recorded maximum physical flow in the last 'x' months:</u></p> <ul style="list-style-type: none"> Options 3 and 4 should be complementary. We believe that interruptible capacity products should be determined basing the limit on the probability of interruption taking 	<p>their capacity calculation and maximisation methodologies how capacity is maximised and how the firm, conditionally firm and interruptible capacity levels are determined.</p> <p>ACER expects TSO to report and explain how they determine the level of interruptible capacity, especially when the market is tight. As discussed in section 3.1, the capacity calculation uses the physical reality of the system as a key input and may consider system integrity and efficient network operation. The proposed options listed here can support TSOs in explaining how they set the interruptible capacity limit and how they take into account the physical reality of the system.</p> <p>ACER does not propose to include within the CAM NC a specific metric; ACER recommends that ENTSOG consider the arguments and views contained in this evaluation of responses to raise transparency of the capacity calculation and maximisation methodology.</p>

Respondents' replies	ACER views
<p>into account the recorded maximum physical flow in the last 'x' months. [DEPA COMMERCIAL S.A.]</p> <ul style="list-style-type: none"> Option 3 as it represents more the current situation in the network. But we recommend that this option should also consider already existing nominations for the next days. [IFIEC] <p><u>Arguments for Option 4 - base the limit on the probability of interruption:</u></p> <ul style="list-style-type: none"> We believe that a very prescriptive approach to setting a limit on the level of interruptible capacity products can prove to be counterproductive and against the main goal of CAM NC. We believe the process of offering interruptible capacity can be self-limiting, through reflecting the incremental probability of interruption and deterring excess demand. With additional transparency as described under point 2.1, more detailed information on how that probability changes along with the booking level on a congested point will be available and this could help optimizing the demand. [Energy Traders Europe] No change needed in the current system to offer unlimited interruptible capacity. [Uniper Global Commodities SE] A very restrictive approach to interruptible capacity limits could undermine some of the key objectives of the CAM NC. If limits are necessary, they should ideally reflect the likelihood of interruption. However, considering probability changes based on booking levels at congested points could be even more beneficial for optimising demand. [Europex] 	
OTHER POINTS OF NOTE	
<p>Option 2 best describes what most TSOs do, but this is not always the case. However, ENTSOG would like to once again underline that there is no such a thing as 'system integrity margin' used broadly among TSOs. We understand it for the purpose of this question as the offered capacity on top of technical capacity or the technical capability of the station. TSOs that currently offer a limited amount of interruptible capacity have developed calculation models that are best suited to their market model and system. Therefore, it is</p>	<p>With regard to the system integrity margin, please refer to section 3.1.1 for ACER's view.</p>

Respondents' replies	ACER views
impossible to choose between the options mentioned above. [ENTSOG and TSOs]	
None of the above options describes the derivation of the level of interruptible capacity properly but reduces the offer of interruptible capacity regarding the current offer level. [FNB Gas e.V. and German TSOs]	ACER takes note of this and emphasises interruptible capacity plays a role in maximising access to the system.
Preference cannot be answered in one option only, as different TSOs/MS are partly operating conceptually different gas networks (transit pipelines vs meshed networks); also, the capability of assets (compressors) etc varies significantly. [OMV Gas Marketing & Trading GmbH]	ACER takes note of this and refers to its response above.
We believe that at the principle level, interruptible capacity is an anti-hoarding mechanism so that the firm product is not undermined. As such, the level of interruptible capacity released should be set based on this principle. Long-term interruptible products could introduce complexity and potentially undermine these principles. [National Gas Transmission (UK)]	ACER takes note of this and refers to its response above.
We are not convinced a limit needs to be set on the amount of interruptible capacity TSOs are allowed to offer, providing the information necessary for shippers to assess the probability of interruption (see 2.1 above) is readily available. This is despite the atypically rare instances of high interruptible capacity sales seen at some IPs during the gas emergency. [RWE Supply & Trading]	ACER takes note of this and refers to its response above.
If in future, interruptible capacity is to be offered when firm capacity has not sold out, been allocated at a premium or offered, and a limit is set on the amount of interruptible capacity that is made available, consideration should be given to applying such a limit only to amount of yearly, quarterly and monthly interruptible capacity made available in the regular auctions. Interruptible day-ahead capacity and within day capacity could however be offered on an unlimited basis, as this would maximise the possibility of previously sold but unused firm and interruptible capacity being fully exploited. [RWE Supply & Trading]	ACER takes note of this and refers to its response above.

3.2.4 Q2.4 Considering the improvement options discussed in this section, do you have concrete proposals to amend the CAM NC? Please specify your proposed revisions to the legal text.

Respondents' replies	ACER views
There were no concrete proposals related to this section.	
<p>Comment by Orlen S.A.: "The most important is that operators act as similarly as possible. From a market participant perspective, it is important that operators offer the same level of volume on both sides of a given interconnector in a unified way. This makes it easier to use the offered capabilities and reduces the risk of blocking one user by another." [Orlen S.A.]</p>	<p>ACER takes note of Orlen's comment and emphasises the duty of TSOs to coordinate and jointly maximise access to the system, including firm, conditionally firm and interruptible capacity products.</p>

3.2.5 Q2.5 Which merits and drawbacks do you see in mandatory bundling of interruptible capacities?

Respondents' replies	ACER views
ON THE LACK OF MERITS IN BUNDLING INTERRUPTIBLE CAPACITY PRODUCTS	
<p>Most stakeholders find limited merits for the market in the mandatory bundling of interruptible capacity products, but the option could be given to TSOs to agree on voluntary bundling. Few stakeholders express that the market may benefit from bundling interruptible capacity products.</p> <p><u>Stakeholders who express limited merits of (mandatory) bundling of interruptible contracts:</u></p> <p>[ENTSOG and TSOs, Gas Market Operator for Northern Ireland (GMO NI), National Gas Transmission (UK), Energy Traders Europe, Uniper Global Commodities SE, BBLC, DEPA COMMERCIAL S.A., Engie, OMV Gas Marketing & Trading GmbH, SEFE Marketing & Trading]</p> <ul style="list-style-type: none"> ENTSOG believes that mandatory bundling of interruptible capacity could be counterproductive and cause more distortions in market functioning than benefits. CAM NC should clarify that bundling of interruptible capacity is possible if all involved TSOs agree. As it is in the interest of TSOs (and the market) to sell 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 use. The level of this 	<p>Considering the raised implementation challenges and few merits, ACER does not propose to make bundling of interruptible capacity mandatory.</p> <p>ACER notes that the current rules do not prevent voluntary bundling of interruptible capacities and that is happening at very few interconnection points where the concerned TSOs and NRAs agreed to it.</p>

Respondents' replies	ACER views
<p>efficiency is closely linked to the flexibility TSOs have to take into account system specificities and to adjust capacity offering, both in terms of level (quantity) and product duration (runtime). [ENTSOG and TSOs]</p> <ul style="list-style-type: none"> • Our understanding is that the bundling of interruptible capacities is already technically possible and should be left for the adjacent TSOs to decide whether it is beneficial to implement at the relevant interconnection point. [Gas Market Operator for Northern Ireland (GMO NI)] • Bundling of firm and interruptible together would require further consideration. [National Gas Transmission (UK)] • As per our previous consultation responses, we note that obligatory bundling of products has led to mismatches on borders due to different reasons (different levels of capacity offered, historical bookings, issues with bundling of products between different legal entities holding the bookings at either side of the border). With this problem remaining unaddressed, we do not see the gains in bundling interruptible products, which so far enabled utilizing the mismatched, otherwise stranded products. While we recognise that the problem of mismatches on border might not be widespread, we believe bundling of interruptible products would cause issues on points where it exists, potentially offering few gains in return. [Energy Traders Europe] • Bundling of interruptible capacities does not make sense, as this is the key element for enabling TSO's to offer unbundled capacity. In this case unlimited interruptible capacity. A bundling of interruptible capacities would hamper a well-functioning gas market. [Uniper Global Commodities SE] • No merits. BBLC does not receive requests from shippers to bundle interruptible capacities. [BBLC] • Bundling should not be mandatory, as it does not provide any flexibility to users regarding the diversification of gas flows. Furthermore, different TSOs have their own approach in calculating their interruptible capacity products and the offered interruptible capacity products depend on the different regional restrictions and conditions. [DEPA COMMERCIAL S.A.] • We are not in favour of bundling capacities. Being able to sell at the border gives more flexibility to the market. [Engie] 	

Respondents' replies	ACER views
<ul style="list-style-type: none"> We do not see any benefit in bundling interruptible capacity. Market partners holding one-sided firm contracts (legacy contracts) need to have the option to fill up mismatched capacity. This is not always possible with firm capacity conversion (examples: mismatch in technical TSO cross-border capacity limits the offer on the "missing" side of the border; planned maintenance on one side limits/curtails the firm offer on the "missing" side of the border). [OMV Gas Marketing & Trading GmbH] Interruptible capacity should not be bundled as the technical capacity can vary on opposite sides of an IP. We see no benefit in bundling interruptible capacity. [SEFE Marketing & Trading] <p><u>Stakeholders who express potential interest of the market in bundling interruptible capacity products:</u></p> <p>[Energinet, RWE Supply & Trading, IFIEC]</p> <ul style="list-style-type: none"> It would make good sense to bundle the interruptible capacities. However, there can be different circumstances on each side of an IP. So, all involved TSOs must agree. [Energinet] As in the case of offering bundled firm capacity, offering bundled interruptible capacity will be beneficial by reducing risk for market participants and will allow the operator to maximize the allocation and the use of available interruptible capacity. [RWE Supply & Trading] Bundling of interruptible capacity would make booking much easier and could therefore also improve the use of interruptible capacity, and hence, improve the rate of capacity being used. On the other hand, we question whether bundling should be mandatory: having it as an option might have a higher effectiveness. In the end, the purpose of CAM NC is to maximise the capacity offered to the market, and having this capacity used efficiently in facilitating the market functioning and outcomes. [IFIEC] 	

Respondents' replies	ACER views
ON IMPLEMENTATION CHALLENGES OF BUNDLING INTERRUPTIBLE CAPACITY PRODUCTS	
<p>The mandatory bundling of interruptible capacity products comes with technical complexities and may lead to many uncertainties.</p> <ul style="list-style-type: none"> • What happens if one TSO has to interrupt and the other does not? And then what are the financial implications for each TSO and for the shippers involved? [ENTSOG] • 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. [ENTSOG] • 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. [ENTSOG and TSOs] • Regarding the bundling of capacity, some consideration should be made because the availability will depend on physical conditions. In certain circumstances, there can be capacity mismatches at certain borders and different level of interruptible capacity products could be the only possibility to make use of this capacity. [EDF] • The mandatory bundling could lead to complexities due to the nature of interruptible capacity. The calculation of the available capacity may be based on the seasonality, the unutilised firm capacity or the application of the system integrity margin. There will likely be a mismatch between the levels of interruptible and firm capacity therefore it makes sense to retain the interruptible capacity as unbundled. The reasons for interruption of the product may also be different on either side of the interconnection point. [Gas Market Operator for Northern Ireland (GMO NI)] • Interruptible capacity will have different probabilities and causes of interruption each side of an IP. So mandatory bundling could 	<p>ACER takes note of this and refers to its response above.</p>

Respondents' replies	ACER views
<p>result in interruptible capacity being paid for, often at the equivalent firm price, but sterilised because an interruption has occurred at the other side of the IP. Unbundled interruptible capacity is sometimes the only means shippers have of utilising unbundled legacy capacity at the other side of an IP, so mandatory bundling would re-move such options. The decision whether to bundle interruptible capacity should be left to the TSOs either side of the IP. [BDEW, VNG Handel & Vertrieb GmbH]</p> <ul style="list-style-type: none"> • This could only be realised provided both TSOs upload the required volume. Shippers would need to assess any associated risk for both entry and exit as presumably a constraint with either network would break the bundle. [National Gas Transmission (UK)] • We further note that if firm and interruptible products become bundled, their interruption would in most cases likely entitle the holder to an ex-post discount only, without remuneration for the firm product. This transfers the risks further onto the shippers and no evidence was given of the expected benefits. [Energy Traders Europe] 	
OTHER POINTS OF NOTE	
<p>Fluxys Belgium wants to insist on aligning as much as possible the offer of interruptible capacities between adjacent TSOs to give more visibility/predictability to the market on the resulting allocated/usable interruptible capacities [Fluxys Belgium]</p>	<p>ACER emphasises the duty to maximise access to the system and the duty to coordinate among TSOs, also in light of Article 6 of the CAM NC, without requiring bundling.</p>

3.2.6 **Q2.6 Considering the improvement options discussed in this section, do you have concrete proposals to amend the CAM NC? Please specify your proposed revisions to the legal text.**

Respondents' replies	ACER views
<p>There were no concrete proposals related to this section.</p>	

3.3 Feedback on Chapter 3: Improving the offering of capacity

3.3.1 Q3.1 Please provide your views on the advantages and drawbacks of Option 1, Option 2(a), Option 2(b) and Option 3 to amend the termination rule in Article 17(22)?

- **Option 1:** termination rule of article 17(22) is amended to explicitly apply to the auction for the following capacity product, as is the case now (excluding additional UPA auctions).
- **Option 2(a):** provide that the ACA auction needs to close before the scheduled date of the first UPA auction.
- **Option 2(b):** provide that the ACA auction needs to close before the scheduled date of the last UPA auction.
- **Option 3:** termination rule of article 17(22) is amended to close the ACA auction by using an UPA mechanism in the last round of the ACA, starting the UPA using the price level of the last round of the ACA process.

Respondents' replies	ACER views
VIEWS ON OPTION 1: TERMINATION RULE OF ARTICLE 17(22) IS AMENDED TO EXPLICITLY APPLY TO THE AUCTION FOR THE FOLLOWING CAPACITY PRODUCT, AS IS THE CASE NOW (EXCLUDING ADDITIONAL UPA AUCTIONS)	
<p><u>Advantages identified:</u></p> <ul style="list-style-type: none"> • This option requires no implementation effort. [German TSO and FNB Gas e.V.] • This option requires the least implementation efforts and safeguards the current status quo: capacity not allocated under an auction will be offered during next product auction. [VNG Handel & Vertrieb GmbH, BDEW, GSA Platform] • This option is the most market-based one, as it leaves the market drive the auction and reveals the market value of capacity. [Edison, Proxigas, EDF, OMV Gas Marketing & Trading GmbH] • This option should be kept with the possibility for TSOs to amend Price steps during the auction. [Engie, Teréga, Energy Traders Europe] • Did not identify advantages. [ENI, Energinet] <p><u>Drawbacks identified:</u></p> <ul style="list-style-type: none"> • This option can lead to no capacity allocation in some rare market conditions. [Thyssengas GmbH, Open Grid Europe GmbH, Gasunie GmbH (DE), terranets bw GmbH, Bayemets, GASCADE Gastransport GmbH, ONTRAS Gastransport GmbH, FNB Gas e.V.] • This option can lead to UPAs not taking place at the same moment across IPs, which can be confusing for market participants. [VNG Handel & Vertrieb GmbH, BDEW, RWE Supply & Trading] • Edison, ENI, Proxigas, Engie, ETE consider this option to go with the risk of having 	<p>ACER retains this option as is considered the easiest and the less detrimental to the free operating of the allocation algorithm. Still, cases of non-allocation of capacity would remain possible, even if TSOs are granted the right to amend price steps between auction rights (as also proposed by ACER).</p>

Respondents' replies	ACER views
<p>capacity not allocated at congested IPs. [Edison, ENI, Proxigas, Engie, Energy Traders Europe]</p> <ul style="list-style-type: none"> • Energinet points at the inefficiency and length of this option. [Energinet] • OMV Gas Marketing & Trading GmbH consider the only drawback to come from the poor level-definition of price steps by TSOs. [OMV Gas Marketing & Trading GmbH] • Did not identify drawbacks. [EDF, Teréga and GSA Platform] 	
<p>VIEWS ON OPTION 2(A): PROVIDE THAT THE ACA AUCTION NEEDS TO CLOSE BEFORE THE SCHEDULED DATE OF THE FIRST UPA AUCTION</p>	
<p><u>Advantages identified:</u></p> <ul style="list-style-type: none"> • This option ensures all UPAs will take place concurrently across IPs [Thyssengas GmbH, Open Grid Europe GmbH, Gasunie GmbH (DE), terranets bw GmbH, Bayernets, GASCADE Gastransport GmbH, ONTRAS Gastransport GmbH, FNB Gas e.V.] • This option ensures ACAs will close to let UPAs run at all IPs concurrently: this ensures harmonization and provides clarity to market participants and maximizes the offer of unsold capacity. [VNG Handel & Vertrieb GmbH, BDEW, RWE Supply & Trading] • This option ensures ACAs will close to let UPAs run at all IPs concurrently and leaves a lot of flexibility to capacity booking. [Engie, Energy Traders Europe] • Did not identify advantages. [Edison, ENI, Proxigas, EDF, Energinet, OMV Gas Marketing & Trading GmbH, GSA Platform] <p><u>Drawbacks identified:</u></p> <ul style="list-style-type: none"> • This option leaves too little time [German TSOs and FNB Gas e.V.]. • The proposed date for UPA leads, for M products, ACAs too little time to close. [VNG Handel & Vertrieb GmbH, BDEW] • Some point at the too short time left for ACAs to run, with UPAs taking place on the Thursday following the ACA launched on Monday. [Edison, ENI, Proxigas, Engie, Energy Traders Europe, OMV Gas Marketing & Trading GmbH] • It does not make sense that all ACA auctions have to end on the same date at all IPs. [EDF] • Energinet points at the inefficiency and length of this option. [Energinet] 	<p>ACER understands respondents identify this option as the one allowing utmost harmonisation of auction calendar across IPs (as it would interrupt ACAs at the same time to leave UPAs to be launched on the 1st Thursday following the ACA process). Still, it is criticized as it would not leave enough time for ACAs to play its role, also considering it may not be appropriate to force termination of all ACAs on the same day across IPs (as market conditions vary from one IP to the other across the EU).</p>

Respondents' replies	ACER views
<ul style="list-style-type: none"> • This option requires system adaptations and costs with no guarantee of additional capacity sold. [GSA Platform] • Teréga and RWE Supply & Trading point at the need/alternative of leaving TSOs amend the price steps during the auction. [Teréga and RWE Supply & Trading] • Teréga even suggests it would be more sensible to replace ACAs with UPAs. [Teréga] 	
VIEWES ON OPTION 2(B): PROVIDE THAT THE ACA AUCTION NEEDS TO CLOSE BEFORE THE SCHEDULED DATE OF THE LAST UPA AUCTION	
<p><u>Advantages identified:</u></p> <ul style="list-style-type: none"> • Thyssengas GmbH, Open Grid Europe GmbH, Gasunie GmbH (DE), terranets bw GmbH, Bayernets, GASCADE Gastransport GmbH and ONTRAS Gastransport GmbH, FNB Gas e.V., VNG Handel & Vertrieb GmbH, ENI, Proxigas, BDEW, ENGIE, ETE considers this option leaves more time for ACAs to allocate capacity while VNG and BDEW also point at the fact it ensures at least 1 UPA can take place to allocation unsold capacity. [Thyssengas GmbH, Open Grid Europe GmbH, Gasunie GmbH (DE), terranets bw GmbH, Bayernets, GASCADE Gastransport GmbH and ONTRAS Gastransport GmbH, FNB Gas e.V., VNG Handel & Vertrieb GmbH, ENI, Proxigas, BDEW, ENGIE, Energy Traders Europe] • Edison, EDF, Energinet, OMV Gas Marketing & Trading GmbH and GSA Platform identified no advantage. [Edison, EDF, Energinet, OMV Gas Marketing & Trading GmbH and GSA Platform] • RWE Supply & Trading and Teréga believe it is very similar to Option 1. [RWE Supply & Trading, Teréga] <p><u>Drawbacks identified:</u></p> <ul style="list-style-type: none"> • This option leads to having UPAs not organized concurrently across IPs. [Thyssengas GmbH, Open Grid Europe GmbH, Gasunie GmbH (DE), terranets bw GmbH, Bayernets, GASCADE Gastransport GmbH and ONTRAS Gastransport GmbH, FNB Gas e.V.] • This option leads to having UPAs not organized across all IPs concurrently and leads to an uncertainty on the date of UPAs 	<p>ACER notes this option is seen as leaving more time to ACAs to allocate capacity while ensuring at least 1 UPA can be launched if firm capacity remains. However, the option is also seen as leading to UPAs being organised at different points in time across IPs and to uncertainty on the date UPAs will take place.</p>

Respondents' replies	ACER views
<p>for market participants. [VNG Handel & Vertrieb GmbH, Engie, Energy Traders Europe]</p> <ul style="list-style-type: none"> • Edison believes that this option leads to terminating ACAs too early and, like EDF, that it makes no sense to terminate all IPs at the same date across IPs. [Edison, EDF] • Teréga points at the need/alternative of leaving TSOs amend the price steps during the auction. [Teréga] • Teréga even suggests it would be more sensible to replace ACAs with UPAs [Teréga] • Energinet points at the inefficiency and length of this option. [Energinet] • GSA Platform indicates this option requires system adaptations and costs with no guarantee of additional capacity sold. [GSA Platform] • RWE Supply & Trading believes it is very similar to Option 1. [RWE Supply & Trading] • OMV Gas Marketing & Trading GmbH did not identify any drawbacks. [OMV Gas Marketing & Trading GmbH] 	
<p>VIEWS ON OPTION 3: TERMINATION RULE OF ARTICLE 17(22) IS AMENDED TO CLOSE THE ACA AUCTION BY USING AN UPA MECHANISM IN THE LAST ROUND OF THE ACA, STARTING THE UPA USING THE PRICE LEVEL OF THE LAST ROUND OF THE ACA PROCESS.</p>	
<p><u>Advantages identified:</u></p> <ul style="list-style-type: none"> • It provides ample time for ACAs to allocate capacity and believes the UPA round should be launched only in place of the last ACA round. [Edison, ENI, Proxigas, EDF, Hera Trading S.r.l.] • RWE Supply & Trading, Engie, ETE consider this option ensures capacity allocation. [RWE Supply & Trading, Engie, Energy Traders Europe] • This solution provides a clear termination time for ACAs which the market participants will have clear knowledge [Energinet] • Teréga believes it is very similar to Option 1. [Teréga] • VNG Handel & Vertrieb GmbH, BDEW, OMV Gas Marketing & Trading GmbH, FNB Gas e.V., Thyssengas GmbH, Open Grid Europe GmbH, Gasunie GmbH (DE), terranets bw GmbH, Bayernets, GASCADE Gastransport GmbH and ONTRAS Gastransport GmbH and GSA Platform did not identify advantages. [VNG Handel & Vertrieb GmbH, 	<p>ACER notices this option is seen as ensuring capacity allocation at a well-identified point in time (last round of ACA). Still, this option is considered very complex to implement, and mixes 2 different algorithms within one auction process. Also, it still allows for very long ACA processes and does not ensure that subsequent UPA auctions can be organised.</p>

Respondents' replies	ACER views
<p>BDEW, OMV Gas Marketing & Trading GmbH, FNB Gas e.V., Thyssengas GmbH, Open Grid Europe GmbH, Gasunie GmbH (DE), terranets bw GmbH, Bayernets, GASCADE Gastransport GmbH and ONTRAS Gastransport GmbH and GSA Platform]</p> <p><u>Drawbacks identified:</u></p> <ul style="list-style-type: none"> • The option is very complex to implement and affects negatively the comfort-bidding for market participants. [VNG Handel & Vertrieb GmbH, BDEW, Thyssengas GmbH, Open Grid Europe GmbH, Gasunie GmbH (DE), terranets bw GmbH, Bayernets, GASCADE Gastransport, ONTRAS Gastransport GmbH, FNB Gas e.V.] • This option would be a bad idea if not triggered only for the last auction round. [EDF] • This option still leaves the possibility for very long ACA processes and points at the need for very precisely designing the last UPA round. [RWE Supply & Trading] • This option does not leave the possibility for additional UPAs to be conducted. [Engie, Energy Traders Europe] • This option is too long, mixes 2 different allocation algorithms which is confusing and can lead to misallocations and biases in shippers bidding strategies. It should be avoided. [Teréga] • Edison, ENI, Proxigas, Energinet, OMV Gas Marketing & Trading GmbH, Hera Trading S.r.l. did not identify drawbacks. [Edison, ENI, Proxigas, Energinet, OMV Gas Marketing & Trading GmbH, Hera Trading S.r.l.] • This option requires system adaptations and costs with no guarantee of additional capacity sold. [GSA Platform] 	

3.3.2 Q3.2 Which option to amend the termination rule in Article 17(22) do you prefer?

Respondents' replies		ACER views																																						
<table border="1"> <thead> <tr> <th>Which option to amend the termination rule in Article 17(22) do you prefer?</th> <th>Type of organisation / company</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Option 1 termination rule of article 17(22) is amended to explicitly apply to the auction for the following capacity product, as is the case now (excluding additional UPA auctions)</td> <td>other</td> <td>1</td> </tr> <tr> <td>shippers/traders and their associations</td> <td>3</td> </tr> <tr> <td>TSO and their associations</td> <td>18</td> </tr> <tr> <td>TSO and their associations; DSO and their associations</td> <td>1</td> </tr> <tr> <td><i>Total</i></td> <td>23</td> </tr> <tr> <td rowspan="3">Option 2(a) ACA auction needs to close before the scheduled date of the first UPA auction</td> <td>shippers/traders and their associations</td> <td>2</td> </tr> <tr> <td>TSO and their associations</td> <td>2</td> </tr> <tr> <td><i>Total</i></td> <td>4</td> </tr> <tr> <td rowspan="2">Option 2(b) provide that the ACA auction needs to close before the scheduled date of the last UPA auction</td> <td>shippers/traders and their associations</td> <td>1</td> </tr> <tr> <td><i>Total</i></td> <td>1</td> </tr> <tr> <td rowspan="4">Option 3 termination rule of article 17(22) is amended to close the ACA auction by using an UPA mechanism in the last round of the ACA, starting the UPA using the price level of the last round of the ACA process.</td> <td>other</td> <td>1</td> </tr> <tr> <td>shippers/traders and their associations</td> <td>3</td> </tr> <tr> <td>TSO and their associations</td> <td>1</td> </tr> <tr> <td><i>Total</i></td> <td>5</td> </tr> <tr> <td colspan="2">Grand Total</td> <td>33</td> </tr> </tbody> </table>		Which option to amend the termination rule in Article 17(22) do you prefer?	Type of organisation / company	Total	Option 1 termination rule of article 17(22) is amended to explicitly apply to the auction for the following capacity product, as is the case now (excluding additional UPA auctions)	other	1	shippers/traders and their associations	3	TSO and their associations	18	TSO and their associations; DSO and their associations	1	<i>Total</i>	23	Option 2(a) ACA auction needs to close before the scheduled date of the first UPA auction	shippers/traders and their associations	2	TSO and their associations	2	<i>Total</i>	4	Option 2(b) provide that the ACA auction needs to close before the scheduled date of the last UPA auction	shippers/traders and their associations	1	<i>Total</i>	1	Option 3 termination rule of article 17(22) is amended to close the ACA auction by using an UPA mechanism in the last round of the ACA, starting the UPA using the price level of the last round of the ACA process.	other	1	shippers/traders and their associations	3	TSO and their associations	1	<i>Total</i>	5	Grand Total		33	
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	TSO and their associations	1																																						
	<i>Total</i>	5																																						
Grand Total		33																																						
<ul style="list-style-type: none"> ENTSOG (and most TSOs) and Energy Traders Europe express a preference for option 1 <p>16 respondents did not reply to the question</p>																																								
ARGUMENTS SUPPORTING CHOICE																																								
<p>Arguments for supporting option 1:</p> <ul style="list-style-type: none"> ACAs should run freely as price discovery process is important. Teréga pointed at the need to allow TSOs to amend price steps during the auction process to guarantee capacity is allocated in time. [ENTSOG and TSOs] GSA believes the current system works well and needs no amendment (for hypothetical benefits). [GSA Platform] Equinor (Option 1 is the simplest), EDF (ACA should run freely, with possibility of TSOs to amend price steps during auction) and ETE (while members expressed mixed views, most members agree TSOs should be able to amend price steps during auction). [Energy Traders Europe, EDF, Equinor] 		<p>ACER notes that Option 1 is by far the preferred option with 49% of respondents to this consultation (and 71% excluding those who did not answer to this question). While the idea of automatic termination of ACA seems not consensual (only 10 respondents are in favour of either option 2(a), 2(b) or 3), the idea of allowing TSOs to amend price steps during the auction looks more supported and is seen as a way to help long-lasting ACAs to allocate capacity without a need for automatic termination.</p> <p>As the idea of forcing ACAs to terminate does not look overall supported, ACER is of the view that a sensible proposal would be to retain Option 1 combined with the possibility left to TSOs to</p>																																						

Respondents' replies	ACER views
<p><u>Arguments for supporting option 2(a):</u> 2 TSOs:</p> <ul style="list-style-type: none"> • A clear termination rule for ACA is necessary and info on UPA needs to be available in advance. [National Gas Transmission (UK)] • A week is more than enough for an ACA process, beyond that it should be terminated and capacity offered via UPA). [GRTgaz] <p>2 suppliers:</p> <ul style="list-style-type: none"> • Although in contradiction to its answer to Q3.1, believes price steps should not be changed during auction, a week is more than enough for an ACA process, then UPA auction). [OMV Gas Marketing & Trading GmbH] • Possibility to amend price steps should be added, if still not over, ACA should be terminated before 1st UPA date: this option guarantees harmonization at all IPs). [RWE Supply & Trading] <p><u>Arguments for supporting option 2(b):</u></p> <ul style="list-style-type: none"> • Only ENGIE opted for this option, identified as most fit-for-purpose. [ENGIE] <p><u>Arguments for supporting option 3:</u></p> <ul style="list-style-type: none"> • ACA should not be artificially terminated, even more if TSOs have the ability to modify price steps during auction. UPA should be launched in place of the very last possible ACA round. [Edison, Proxigas] • Terminating ACA before 1st UPA date is too soon, and that under Option 3, the starting price of UPA should be the last price step of ACA and that only those shippers still present should be able to bid. [Eni S.p.A.] • Only Option 3 provides an end to the ACA auction. [Energinet] 	<p>jointly decide to amend price steps between ACA auction rounds.</p> <p><u>Further comments from the Workshop of 9 July:</u> Based on the overall preference for not introducing an automatic ACA termination rule, ACER tested with attendants to the workshop the alternative idea of introducing the possibility for TSOs to jointly decide to terminate an ACA auction when they would consider it is unlikely to end up allocating capacity. This option can be seen as a fallback procedure, as it would thus leave time to launch a UPA auction in those potentially rare cases when an ACA is unable to allocate capacity in a reasonable time.</p> <p>ACER notes from the results of the poll question that this proposal was supported by a short majority of 54% of voters. ACER will further assess the balance of benefits and risks of such a rule.</p> <p>At this stage, ACER considers the way forward is to introduce the possibility for TSOs to jointly decide, at a given IP, to amend the level of price steps between auction rounds, once per auction day, as follows:</p> <p>After the last auction round of an auction day, the TSOs may jointly modify the price steps. The new price will start applying as of the first round of the next auction day and shall be made public (publication via UMM and on the platform website and directly to the participating bidders) and by 20:00 UTC (winter-time) or 19:00 UTC (daylight saving).</p>
<p>ADJUSTING PRICE STEPS PRIOR TO AND DURING AN AUCTION</p>	
<ul style="list-style-type: none"> • Several stakeholders express that ACA should run freely, with the possibility of TSOs to amend price steps during auction. [Energy Traders Europe, EDF, Equinor, Edison, Proxigas, RWE Supply & Trading] • ENTSOG also emphasises the importance of setting the (large) price steps correctly prior to the start of the ACA. [ENTSOG] 	<p>ACER will bring this measure forward.</p>

Respondents' replies	ACER views
<ul style="list-style-type: none"> OMV Gas Marketing & Trading GmbH strongly opposes the possibility to adjust price steps during any ACA auction as this causes substantial risk with regard to the handling and communication of such, and ultimately might result in discrimination between supply routes. [OMV Gas Marketing & Trading GmbH] 	

3.3.3 Q3.3 Would you consider any other improvement for the ACA algorithm?

Respondents' replies	ACER views
OTHER IMPROVEMENTS TO THE ACA	
<ul style="list-style-type: none"> 4 respondents believe that TSOs should be able to jointly amend price steps during an auction at the beginning of each day and should inform shippers ahead [3 shippers: Edison, ENI, Proxigas) and 1 TSO (GRTgaz)] 4 respondents believe ACA auction round duration should be reduced [3 TSOs (SNAM SPA, Gas Connect Austria, Gas Market Operator for Northern Ireland (GMO NI) and 1 shipper - SEFE Marketing & Trading] SNAM SPA and Gas Market Operator for Northern Ireland (GMO NI) propose that 1st auction round be reduced from 3h to 1h and that other rounds be reduced from 1h to 0,5h). [SNAM SPA and Gas Market Operator for Northern Ireland (GMO NI)] Gas Connect Austria also proposes to delete small price steps and to switch to pay as bid. [Gas Connect Austria] 2 TSOs (Enagas and National Gas Transmission (UK)) propose a pro-rata allocation at the end of ACA (although none of them selected Option 3 under Q3.2). [Enagas and National Gas Transmission (UK)] 1 shipper (OMV Gas Marketing & Trading GmbH) proposes that ACA be terminated using a "fill-to-kill" (FOK) allocation (which consists in shipper placing bids that are either executed in full or cancelled). [OMV Gas Marketing & Trading GmbH] 1 shipper proposes that the M auction date be anticipated to 1st Monday rather than 3rd Monday M-1. [RWE Supply & Trading] 	<p>ACER notices its proposal to allow TSOs to amend price steps is overall supported (also taking into account answers to Q.3.2). Other suggestions, such as reduction of auction rounds or anticipation of M auction date are only brought forward by a few respondents and were disregarded following results from past public consultations.</p> <p>The possibility of ending ACAs with a pro-rata allocation is brought forward by only 2 respondents which did not select this option under the previous question (Option 3).</p> <p>ACER is of the view that introducing the possibility to amend price steps between auction rounds looks like the best way forward.</p> <p><u>Further comments from the Workshop of 9 July:</u> Following the proposal raised by respondents to the consultation on reducing the duration of auction rounds, ACER tested again this idea with attendants to the workshop.</p> <p>ACER notes from the results of the 3 corresponding poll questions that a majority of voters is in favour of retaining the current auction rounds durations (with 73% in favour of a 3-hour duration of the first auction round, and 60% in favour of a duration of 1 hour for the subsequent rounds and for the intervals between rounds).</p> <p>In this context, ACER is of the view that, while reducing the duration of auction rounds is only supported by a few respondents, it could make sense to include the duration of rounds under the "adapt-to-market" clause, which means these durations could be reassessed</p>

Respondents' replies	ACER views
	and modified if it were to be considered necessary in the future.

3.3.4 **Q3.4 Considering the improvement options discussed in this section, do you have concrete proposals to amend the CAM NC? Please specify your proposed revisions to the legal text.**

Respondents' replies	ACER views
PROPOSAL BY TERÉGA: AMENDING ARTICLE 17(11) TO ALLOW MODIFYING PRICE STEPS DURING AN AUCTION	
<p>Article 17(11) setting the large price step <i>"Price steps may be exceptionally modified during the auction process, no more than once during the same auction, before the start of an auction round, upon joint decision between the managing TSOs. The changed price steps shall be made public before the start of the relevant auction round."</i> [TEREGA]</p>	<p>ACER takes note of this amendment proposal and will evaluate it as part of its reasoned proposals.</p>
OTHER POINTS OF NOTE	
<p>Energinet references to its submitted Annex document, in which it proposes to offer remaining capacity for the next capacity product via FCFS. It does include a concrete text proposal. [Energinet]</p>	<p>ACER emphasises that the CAM NC rules of 2013 (amended in 2017) deliberately introduced auctions to assign capacity based on willingness to pay and to move away from first come first served. Reintroducing FCFS for allocating capacity would be a step back.</p>

3.3.5 **Q3.5 Please share your views on ACER's proposal to complement the 17 current yearly (1), quarterly (4), and monthly (12) auctions with additional auctions for the respective capacity products.**

Respondents' replies	ACER views
ACER'S PROPOSAL TO COMPLEMENT Y, Q AND M ACA AUCTIONS WITH ADDITIONAL UPA AUCTIONS FOR REMAINING FIRM CAPACITY	
<p>ACER's proposal to complement Y, Q and M ACA auctions with additional UPA auctions for remaining firm capacity is supported.</p> <p>Arguments in support:</p> <ul style="list-style-type: none"> Energinet considers it would be a move in the right direction that would increase efficiency and flexibility of the capacity market. Energinet even suggests going beyond auctions and have FCFS. [Energinet] Shippers believe increasing auction opportunities will have a positive effect on capacity allocation and market efficiency. 	<p>ACER notes that shippers are very largely in favour of the proposed change, considering it will have positive effects on capacity allocation and market efficiency.</p> <p>ACER will thus bring this proposal of additional UPA auctions for Y, Q and M firm capacity products forward in its amendment proposal.</p>

Respondents' replies	ACER views
<p>[VNG Handel & Vertrieb GmbH, Edison, Proxigas, BDEW, RWE Supply & Trading, Hera Trading S.r.l.]</p> <ul style="list-style-type: none"> • ETE welcomes this proposal that largely aligns with their FUNC proposal. [Energy Traders Europe] • DEPA COMMERCIAL S.A. supports the proposal in particular for Q and M products. [DEPA COMMERCIAL S.A.] • Gas Market Operator for Northern Ireland (GMO NI) sees this proposal will be particularly interesting at congested gas systems (opportunity to book capacity at other IPs if no capacity allocation at desired IP during ACA). Derogations to its implementation should be possible (IPS with 3rd countries for instance). [Gas Market Operator for Northern Ireland (GMO NI)] <p>Arguments in disagreement:</p> <ul style="list-style-type: none"> • SEFE Marketing & Trading considers it would be a heavy modification, and that the objective looked at would be best achieved with other allocation mechanisms such as FCFS. [SEFE Marketing & Trading] 	

3.3.6 3.6 Do you agree that the additional UPA auctions should be launched using the regulated tariff as the reserve price? Please explain.

Respondents' replies	ACER views
UPAS SHOULD BE LAUNCHED USING THE REGULATED TARIFF AS RESERVE PRICE	
<p>The majority of respondents agree that the regulated tariff should be used as reserve price in the additional auctions. [Energy Traders Europe, ENTSOG and TSOs, FNB Gas e.V., National Gas Transmission (UK), VNG Handel & Vertrieb GmbH, Edison, ENI, Proxigas, DEPA COMMERCIAL S.A., BDEW, OMV Gas Marketing & Trading GmbH, RWE Supply & Trading, ENGIE, Hera Trading S.r.l.]</p> <p>Arguments for supporting:</p> <ul style="list-style-type: none"> • Respondents believe the regulated tariff makes sense as the market conditions can change between the date of the ACA auction and the date of the UPA auction, and the auction should reveal the value of capacity at the moment of the auction. There is however 	<p>ACER notes that only very few respondents do not support using the regulated tariff as the reserve price for subsequent UPAs that would be launched to allocate any available firm capacity after corresponding ACAs.</p> <p>While a risk of price distortion/market manipulation is identified by several respondents, no concrete example of such risks is provided, and the vast majority considers the regulated tariff is the most sensible option.</p> <p>ACER considers that the regulated tariff should be retained as the default reserve price of all auction processes.</p>

Respondents' replies	ACER views
<p>a chance for price distortion and manipulation. [ENTSOG and TSOs, FNB Gas e.V., VNG Handel & Vertrieb GmbH, Edison, Proxigas, BDEW, RWE Supply & Trading, Engie, Energy Traders Europe]</p> <ul style="list-style-type: none"> • Most TSOs also mention the regulated tariff is considered to be the reserve price both in CAM principles (Interconnector) and in REMIT. [FNB Gas e.V., Thyssengas GmbH, Open Grid Europe GmbH, Gasunie DE, terranets bw GmbH, Bayernets, Gascade, ONTRAS Gastransport GmbH] • Some indicate there is no reason for market manipulation to occur. [Teréga, Energinet] • Not using the regulated tariff could in turn lead to market distortion as the price signal would be incorrect. [Interconnector Ltd] • Gas Market Operator for Northern Ireland (GMO NI) considers retaining the regulated tariff is both consistent with current practice and also helpful in ensuring certainty for the shippers bidding strategy. [Gas Market Operator for Northern Ireland (GMO NI)] <p><u>Arguments in disagreement:</u></p> <ul style="list-style-type: none"> • It should be the last price level of the corresponding ACA auction (be there capacity allocation or not), otherwise there would be a risk of market distortion (in particular when the ACA did not close orderly). [BBLC, SNAM SPA, Gas Connect Austria] 	

3.3.7 **Q3.7 Do you agree that only the yearly/quarterly/monthly product for the front year/ front quarter/front month should be offered via subsequent UPA auctions? Please explain.**

Respondents' replies	ACER views
<p>ONLY THE YEARLY/QUARTERLY/MONTHLY PRODUCT FOR THE FRONT YEAR/ FRONT QUARTER/FRONT MONTH SHOULD BE OFFERED VIA SUBSEQUENT UPA AUCTIONS</p>	
<p><u>Support:</u> 34 respondents agree with this principle:</p> <p>21 TSOs and associations [SNAM SPA, Energinet, GRTgaz, FNB Gas e.V., Fluxys Belgium, Gasunie Transport Services B.V., Thyssengas GmbH, Open Grid Europe GmbH, Interconnector, Gasunie GmbH (DE), Gaz System, terranets bw GmbH, Bayernets, Gascade, Gas Connect Austria, Gas Networks</p>	<p>ACER notices that this proposal is supported by almost all respondents to the question, both shippers and TSOs, highlighting the good balance between the enhanced flexibility and the degree of simplicity of the proposed rule.</p> <p>ACER will thus propose that a given capacity product will not be offered via ACA again once it has already been offered via UPA.</p>

Respondents' replies	ACER views
<p>Ireland, REN, Enagás, Net4Gas, ENTSOG, ONTRAS Gastransport GmbH]</p> <ul style="list-style-type: none"> • Almost all point at the good balance between additional flexibility and simplicity for stakeholders of the proposed rule. [SNAM SPA, GRTgaz, Fluxys Belgium, Gasunie Transport Services B.V., Thussengas, Interconnector, Gas System, Gas Connect Austria, Gas Networks Ireland, REN, Enagas, Net4Gas, ENTSOG, ONTRAS Gastransport GmbH] • Others only point at the enhanced flexibility. [Energinet, FNB Gas e.V., Open Grid Europe GmbH, Gasunie (DE), terranets bw GmbH, Bayernets, Gascade] <p>11 shippers and associations, and other [VNG Handel & Vertrieb, Edison, ENI, Proxigas, BDEW, SEFE Marketing & Trading EDF, OMV Gas Marketing & Trading GmbH, RWE Supply & Trading, ENGIE, Energy Traders Europe, Europex]</p> <ul style="list-style-type: none"> • Offering a same product via ACA and UPA back and forth would be very complex and confusing. [Edison, Proxigas, EDF] • VNG Handel & Vertrieb GmbH, BDEW, OMV Gas Marketing & Trading GmbH, RWE Supply & Trading point at the need for clarification of what this rule would imply for M products if they were offered, as proposed, up to 3 months in advance. [VNG Handel & Vertrieb GmbH, BDEW, OMV Gas Marketing & Trading GmbH, RWE Supply & Trading] • It is a reasonable proposal (yet asking for more time for M ACA rounds). [Europex] <p><u>Disagreement with ACER's proposal:</u></p> <ul style="list-style-type: none"> • Offering only the upcoming capacity product leads to an unjustified limitation of the possibilities of offering additional capacity. [Teréga] • Adding UPAs requires significant adjustments both for BPs and TSOs that imply additional costs without any guarantee of additional capacity sales. [GSA Platform] 	<p>This means only the upcoming yearly/quarterly/monthly product will be offered via UPA after having been offered via ACA.</p>

3.3.8 Q3.8 Do you agree that a weekly frequency would be a suitable option for additional auctions?

Respondents' replies	ACER views
A WEEKLY FREQUENCY WOULD BE A SUITABLE OPTION FOR ADDITIONAL AUCTIONS	
<p>Support: 35 respondents are in favour of the proposed weekly frequency:</p> <p>13 shippers and associations: Edison, ENI, Equinor, Proxigas, DEPA COMMERCIAL S.A., BDEW, EDF, OMV Gas Marketing & Trading GmbH, Engie, Energy Traders Europe, Hera Trading S.r.l., IFIEC, Europex.</p> <ul style="list-style-type: none"> • While initially advocating for a higher frequency, ETE considers weekly is a good consensus. [Energy Traders Europe] • This frequency is reasonable and feasible. [DEPA COMMERCIAL S.A., Engie, OMV Gas Marketing & Trading GmbH] • it will enhance shippers' opportunities. [IFIEC] <p>21 TSOs and associations [SNAM SPA, Teréga, Energinet, FNB Gas e.V., Fluxys Belgium, Gasunie Transport Services B.V., Thyssengas GmbH, Open Grid Europe GmbH, Interconnector, Gasunie GmbH (DE), Gaz System, terranets bw GmbH, Bayernets, Gascade, Gas Connect Austria, Gas Networks Ireland, REN, Enagás, Net4Gas, ENTSOG and ONTRAS Gastransport GmbH]</p> <p>Most TSOs are aligned with ENTSOG position, they believe this proposal is in line with the joint ENTSOG/ACER solution paper to the EFET FUNC case.</p> <p><u>Disagreement with the weekly frequency (asking for a lower frequency):</u></p> <ul style="list-style-type: none"> • GRTgaz agrees with a weekly frequency for M products, but advocates for a lower frequency for Q products, and even suggests an even lower frequency for Y products. [GRTgaz] • GSA Platform simply doubts of the very interest of having additional auctions and believes there is no guarantee of additional capacity sales. [GSA Platform] • SEFE Marketing & Trading considers this frequency is too high and would be too resource-intensive, advocating for a lower frequency. [SEFE Marketing & Trading] 	<p>ACER understands that the proposed weekly frequency of additional UPA auctions is very much supported by respondents, seen as striking a good balance between daily auctions (or even FCFS as proposed by some) and monthly auctions.</p> <p>ACER will thus propose a weekly frequency for additional UPA auctions as a default rule. This parameter could however be eligible to the 'adapt-to-market' clause, in order to allow introducing alternative frequencies in the future if needed.</p>

Respondents' replies	ACER views
OTHER POINTS OF NOTE	
<ul style="list-style-type: none"> • Teréga and BDEW agree with the weekly frequency, but consider it could be a starting point, and that a higher frequency could be investigated further for the future (twice a week in particular). [Teréga and BDEW] • VNG Handel & Vertrieb GmbH and RWE Supply & Trading advocate for a twice-a-week frequency as well. [VNG Handel & Vertrieb GmbH and RWE Supply & Trading] • Energinet considers a FCFS allocation would be even preferable, coupling further capacity with commodity markets. [Energinet] 	

3.3.9 Q3.9 Are the improvement options feasible in terms of implementation cost and time? Please explain.

Respondents' replies	ACER views
RESPONDENTS DEEM THE PROPOSED CHANGES ARE FEASIBLE, WHILE MORE ACCURATE ASSESSMENTS ARE WELCOME	
<p><u>29 respondents believe the changes are feasible and implementable:</u></p> <p>21 TSOs and associations: The changes are feasible but further assessment will be needed when a more precise proposal project is made public. Some also point at the need for sufficient time for implementation for BPs and TSOs. [SNAM SPA, Teréga, Energinet, GRTgaz, FNB Gas e.V., Fluxys Belgium, Gasunie Transport Services B.V., Thyssengas GmbH, Open Grid Europe GmbH, Interconnector, Gasunie GmbH (DE), GAZ-SYSTEM, terranets bw GmbH, Bayernets, Gascade, Gas Networks Ireland, REN, Enagás, Net4Gas, ENTSOG and ONTRAS Gastransport GmbH]</p> <p>7 shippers and associations: VNG Handel & Vertrieb GmbH, Equinor, DEPA COMMERCIAL S.A., BDEW, RWE Supply & Trading, Engie, ETE:</p> <ul style="list-style-type: none"> • VNG Handel & Vertrieb GmbH, BDEW and RWE Supply & Trading remind that UPA already exists in systems, that additional resources may be required (at shipper level) but that benefits will offset costs. Costs are however not easily assessable for the moment. [VNG Handel & Vertrieb GmbH, BDEW and RWE Supply & Trading] 	<p>ACER notes that the respondents believe, overall, that the proposed changes are feasible, without being able to assess the magnitude of additional costs. ACER notes that sufficient lead-time will be necessary to take into account and implement these changes.</p>

Respondents' replies	ACER views
<ul style="list-style-type: none"> Equinor believes changes are feasible but reminds that rules should not change too frequently. [Equinor] DEPA COMMERCIAL S.A. and ENGIE believe there should not be additional costs. [DEPA COMMERCIAL S.A., ENGIE] ETE has no knowledge of additional costs, which it understands from BPs' information should not be challenging. [Energy Traders Europe] <p>Considerations on feasibility:</p> <ul style="list-style-type: none"> Any change requires IT system modification and that costs and timing will depend on the degree of complexity of changes. [BBLC and National Gas Transmission (UK)] The proposals deserve further assessments once a more precise proposal is made. [Gas Market Operator for Northern Ireland (GMO NI)] 	
<p>PRISMA considers the changes seem feasible provided reasonable implementation lead-time, and indicates that BP systems and TSO interfaces will need to be updated. [PRISMA] GSA Platform believes the necessary adjustments for BPs and TSOs will be significant and will require costs and implementation time without any guarantee for additional capacity bookings. [GSA Platform]</p>	<p>As indicated above.</p>
OTHER POINTS OF NOTE	
<p>Gas Connect Austria highlights that a prerequisite for these changes will be their approval by NRAs and their coverage by network tariffs. [Gas Connect Austria]</p>	<p>ACER notes that the costs of TSO services are governed by EU and national legal frameworks.</p>

3.3.10 Q3.10 Considering the improvement options discussed in this section, do you have concrete proposals to amend the CAM NC? Please specify your proposed revisions to the legal text.

Respondents' replies	ACER views
<p>There were no concrete proposals related to this section.</p>	
<p>Energinet submitted an Annex with a schematic for introducing FCFS after the initial auction.</p>	<p>ACER deems Energinet's submitted annex does not contain a concrete proposal.</p>

3.3.11 Q3.11 Please share your views on the advantages and drawbacks of Option 1 (independent ACA auction on 12 monthly auction dates) and Option 2 (independent ACA auctions on 4 dates)?

Respondents' replies	ACER views
VIEWS ON OPTION 1: 12 ACA AUCTION DATES, ADDITIONAL WEEKLY UPA AUCTIONS FOR THE FRONT MONTH ONLY	
<p><u>General advantages:</u></p> <ul style="list-style-type: none"> • In line with the spirit of consultation to increase booking opportunity. [Eni S.p.A., Proxigas, VNG Handel & Vertrieb GmbH, EDF, BDEW, RWE Supply & Trading, Interconnector Ltd] • Similar structure compared to the existing one. [VNG Handel & Vertrieb GmbH, Eni S.p.A., Proxigas, Energy Traders Europe, BDEW, RWE Supply & Trading] • Increase market flexibility and efficiency. [Energinet, Energy Traders Europe] <p><u>Advantages compared to other option:</u></p> <ul style="list-style-type: none"> • Retaining the role and integrity of ACAs in allocating any unsold capacity for the remaining months of the quarter. [RWE Supply & Trading, VNG Handel & Vertrieb GmbH] • ACA auctions take place closer to the product's runtime, allowing market participants to estimate needs more closely. [Edison SPA, SNAM SPA, ENTSOG] • From an organizational point of view, there would also be fewer UPA auctions at the end of the year. [ENTSOG] • UPA would be more aligned with the ACA auctions. [ENTSOG] • Less cost for the market. [GSA Platform] <p><u>General drawbacks:</u></p> <ul style="list-style-type: none"> • Little room is left for holding the UPA for the forthcoming month. Decide if move ACA auction earlier. [Energy Traders Europe, BDEW, VNG Handel & Vertrieb GmbH] • It only allows shippers the opportunity to buy front month capacity via UPAs. [RWE Supply & Trading] • Might create an overload of auctions, suggest using only uniform price for forthcoming months. [OMV Gas Marketing & Trading GmbH] 	<p>ACER understands that most respondents see this option as similar to the current auction setup, which is seen as possibly less costly to implement, to which additional auction dates would be added under UPA. This option safeguards the role of ACAs in allocating monthly capacity with a price-discovery process, which will continue to take place closer to the start of the M products (compared to Option 2), and UPAs would then be run after the price-discovery process of ACAs.</p> <p>ACER is well-aware that this option, however, offers less opportunities for UPAs and only the front-month product will be sold under UPA (vs. all remaining months under Option 2).</p>

Respondents' replies	ACER views
VIEWS ON OPTION 2: 4 ACA AUCTION DATES, ADDITIONAL WEEKLY UPA AUCTIONS FOR EACH MONTH UNTIL THE END OF A GIVEN QUARTER	
<p><u>Common advantages:</u></p> <ul style="list-style-type: none"> • This option allows for more opportunities to book monthly products, since more UPA rounds would be held for second and third month of a given quarter. [Energy Traders Europe, VNG Handel & Vertrieb GmbH, BDEW] • This would introduce more UPAs opportunities. [ENTSOG] • It gives more flexibility for shippers to book monthly capacity up to three months ahead to support forward spread trades associated with the ACA algorithm. [RWE Supply & Trading] <p><u>Common drawbacks:</u></p> <ul style="list-style-type: none"> • Could undermine the benefit of price discovery associated with the ACA algorithm. [VNG Handel & Vertrieb GmbH, BDEW, RWE Supply & Trading, ONTRAS Gastransport GmbH] • Last months in a quarter booked to much in advance. [Edison SPA, EDF, ONTRAS Gastransport GmbH] • Additional monthly auctions should be held in UPA mode to determine market interest more efficiently. [OMV Gas Marketing & Trading GmbH] • This would introduce more UPAs. [FNB Gas e.V., Thyssengas GmbH, Open Grid Europe GmbH, Gasunie Deutschland Transport Services GmbH, terranets bw GmbH, GASCADE Gastransport GmbH] • With this option UPA is favoured in confront of ACA. [Energy Traders Europe] • Limited time for forthcoming month UPA auction. [Energy Traders Europe] • The proposed changes would require significant adjustments for booking platforms as well as back-end systems of TSOs. [GSA Platform] <p><u>Drawbacks compared to other option drawbacks:</u></p> <ul style="list-style-type: none"> • Less ACA auctions compared to Option 1. [Eni S.p.A., Proxigas] • Many UPA running at the same time could be complex to manage. [EDF] 	<p>ACER retains that according to stakeholders Option 2 provides for more auction dates, and in particular more UPA auctions than in Option 1. However, having the ACAs only organised before the start of a given quarter is seen as too early, in particular for last months of the quarter. This Option is also seen as requiring more amendments compared to the current situation.</p>

3.3.12 Q3.12 Which option for enabling advance booking of monthly products do you prefer?

Respondents' replies		ACER views																															
<table border="1"> <thead> <tr> <th>Which option for enabling advance booking of monthly products do you prefer?</th> <th>Type of organisation / company</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td rowspan="5">No preference</td> <td>other</td> <td>1</td> </tr> <tr> <td>shippers/traders and their associations</td> <td>3</td> </tr> <tr> <td>TSO and their associations</td> <td>9</td> </tr> <tr> <td>TSO and their associations; DSO and their associations</td> <td>1</td> </tr> <tr> <td><i>Total</i></td> <td>14</td> </tr> <tr> <td rowspan="4">Option 1</td> <td>Other</td> <td>2</td> </tr> <tr> <td>shippers/traders and their associations</td> <td>8</td> </tr> <tr> <td>TSO and their associations</td> <td>13</td> </tr> <tr> <td><i>Total</i></td> <td>23</td> </tr> <tr> <td rowspan="2">Option 2</td> <td>TSO and their associations</td> <td>2</td> </tr> <tr> <td><i>Total</i></td> <td>2</td> </tr> <tr> <td colspan="2">Grand Total</td> <td>39</td> </tr> </tbody> </table>		Which option for enabling advance booking of monthly products do you prefer?	Type of organisation / company	Total	No preference	other	1	shippers/traders and their associations	3	TSO and their associations	9	TSO and their associations; DSO and their associations	1	<i>Total</i>	14	Option 1	Other	2	shippers/traders and their associations	8	TSO and their associations	13	<i>Total</i>	23	Option 2	TSO and their associations	2	<i>Total</i>	2	Grand Total		39	
Which option for enabling advance booking of monthly products do you prefer?	Type of organisation / company	Total																															
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	<i>Total</i>	2																															
Grand Total		39																															
<p>Most respondents, including Energy Traders Europe, express a preference for option 1 (12 monthly auctions). 14 respondents (including ENTSO) expressed no preference, and 10 additional respondents did not vote.</p>	<p>ACER notices that Option 1 is largely more supported than Option 2 and by a variety of stakeholders, both shippers and TSOs.</p>																																
ARGUMENTS IN SUPPORT OF OPTION 1																																	
<ul style="list-style-type: none"> Offers more opportunities to acquire monthly capacity through ACA auctions than option 2, increase flexibility. [Edison SPA, Eni S.p.A., Equinor, Proxigas, Energinet, GRTgaz, RWE Supply & Trading, ENGIE SA, FNB Gas e.V., Thyssengas GmbH, Energy Traders Europe, Open Grid Europe GmbH, Interconnector Ltd, Gasunie Deutschland Transport Services GmbH, terranets bw GmbH, Bayernets, ONTRAS Gastransport GmbH] Conducts ACA closer to product start date, more efficient market solution. [Edison SPA, SNAM SPA, Gas Market Operator for Northern Ireland (GMO NI), Proxigas, EDF, FNB Gas e.V., Thyssengas GmbH, Open Grid Europe GmbH, Gasunie Deutschland Transport Services GmbH, terranets bw GmbH, Bayernets] Option 2 involves conducting multiple UPAs for different months simultaneously, 	<p>ACER notes that shippers mainly point at the fact Option 1 (12 ACA dates) offers more opportunities to have ACA auctions, with price-discovery processes closer to the M product starting date (vs only ACAs ahead of each quarter).</p> <p>Given the feedback received, ACER considers bringing forward Option 1 (current 12 ACA dates complemented by UPAs).</p>																																

Respondents' replies	ACER views
<p>unnecessarily complicating operations for TSOs and market operators. [Edison SPA, Proxigas, EDF]</p> <ul style="list-style-type: none"> • Consistency in the amount of UPA auctions taking place each month. [Gas Market Operator for Northern Ireland (GMO NI)], • Option 2 would mean that months can be auctioned with different price regimes which is illogical. [BBLC] • Option 1 may create less costs for the market.[GSA Platform] 	
OTHER ARGUMENTS	
<ul style="list-style-type: none"> • GRTgaz is in favour of option 2 because it will give more opportunity for the market to buy capacities, and it will be clearer. [GRTgaz] • ENTSOG prefers to leave the choice to the market. [ENTSOG] 	As indicated above.

3.3.13 Q3.13 Are the improvement options feasible in terms of implementation cost and time? Please explain.

Respondents' replies	ACER views
IMPLEMENTATION CHALLENGES	
<p>Most respondents believe the implementation is feasible but suggest having more accurate assessment of the chosen option.</p> <p><u>Views in support that options are feasible:</u></p> <ul style="list-style-type: none"> • The options appear feasible, but this needs further detailed assessment. In terms of cost, it is necessary for TSOs to know which option is chosen and then be given time to conduct a proper cost assessment for implementation with all stakeholders involved. [ENTSOG, GSA Platform] • Improvements are feasible in terms of time and cost. However, it is important that there is a level of stability, and these do not change frequently. [Equinor] • Capacity booking platforms will face the biggest implementation costs. [Energinet] • A reasonable implementation period shall be foreseen to allow booking platforms to adjust their IT systems. This estimation does not cover the implementation within the TSO back-end systems which could require additional time. [PRISMA] 	<p>ACER understands that both options are considered feasible and acknowledges that stakeholders need to know which option is put forward to then be able to assess it more precisely in terms of cost and implementation time.</p> <p>ACER collected additional confidential information on the feasibility and concludes that overall all considered changes are deemed feasible in terms of implementation and costs.</p>

Respondents' replies	ACER views
<p><u>Disagreement that the options are feasible:</u> Implementation would be too resource intensive for shippers and TSOs. [SEFE Marketing & Trading]</p>	
OTHER POINTS OF NOTE	
<p>One suggestion would be to move the otherwise well-functioning auction rhythm to the 1st Monday of each month. [VNG Handel & Vertrieb GmbH, BDEW]</p>	<p>ACER notes that this flexibility is already foreseen in the current CAM NC.</p>

3.3.14 **Q3.14 Considering the improvement options discussed in this section, do you have concrete proposals to amend the CAM NC? Please specify your proposed revisions to the legal text.**

Respondents' replies	ACER views
There were no concrete proposals related to this section.	

3.3.15 **Q3.15 Please share your views on the advantages and drawbacks of Option 1, Option 2, Option 3 and Option 4. Please explain.**

ACER investigated options to enable market participants acquire a wider variety of capacity contracts, to better match their gas commodity deals. ACER notes that the CAM NC lacks capacity maturities between monthly and day-ahead products.

- **Option 1:** New standard capacity product 'Balance of month' (BoM);
- **Option 2:** Offer all daily products in one auction until the end of the month - excluding the day-ahead product for the front day;
- **Option 3:** Offer all daily products in individual auctions until the end of the month;
- **Option 3:** Offer daily products individually up to 7-days ahead, until the end of the month.

Respondents' replies	ACER views
VIEWS ON OPTION 1 'BALANCE OF MONTH' AS NEW STANDARD CAPACITY PRODUCT	
<p><u>Advantages of introducing a standard capacity product BoM</u></p> <ul style="list-style-type: none"> • New product aligns with commodity deals offered on the market. [VNG Handel & Vertrieb GmbH, Edison SPA, Eni S.p.A., ELPEDISON SA, SNAM SPA, Gas Market Operator for Northern Ireland (GMO NI), Equinor, Proxigas, DEPA COMMERCIAL S.A., BDEW, BBLC, SEFE Marketing & Trading, LLC Gas TSO of Ukraine, EDF, 	<p>ACER understands that this option (creating a new standard capacity product BoM) would be supported and would allow enhanced matching between commodity and capacity products. Still, several drawbacks make it a complex solution to implement it, as it requires amending other network codes (in particular TAR NC), as well as significant IT adjustments for BPs and TSOs.</p>

Respondents' replies	ACER views
<p>Trans Adriatic Pipeline, Teréga, Orlen S.A., Europex, National Gas Transmission, Energinet, GRTgaz, OMV Gas Marketing & Trading GmbH, Orlen S.A., RWE Supply & Trading, ENGIE SA, Uniper Global Commodities SE]</p> <ul style="list-style-type: none"> • Only one product is auctioned and allocated, significantly reducing the administrative burden arising from other options. [RWE Supply & Trading] <p><u>Drawbacks of introducing a standard capacity product BoM</u></p> <ul style="list-style-type: none"> • Impact on TAR NC [VNG Handel & Vertrieb GmbH, Edison SPA, Eni S.p.A., ELPEDISON SA, SNAM SPA, Gas Market Operator for Northern Ireland (GMO NI), Equinor, Proxigas, DEPA COMMERCIAL S.A., BDEW, FNB Gas e.V., Thyssengas GmbH, Open Grid Europe GmbH, Gasunie Deutschland Transport Services GmbH, terranets bw GmbH, Bayernets, ENTSOG, ONTRAS Gastransport GmbH] • Impact on national legislation. [VNG Handel & Vertrieb GmbH, BDEW, FNB Gas e.V., Thyssengas GmbH, Open Grid Europe GmbH, terranets bw GmbH, Bayernets, ONTRAS Gastransport GmbH] • Complicated for calculation of multipliers. [ENTSOG] • Additional capacity product requires making changes to the auction calendar. [Energy Traders Europe] • It would require significant adjustments for booking platforms as well as back-end systems of TSOs. [GSA Platform] 	<p>A targeted amendment of TAR NC might be considered by the European Commission if it is well-justified in terms of the benefits of having this product (with a matching price) implemented early.</p>
<p>VIEWS ON OPTION 2: OFFER ALL DAILY PRODUCTS IN ONE AUCTION UNTIL THE END OF THE MONTH -EXCLUDING THE DAY-AHEAD PRODUCT FOR THE FRONT DAY (BALANCE OF MONTH AUCTION)</p>	
<p><u>Advantages of offering all daily products in one auction:</u></p> <ul style="list-style-type: none"> • Faster implementation possible in relation to option 1 because there is no need for legal changes. [VNG Handel & Vertrieb GmbH, BDEW, Teréga, FNB Gas e.V. Eni S.p.A., Proxigas, ONTRAS Gastransport GmbH, terranets bw GmbH, Bayernets] • Do not requires establishing additional capacity product categories. [Energy Traders Europe] 	<p>ACER notes that stakeholders consider this option (to offer in 1 auction all remaining DA products until the end of a given month) as a simpler solution than Option 1 (no need to amend other document while meeting the same needs and objectives).</p> <p>However, in this option, the price of the product would be based on the daily product (with the higher daily multiplier) even when the BoM auction could cover durations that are much closer to the month than to an individual day.</p>

Respondents' replies	ACER views
<ul style="list-style-type: none"> • Appears to meet the wishes of the market participants. [ONTRAS Gastransport GmbH, terranets bw GmbH, Bayernets] • Create lesser costs for booking platform operator. [GSA Platform] <p><u>Drawbacks of offering all daily products in one auction:</u></p> <ul style="list-style-type: none"> • It is not compatible with tradeable commodity products. [OMV Gas Marketing & Trading GmbH] • The administrative burden of each day having to submit multiple bids for daily capacity and process multiple allocations is large. [RWE Supply & Trading] • Offering this product would restrict the ability to book individual days in a month more selectively. [Energy Traders Europe] • It would require significant adjustments for booking platforms as well as back-end systems of TSOs. [GSA Platform] 	<p>From the answers received, ACER is, however, not able to accurately assess whether this option would be more or less costly for BPs and TSOs. Some also point at the risk of lesser compatibility between the capacity product and the commodity market.</p>
<p>VIEWS ON OPTION 3: OFFER ALL DAILY PRODUCTS IN INDIVIDUAL AUCTIONS UNTIL THE END OF THE MONTH</p>	
<p><u>Advantages of offering all daily products in individual auctions:</u></p> <ul style="list-style-type: none"> • Offers the greatest flexibility for shippers to create strips of daily capacity bookings to match with short term commodity trades. [Energy Traders Europe] • Create lowest costs for booking platform operator that finally means additional cost for the market. [GSA Platform] <p><u>Drawbacks of offering all daily products in individual auctions:</u></p> <ul style="list-style-type: none"> • Significantly increases the complexity of the bidding process. [VNG Handel & Vertrieb GmbH, Edison SPA, EDF, Teréga, RWE Supply & Trading, FNB Gas e.V., Thyssengas GmbH, Energy Traders Europe, Open Grid Europe GmbH, Gasunie Deutschland Transport Services GmbH, terranets bw GmbH, Bayernets] • Difficult to know the available capacity on the day. Separated auctions would create additional risk of market manipulation. [Eni S.p.A.] • Could also result in shippers bidding for short term capacity product strips but not being allocated all of the days in such strips. 	<p>ACER understands that this option (to offer all remaining DA products until the end of a given months in individual auctions) would leave the greatest level of flexibility for shippers to book capacity products that match a wide variety of commodity products between the monthly and daily timeframes.</p> <p>Still, this option is seen as much more complex to implement and to manage and would be very heavy for IT systems of BPs and TSOs.</p>

Respondents' replies	ACER views
<p>[BDEW, RWE Supply & Trading, Energy Traders Europe]</p> <ul style="list-style-type: none"> • Not compatible with tradeable commodity products. [OMV Gas Marketing & Trading GmbH] • It would require significant adjustments for booking platforms as well as back-end systems of TSOs. [GSA Platform] 	
<p>VIEWES ON OPTION 4: OFFER DAILY PRODUCTS INDIVIDUALLY UP TO 7-DAYS AHEAD, UNTIL THE END OF THE MONTH</p>	
<p><u>Advantages of offering daily products in individual auctions up to 7 days ahead:</u></p> <ul style="list-style-type: none"> • No new product type needed. [FNB Gas e.V., Thyssengas GmbH, terranets bw GmbH, ONTRAS Gastransport GmbH] • Less complex and burdensome. [RWE Supply & Trading, VNG Handel & Vertrieb GmbH, BDEW] • Improve the possibility to book daily capacity. [Energy Traders Europe] • Flexibility for the shippers to book daily products more in advance. [FNB Gas e.V., Thyssengas GmbH terranets bw GmbH, ONTRAS Gastransport GmbH] • Allow weekend (WE) and WDNW commodity trades to be matched. [VNG Handel & Vertrieb GmbH, BDEW] • Beneficial for managing market participants' portfolios without needing daily participation in auctions. [Edison SPA, Proxigas, EDF] <p><u>Drawbacks of offering daily products in individual auctions up to 7 days ahead:</u></p> <ul style="list-style-type: none"> • Not possible to have BOM (if not end of month), less flexibility. [VNG Handel & Vertrieb GmbH, Eni S.p.A., Proxigas, BDEW, RWE Supply & Trading, Energy Traders Europe] • Difficult to know the available capacity on the day. [Eni S.p.A., Proxigas] • Separated auctions would create additional risk of market manipulation. [Eni S.p.A., Proxigas] • Does not address a market need expressed by our clients. [Teréga] • Not really compatible with tradeable products. [OMV Gas Marketing & Trading GmbH] 	<p>ACER notices this last option (to individually offer DA products up to 7 days ahead) is less complex and burdensome as the previous option, and would allow more advanced DA product booking and would make it possible to match capacity products with WE and WDNW commodity products.</p> <p>However, ACER notes that this option does not address the need expressed for the BoM timeframe.</p>

Respondents' replies	ACER views
<ul style="list-style-type: none"> It would require significant adjustments for booking platforms as well as back-end systems of TSOs. [GSA Platform] 	

3.3.16 Q3.16 Which option do you prefer?

Respondents' replies	ACER views																																											
<table border="1"> <thead> <tr> <th style="background-color: #e0f2f1;">3.16(a) Which option do you prefer?</th> <th style="background-color: #e0f2f1;">Type of organisation / company</th> <th style="background-color: #e0f2f1;">Total</th> </tr> </thead> <tbody> <tr> <td rowspan="3">No preference</td> <td>shippers/traders and their associations</td> <td>1</td> </tr> <tr> <td>TSO and their associations</td> <td>1</td> </tr> <tr> <td><i>Total</i></td> <td>2</td> </tr> <tr> <td rowspan="2">Option 1 (New standard capacity product 'Balance of month')</td> <td>shippers/traders and their associations</td> <td>7</td> </tr> <tr> <td><i>Total</i></td> <td>7</td> </tr> <tr> <td rowspan="5">Option 2 (Offer all daily products in one auction until the end of the month)</td> <td>Other</td> <td>3</td> </tr> <tr> <td>shippers/traders and their associations</td> <td>3</td> </tr> <tr> <td>TSO and their associations</td> <td>17</td> </tr> <tr> <td>TSO and their associations; DSO and their associations</td> <td>1</td> </tr> <tr> <td><i>Total</i></td> <td>24</td> </tr> <tr> <td rowspan="4">Option 3 (Offer all daily products in individual auctions until the end of the month)</td> <td>Other</td> <td>1</td> </tr> <tr> <td>shippers/traders and their associations</td> <td>1</td> </tr> <tr> <td>TSO and their associations</td> <td>2</td> </tr> <tr> <td><i>Total</i></td> <td>4</td> </tr> <tr> <td rowspan="2">Option 4 (Offer daily products individually up to 7-days ahead, until the end of the month)</td> <td>TSO and their associations</td> <td>1</td> </tr> <tr> <td><i>Total</i></td> <td>1</td> </tr> <tr> <td>Grand Total</td> <td></td> <td>38</td> </tr> </tbody> </table>		3.16(a) Which option do you prefer?	Type of organisation / company	Total	No preference	shippers/traders and their associations	1	TSO and their associations	1	<i>Total</i>	2	Option 1 (New standard capacity product 'Balance of month')	shippers/traders and their associations	7	<i>Total</i>	7	Option 2 (Offer all daily products in one auction until the end of the month)	Other	3	shippers/traders and their associations	3	TSO and their associations	17	TSO and their associations; DSO and their associations	1	<i>Total</i>	24	Option 3 (Offer all daily products in individual auctions until the end of the month)	Other	1	shippers/traders and their associations	1	TSO and their associations	2	<i>Total</i>	4	Option 4 (Offer daily products individually up to 7-days ahead, until the end of the month)	TSO and their associations	1	<i>Total</i>	1	Grand Total		38
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<p>Option 1 is preferred by shippers, including Energy Traders Europe, whereas ENTSOG and TSOs prefer Option 2.</p> <p>13 respondents indicated no preference or did not reply.</p>	<p>Option 1 is overall more favoured by shippers while TSOs tend to prefer Option 2. ACER thus notices that respondents do express a preference for introducing a BoM-like product.</p> <p><u>Further comments from the Workshop of 9 July:</u> Based on the discussion, it seems that shippers (according to Energy Traders Europe's intervention) tend to favour the introduction of a new standard capacity product BoM for the sake of ensuring harmonisation of the capacity product across IPs. The fear expressed is to have products not designed the same way from TSO to TSO (for instance depending on the inclusion or exclusion of public holidays).</p> <p>The alternative proposal – i.e. to offer everyday all remaining DA products until the end of the month in a unique auction – is also welcomed,</p>																																											

Respondents' replies	ACER views
	<p>provided harmonisation in ensured across IPs. This option (according to ENTSOG's intervention) is seen as easier and faster to implement.</p> <p>ACER considers both Option 1 and Option 2 effective in addressing the market need of implementing a capacity offer between the monthly and the day-ahead timeframe. ACER considers that while the standard product allows a cleaner implementation (aligned to all other capacity products) and would enable NRAs to set a dedicated price for the product that reflects its dynamic duration, it is believed to have higher implementation costs (more IT implementation costs and need to have a targeted amendment of TAR NC).</p> <p>ACER thus considers bringing forward, as the primary design option, Option 2, which consists in TSOs auctioning a strip of daily products covering all remaining gas days until the end of each month, starting on the 2nd day of the month without excluding any gas day, and containing at least two consecutive gas days, to ensure harmonisation across IPs.</p> <p>ACER reflected on how Option 1 should look like and will include that information in its reasoning justifying amendment proposals in order to fully inform stakeholders.</p>
ARGUMENTS FOR CHOICES	
<p><u>Arguments for selecting option 1:</u></p> <ul style="list-style-type: none"> Matches commodity contracts already offered in the market and creates a new product. [EDF, Orlen S.A., OMV Gas Marketing & Trading GmbH, RWE Supply & Trading, Uniper Global Commodities SE, Energy Traders Europe, Hera Trading S.r.l.] Could be combined with 7DA or WE products. [EDF, RWE Supply & Trading] <p><u>Arguments for selecting option 2:</u></p> <ul style="list-style-type: none"> Offers the flexibility required without introducing too much complexity to the existing auction calendar or auction set up. [Edison SPA, Eni S.p.A., Gas Market Operator for Northern Ireland (GMO NI), 	<p>Points considered above.</p>

Respondents' replies	ACER views
<p>Proxigas, Teréga, GRTgaz, FNB Gas e.V., Fluxys Belgium, Gasunie Transport Services B.V., Thyssengas GmbH, Open Grid Europe GmbH, Gasunie Deutschland Transport Services GmbH, GAZ-SYSTEM, terranets bw GmbH, Bayernets, GASCADE Gastransport GmbH, GSA Platform, Gas Networks Ireland, REN Gasodutos, SA, NET4GAS, s.r.o., ENTSOG, ONTRAS Gastransport GmbH]</p> <p>Arguments for selecting option 3:</p> <ul style="list-style-type: none"> Aligned with the commodity market. [SNAM SPA, Energinet, ENGIE SA, IFIEC] <p>Arguments for selecting option 4:</p> <ul style="list-style-type: none"> Meet the prerequisite that: costs are approved by the NRA and are covered under the tariff regime in place. [Gas Connect Austria GmbH] 	
OTHER POINTS OF NOTE	
<ul style="list-style-type: none"> The introduction of new auctions would have a large impact on systems as it would impact capacity availability and impact our processes and also our commercial and regulatory frameworks. [National Gas Transmission (UK)] The only additional auction that could be of benefit based on market liquidity could be a weekend (or holiday) auction. [SEFE Marketing & Trading] 	As above.

3.3.17 Q3.17 Please share your views on the feasibility of Option 1, Option 2, Option 3 and Option 4, particularly in terms of implementation costs and time?

Respondents' replies	ACER views
IMPLEMENTATION CHALLENGES IDENTIFIED BY BOOKING PLATFORM OPERATORS	
<ul style="list-style-type: none"> PRISMA argues for all options: Currently, the consultation document does not provide enough detailed information to provide a precise cost estimation. (ACER note: PRISMA provides in its confidential reply a range on cost and implementation time) [PRISMA] Option 3 requires the smallest adaptation and further operation effort. (costs) for booking platform. [GSA Platform] 	ACER collected additional information from GSA Platform, PRISMA and RBP to make informed amendment proposals.

Respondents' replies	ACER views
IMPLEMENTATION CHALLENGES IDENTIFIED BY OTHER RESPONDENTS	
<p><u>Option 1</u></p> <ul style="list-style-type: none"> • Potential longer implementation period due to national regulation. [VNG Handel & Vertrieb GmbH, BDEW] • Easy to implement in internal current process. [Eni S.p.A., Proxigas] • Longest implementation time due to amendment process of NC TAR and national regulation. [ONTRAS Gastransport GmbH] <p><u>Option 2</u></p> <ul style="list-style-type: none"> • Easy to implement in internal current process. [Eni S.p.A., Proxigas] <p><u>Option 3</u></p> <ul style="list-style-type: none"> • Complexity of implementation and daily management. [VNG Handel & Vertrieb GmbH, BDEW] • Potential highest costs, max. 28 auctions parallel. [VNG Handel & Vertrieb GmbH, BDEW] • Highest cost for implementation on Booking platforms and TSOs backend due to much higher traffic (up to 29 days ahead auctions running in parallel). [ONTRAS Gastransport GmbH] <p><u>Option 4</u></p> <ul style="list-style-type: none"> • Complexity of implementation and daily management. [VNG Handel & Vertrieb GmbH, BDEW] 	<p>ACER understands Option 1 is seen as possibly being the longest to implement (as other documents would need to be amended) while Option 2 is seen as easier to implement. Option 3 would be complex to implement and manage for BPs and TSOs (DA individual auctions to manage and follow) just as Option 4, but to a lesser extent.</p>

3.3.18 **Q3.18 Considering the improvement options discussed in this section, do you have concrete proposals to amend the CAM NC? Please specify your proposed revisions to the legal text.**

Respondents' replies	ACER views
There were no concrete proposals related to this section.	

3.3.19 **Q3.19 Do you agree with ACER's proposal to make more explicit that regulatory authorities may approve, on a case-by-case basis, higher percentages, or a specific split per capacity product? (Article 8 of the CAM NC).**

Respondents' replies	ACER views
<p>MAKE MORE EXPLICIT THAT REGULATORY AUTHORITIES MAY APPROVE, ON A CASE-BY-CASE BASIS, HIGHER PERCENTAGES, OR A SPECIFIC SPLIT PER CAPACITY PRODUCT</p>	
<p><u>Support for the proposal:</u></p> <ul style="list-style-type: none"> • General agreement. [Equinor, Hera Trading S.r.l., Europex] • NRAs should continue to be able to set-aside non-yearly capacity in excess of the minimum percentage thresholds included in the CAM NC and to differentiate thresholds for different products. [VNG Handel & Vertrieb GmbH, BDEW, RWE Supply & Trading] • Process could follow a public consultation requested by network users and open to ACER. [VNG Handel & Vertrieb GmbH, BDEW, RWE Supply & Trading] • Specifying whether there is an upper limit. [Eni S.p.A.] • Clarify in which cases the percentage can be increased. [Eni S.p.A.] • Specific split may be introduced per capacity product. [Energy Traders Europe, ENGIE SA, RWE Supply & Trading] • Clarification is not necessary, but not against it. [ENTSOG, terranets bw GmbH, Bayernets, GASCADE Gastransport GmbH, Gasunie Deutschland Transport Services GmbH, Open Grid Europe GmbH] <p><u>Disagreement with the proposal:</u></p> <ul style="list-style-type: none"> • We believe that the existing version of the CAM NC, is sufficiently clear and does not require additional amendments. [Edison SPA, Proxigas, EDF, Enginet] • ENTSOG suggests deleting the set-aside rule because the market is sufficiently developed and best placed to efficiently allocate capacity to where it is more demanded [ENTSOG] 	<p>ACER notes that most respondents are either in favour of being more explicit that higher set-aside shares could be set by NRAs (including with specific shares per product), while some stakeholders remark this is already possible (as the NC sets minimum shares).</p> <p>ACER takes note of the suggestion that such a decision by NRA should be submitted to public consultation.</p> <p>ENTSOG suggests to simply delete this rule, finding it unnecessary given the current market functioning.</p> <p>Given the positions expressed, ACER does not propose to amend the current set-aside rule, emphasising the possibility for TSOs to introduce higher set-aside shares and to affect product-specific set-aside shares with the current rule.</p>
<p>OTHER POINTS OF NOTE</p>	
<ul style="list-style-type: none"> • OMV Gas Marketing & Trading GmbH believe the current regulation on potentially increasing the set-aside rules should be even tightened: in particular the lead times under which higher set-aside rules (if deemed 	<p>As indicated above.</p>

Respondents' replies	ACER views
<p>necessary) can be announced should be set and expanded in order to not hinder diversification strategies under development. [OMV Gas Marketing & Trading GmbH]</p> <ul style="list-style-type: none"> Energinet suggest opening the possibility to sell a portion (40% in their proposal) further ahead than 15 years. [Energinet] 	

3.3.20 Q3.20 How would you amend the CAM NC to reflect this? Please specify your proposed revisions to the legal text.

Respondents' replies	ACER views
There were no concrete proposals related to this section.	

3.3.21 Q3.21 Please share your view on the advantages and drawbacks of removing the conditions under which interruptible capacity can be offered. Please explain. What is your preference? (Retaining the conditions as they currently are applied, removing the conditions, or no preference)

Respondents' replies	ACER views																																	
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<p>ENTSOG and TSOs prefer to retain the conditions as they are currently applied, whereas mostly shippers wish to remove the conditions; 18 respondents expressed no preference, including Energy Traders Europe, or did not reply.</p>																																		
<p>ARGUMENTS ON REMOVING THE CONDITIONS UNDER WHICH INTERRUPTIBLE CAPACITY PRODUCTS MAY BE OFFERED</p>																																		

Respondents' replies	ACER views
<p><u>Arguments in favour of removing the conditions:</u></p> <ul style="list-style-type: none"> • It provides shippers with additional flexibility. [VNG Handel & Vertrieb GmbH, Edison SPA, BDEW, EDF, Europex, RWE Supply & Trading] • It could enable more capacity bookings. [VNG Handel & Vertrieb GmbH, BDEW] <p><u>Arguments against removing the conditions:</u></p> <ul style="list-style-type: none"> • Decrease transparency on the capacity usage and too flexibility, which could cause opportunistic behaviour. [Eni S.p.A., Proxigas] • Keeping the current conditions ensures more stability. [SNAM SPA, FNB Gas e.V., Thyssengas GmbH, Open Grid Europe GmbH, Gasunie Deutschland Transport Services GmbH, GSA Platform, terranets bw GmbH, Bayernets, GASCADE Gastransport GmbH, ENTSOE, ONTRAS Gastransport GmbH] • Current conditions are clear. [Gas Market Operator for Northern Ireland (GMO NI)] • Hinder the hierarchy of firm and interruptible products. [Gas Market Operator for Northern Ireland (GMO NI), National Gas Transmission (UK), FNB Gas e.V., Thyssengas GmbH, Open Grid Europe GmbH, Gasunie Deutschland Transport Services GmbH, terranets bw GmbH, Bayernets, GASCADE Gastransport GmbH, ENTSOE, ONTRAS Gastransport GmbH] • There might be fewer firm bookings. [BDEW, RWE Supply & Trading] • It could complicate the determination of capacity forecasts within the framework of tariff formation, a discount on interruptible products can be offered ex-post. [BDEW, EDF, Energy Traders Europe] • Potential risks to system reliability if proper safeguards are not implemented. [Europex] 	<p>ACER notes shippers – who are mostly in favour of removing the conditions for offer of interruptible capacity – see it as a way of allocating more capacity.</p> <p>Other respondents, mostly TSOs, expressed negative views, and ACER notes many arguments against such a proposal: it could lead to opportunistic behaviours, hinder the hierarchy of firm vs. interruptible products, to lower firm capacity bookings, or negatively impact forecasts.</p> <p>ACER also notes the idea of reviewing the definition of “sold-out” (setting a threshold lower than 100%), as well as no longer considering the existence of an auction premium as a sufficient criteria for triggering interruptible auctions.</p> <p>ACER does not intend to remove the existing rule triggering the auction of interruptible capacity: firm capacity should be sold first. However, ACER proposes to remove the occurrence of an auction premium as a sole condition triggering the possible sale of interruptible capacity as a premium does not guarantee firm capacity is sold out. While ACER considered setting a threshold for capacity allocated to be above x percent, ACER emphasises that the amendment, namely the inclusion of additional auctions allows to sell out firm capacity out.</p>
ALTERNATIVE OPTIONS	
<ul style="list-style-type: none"> • Intermediate solutions could include setting thresholds for defining what constitutes “sold out.”, <i>setting up a percentage lower than 100%</i>. [BDEW] • The auction premium should no longer be a condition, as the undersell of the ACA <i>with the proposed changes to the CAM</i> first goes 	<p>As indicated above.</p>

Respondents' replies	ACER views
into the UPA (firm product). [BDEW, FNB Gas e.V., and German TSOs]	
OTHER POINTS OF NOTE	
<ul style="list-style-type: none"> Increasing the offering of unbundled capacity may also be considered. [VNG Handel & Vertrieb GmbH, BDEW] Fixed time for the marketing of interruptible capacity in the auction calendar should be maintained. [FNB Gas e.V., Thyssengas GmbH, Open Grid Europe GmbH, Gasunie Deutschland Transport Services GmbH, terranets bw GmbH, Bayernets, GASCADE Gastransport GmbH, ONTRAS Gastransport GmbH] A particular benefit would be seen if TSOs were also to provide the ex-post "upgrade option". [OMV Gas Marketing & Trading GmbH] 	As indicated above.

3.3.22 Q3.22 Please share your view on the advantages and drawbacks of using UPA for allocating all (or selected) interruptible capacity products? Please explain. What is your preference? (Retaining ACA as they are currently applied, changing to UPA (for all or selected products), or no preference)

Respondents' replies	ACER views																														
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Energy Traders Europe, few shippers and some TSOs prefer a switch to UPA for all or selected products, whereas ENTSOG and most TSOs prefer retaining ACA. 18 respondents did express not preference or did not reply.																															

Respondents' replies	ACER views
ARGUMENTS FOR USING UPA FOR ALLOCATING ALL (OR SELECTED) INTERRUPTIBLE CAPACITY PRODUCTS	
<p><u>Arguments in support of using UPA for allocating interruptible capacity products</u></p> <ul style="list-style-type: none"> • Seems efficient for all interruptible capacity to be offered through UPAs. With the introduction of supplementary auctions for firm capacity and if interruptible capacity is going to be offered more frequently. [VNG Handel & Vertrieb GmbH, BDEW, RWE Supply & Trading] • Introducing UPA to interruptible capacity auctions would make it faster for interruptible capacity to be offered and booked. [SNAM SPA] • If the condition is maintained that the associated firm product is sold out first it suggests that there will be a need for corresponding interruptible products. Then there is an advantage in using the UPA to allocate rather than ACA which may result in prolonged auctions and potentially no interruptible capacity being allocated. [Gas Market Operator for Northern Ireland (GMO NI), EDF] • Simplifies the agenda of publication and auctioning. [Teréga] • UPA is a quicker allocation process which is beneficial if trying to increase the number of auctions. [National Gas Transmission (UK), Energinet, ENGIE SA, Energy Traders Europe, Gas Connect Austria GmbH, Hera Trading S.r.l.] <p><u>Arguments against using UPA for allocating interruptible capacity products:</u></p> <ul style="list-style-type: none"> • UPA is appropriate in this situation to avoid the closing of the auction being prolonged causing the interruptible capacity product not being allocated. In most cases, price discovery already happens during ACA auctions for firm capacity products. Introducing UPA to interruptible capacity auctions would make it faster for interruptible capacity to be offered and booked. However, there are some points in the systems where firm capacity cannot be offered. Then there is no possibility for price discovery on such points, since there are no ACA auctions for firm capacity products. Until this issue is addressed, it 	<p>ACER notes that the main argument in favour of moving interruptible capacity auctions to UPA is a faster allocation (as interruptible capacity auctions have only few days to be allocated compared to firm products).</p> <p>At most IPs the firm product would have been offered via ACA and the price-discovery process would have happened for firm capacity.</p> <p>The only argument highlighted by TSOs against moving interruptible capacity auctions to UPA is the fact that not all IP capacity is sold as firm first, but in some cases only as interruptible capacity products (in this case there would be no price-discovery process).</p> <p>ACER proposes not to change the default rule. However, the choice for the auction algorithm to be applied for allocating a specific product will be among the adjustable parameters in order to ensure the algorithm shall be adapted to market circumstances and shippers' needs.</p>

Respondents' replies	ACER views
<p>would be challenging to introduce UPAs for all interruptible capacity products. [ENTSOG]</p> <ul style="list-style-type: none"> • ACA is important for price discovery and market efficiency. [Interconnector Ltd] 	
OTHER POINTS OF NOTE	
<ul style="list-style-type: none"> • If the conditions for holding interruptible auctions are lifted to allow them to occur concurrently with firm capacity auctions, it's advisable to employ the same algorithm for both. [Edison SPA] • If interruptible capacity is not offered in unlimited amounts, a UPA auction can lead to a faster result. However, if unlimited interruptible capacity is offered, a result is always achieved in the first round of an ACA auction. [FNB Gas e.V. and German TSOs] 	<p>ACER takes note of the comments and does not consider them for concrete amendment proposals.</p>

3.3.23 Q3.23 Considering the improvement options discussed in this section, do you have concrete proposals to amend the CAM NC? Please specify your proposed revisions to the legal text.

Respondents' replies	ACER views
PROPOSAL BY TERÉGA ON AMENDING ARTICLE 32 ON ALLOCATION OF INTERRUPTIBLE SERVICES	
<p><u>Argumentation:</u></p> <ul style="list-style-type: none"> • UPAs could be proposed as the main principle to offer interruptible products to facilitate operations and remove the need of a publication calendar for interruptible auctions. The reason is the need to adapt to new firm auctions calendar and also to have better interruptible auctioning opportunities. Eventually if some exceptional points need to keep ACA it could be a derogation possibility in the CAM NC evaluated case by case with NRAs. <p><u>Article 32: Interruptible offered via UPA</u></p> <ul style="list-style-type: none"> • Remove the interruptible auction calendar and define a time slot for interruptible auctions. As soon as the conditions are gathered for triggering an interruptible auction, the auction information is published for the next interruptible auction time slot. 	<p>ACER takes note of this suggestion while not considering it for the amendment proposals.</p>

3.3.24 Q3.24 Do you agree that ENTSOG should publish the auction calendar by 1st January of year Y for auctions taking place during the period of July Y until June Y+1?

Respondents' replies	ACER views
ENTSOG SHOULD PUBLISH THE AUCTION CALENDAR BY 1ST JANUARY OF YEAR Y FOR AUCTIONS TAKING PLACE DURING THE PERIOD OF JULY Y UNTIL JUNE Y+1	
<ul style="list-style-type: none"> The large majority of respondents do not object with the realignment of the calendar to cover the auctions of the gas year cycle (July being the month of the yearly-capacity auction). [VNG Handel & Vertrieb GmbH, Edison SPA, Eni S.p.A., Proxigas, BDEW, EDF, OMV Gas Marketing & Trading GmbH, RWE Supply & Trading, ENGIE SA, Energy Traders Europe, IFIEC, Hera Trading S.r.l., ENTSOG and TSOs, FNB Gas e.V., PRISMA] Suggest aligning the auction period with a gas year, i.e. the period of October Y until September Y+1, with the publication of the auction calendar by ENTSOG in March. [Orlen S.A., GAZ-SYSTEM, GSA Platform] Current CAM calendar is defined, and we don't advocate for any additional auctions. If new auctions are implemented, they should be published as per the current process. [SEFE Marketing & Trading] 	<p>ACER notes respondents do not object with this proposal of re-aligning the auction calendar publication with the auctions of the corresponding gas year.</p> <p>ACER will propose this calendar modification together with a transitional matter to ensure that no months are missing when the calendar is changed from spanning March until February to spanning July until June.</p>

3.3.25 Q3.25 Considering the improvement options discussed in this section, do you have concrete proposals to amend the CAM NC? Please specify your proposed revisions to the legal text.

Respondents' replies	ACER views
There were no concrete proposals related to this section.	

3.4 Feedback on Chapter 4: Improving the offering of capacity: adapting the rules to the market

3.4.1 Q4.1 Do you agree that the parameters and rules listed in the policy paper would benefit from more flexibility in the CAM NC? Please explain why or why not.

- Auction dates;
- Number of auctions
- Frequency of auctions
- Duration of bidding rounds
- Auction algorithm to be applied (whether to use ACA or UPA)

Respondents' replies	ACER views
MAKING THE PARAMETERS ADJUSTABLE BRINGS BENEFITS	
<p>Support: [VNG Handel & Vertrieb GmbH, BDEW, RWE Supply & Trading, FNB Gas e.V., Europex, Uniper Global Commodities SE, PRISMA, Energy Traders Europe, ENTSOG and TSOs]</p>	<p>ACER takes note of the widespread support from TSOs and network users to make a limited number of CAM NC parameters adjustable to market circumstances. ACER underlines that 'parameters' have to be interpreted here as elements of the CAM NC rules that deal with auction dates, number of auctions, frequency of auctions, duration of bidding rounds (ACA), and the auction algorithm to be applied (whether to use ACA or UPA for all or for a clearly defined subset of auctions). Evolving market circumstances generate different needs of market participants and the adjustment of these parameters aims to ensure the capacity allocation processes are adapted to the needs of shippers and TSOs in the prevailing market context (e.g., a calm market, a tight market, a volatile market etc.).</p>
...BUT REQUIRES A CLEAR PROCESS, CLEAR TIMING, AND PREDEFINED CONDITIONS	
<ul style="list-style-type: none"> • The process should be harmonized, and changes have to be applied across EU. [VNG Handel & Vertrieb GmbH, BDEW, RWE Supply & Trading, FNB Gas e.V. and German TSOs] • There could be some benefits to shippers by having this greater flexibility. Consideration would need to be given to fragmentation of rules and stability to market participants. [National Gas Transmission (UK)] 	<p>ACER agrees that changes should be applied across the EU and emphasises that the adaptation of CAM NC parameters to market circumstances shall be applied EU-wide, keeping the applicable rules harmonised (and adjusted to the prevailing market circumstances) and preventing fragmentation.</p>
<ul style="list-style-type: none"> • There should be exact boundaries or exhaustive list of aspects of each issue. [VNG Handel & Vertrieb GmbH, BDEW, RWE Supply & Trading; FNB Gas e.V., ENTSOG and TSOs] • Grant sufficient lead time for necessary implementation. [VNG Handel & Vertrieb 	<p>ACER agrees that the boundaries, meaning the range of flexibility, shall be pre-defined and embedded as much as possible in CAM NC to ensure the highest level of predictability of the rules applicable at any time, while keeping them adjusted to the prevailing market circumstances.</p>

Respondents' replies	ACER views
<p>GmbH, BDEW, RWE Supply & Trading, FNB Gas e.V. and German TSOs, PRISMA]</p> <ul style="list-style-type: none"> It is important that the market understands the rules and that there is also a high degree of stability in the trading arrangements. [ENTSOG and TSOs] 	
<ul style="list-style-type: none"> A transparent, well-communicated process for change is crucial & it must involve NRAs from the very beginning of the review process. [Europex, Uniper Global Commodities SE, Energy Traders Europe, ENGIE SA] A clear process with defined objectives in considering changes, clear timing including market consultation and defined list of conditions that would trigger the process. [ENTSOG and TSOs] 	<p>ACER agrees that the process to adapt the selected parameters must be transparent and described within CAM NC in terms of timelines and roles of regulatory authorities, transmission system operators and network users.</p> <p>ACER finds that predefining the (market) circumstances (conditions) that might trigger the adaptation of a CAM NC parameter goes against the intended objective as neither regulatory authorities, nor transmission system operators, nor network users can describe the entirety of possible market circumstances.</p> <p>The process to adapt a parameter requires an evaluation step to check how the adjusted CAM NC parameter is better adapted to the prevailing market circumstances before changing it.</p> <p>That means that the CAM NC rules in force might run somewhat behind on the evolving market circumstances but can still be adapted to these circumstances as required by Article 10(2)(b) of the recast gas Regulation on the principles of capacity allocation mechanism, and within the boundaries set inside the CAM NC.</p>
<p>STABILITY OF THE PARAMETERS IS BETTER THAN CONTINUOUS CHANGE</p>	
<ul style="list-style-type: none"> Modification could bring uncertainties among market players. The actual rules are suitable already for diverse market conditions. Change in any of the parameters should be evaluated in depth with additional clarification on how they would be altered and under what conditions otherwise scepticism regarding the inclusion of this provision in the CAM. [Edison SPA; Proxigas; EDF] Stability of the parameters is better than a continuous change of them. [Hera Trading S.r.l.] Any changes create additional costs to be covered by TSO/network users without any guarantee of additional sold capacity. Moreover, mixing of auction algorithms may create mismatches in the capacity booking strategies and misinformation regarding real capacity demand. In addition, during the same time slots auctions for various products 	<p>ACER agrees that stability and predictability of market rules are important. Furthermore, the rules must be and remain harmonised across all markets to prevent fragmentation and to achieve that the technical details of the CAM rules have been embedded in the CAM NC. However, stakeholders support having less-prescriptive rules that allow some parameters to be changed and to adapt them to market circumstances (the request was posted already in FUNC issue 01/2020).</p> <p>Stability comes from having an evaluation of the appropriateness of any selected CAM NC parameter with the market circumstances (and the shipper and TSO needs in those circumstances) before executing an adjustment.</p> <p>Predictability comes from describing the range of the adjustable parameters within CAM NC as well as from providing an adaptation process with implementation timelines.</p>

Respondents' replies	ACER views
<p>will be launched as well based on various algorithms for the same particular IP. It could be a challenge for newcomers on gas market. [GSA Platform]</p>	
OTHER POINTS OF NOTE	
<ul style="list-style-type: none"> • Supportive of increased flexibility but not increasing the number of auctions or using ACA as the auction mechanism. [SEFE Marketing & Trading] • Support amendments on all these items; no support for duration of bidding rounds. [OMV Gas Marketing & Trading GmbH] 	<p>ACER takes note of these views and emphasises that most stakeholders support enabling the adjustment of the number of auction rounds, the selection of the auction algorithm, and the duration of bidding rounds</p>

3.4.2 **Q4.2 Do you see any other parameters or rules of the CAM NC which should be more flexible and able to be modified depending on the market conditions? Please list them and explain why and how.**

Respondents' replies	ACER views
THE PROPOSED LIST OF CAM NC PARAMETERS AND RULES TO BE ADAPTABLE TO MARKET CONDITIONS IS FINE	
<p><u>Support for the list of parameters identified in ACER's policy paper:</u> No other parameters or rules of CAM NC should be more flexible and able to be modified depending on the market conditions. [ENTSOG and TSO, FNB Gas e.V., BDEW, EDF]</p>	<p>ACER takes note of the widespread support from TSOs and network users for making the parameters listed in the policy paper adjustable to market circumstances. These parameters are: auction dates, frequency/number of auctions, duration of bidding rounds, and auction algorithm to be applied (whether to use ACA or UPA). In addition, ACER proposes to make the notification times adjustable to be compatible with organising a higher number of additional UPA auctions after the initial ACA capacity auctions of yearly, quarterly and monthly capacity.</p>
SUGGESTED ADDITIONS TO THE PROPOSED LIST OF CAM NC PARAMETERS AND RULES TO BE ADAPTABLE TO MARKET CONDITIONS	
<p>Introducing implicit allocation and first come first serve. [SEFE Marketing & Trading]</p>	<p>ACER considers that the application of implicit allocation is already possible under the current CAM NC rules. ACER reminds that the CAM NC rules were introduced to move away from first-come, first-served allocation of capacity and to have capacity assigned with auctions (price-based mechanisms) to those network users that have the highest willingness to pay.</p>
<p>Review of the application of set-aside rules in combination with additional capacity. Surrendered capacity curtailed from being</p>	<p>ACER notes that Point 2.2.4 of Annex I to the recast gas Regulation specifies that surrendered capacity shall be considered to be reallocated</p>

Respondents' replies	ACER views
<p>offered by any set-aside quota. Especially at congested points capacity surrenders should be excluded from set-aside rules, in order to eliminate contractual bottlenecks as reported in many annual auctions for strategically important diversification routes. Advise to correspondingly adjust the formula set out in NC CAM Art 11 (para 6) in combination with NC CAM Art 8 (para 6&7). [OMV Gas Marketing & Trading GmbH]</p>	<p>only after all the available capacity has been allocated.</p> <p>ACER furthermore notes that the set-aside rule is meant to ensure a portion of capacity shall be available for allocation through shorter-term products.</p> <p>ACER emphasises that the current set-aside rule already encompasses flexibility for regulatory authorities in setting appropriate levels reflecting the conditions at a particular border.</p> <p>ACER does not consider that the suggestion enables to adapt market rules to market circumstances as under tight market conditions and high demand for a particular route, any capacity surrendered on that route is likely to be reassigned; when there is no interest in the capacity, the capacity rights shall remain with the surrendering capacity holder. The ability to adapt CAM NC parameters to market circumstances shall not reduce the firmness of contractual commitments.</p>
<p>Auction start and end times could be added as parameters to allow for the possibility to efficiently accommodate new changes. [RWE Supply & Trading]</p>	<p>ACER takes note of the suggestion and considers that start and end times are essential parts of the algorithms. However, ACER sees limited benefits in making these elements adjustable.</p>
<p>OTHER POINTS OF NOTE</p>	
<p>There is no need to restrict capacity sale to the coming 15 years. For new big infrastructure projects booking of capacity further out than 15 years would reduce financial risks. This can in turn reduce the WACC and thereby reduce tariffs in the long term. [Energinet]</p>	<p>ACER notes that its consultation paper stated that <i>“capacity expansion of the gas transmission system should not undermine the decarbonisation targets and must factor in gas reduction for unabated gas as well as build on a corroborated demand assessment”</i>.</p> <p>ACER notes that Article 10(4) of the recast gas Regulation requires TSOs to take into account the joint scenario as developed for the ten-year network development plan as well as security of supply when assessing market demand for new investments.</p> <p>ACER considers 15 years remains a reasonable horizon for selling forward capacity products. Regulatory authorities have the option to exceptionally extend the horizon with 5 additional years if an incremental project meets the conditions to apply an alternative allocation mechanism.</p>

3.4.3 Q4.3 Should there be a single ‘adapt-to-market’ process for deciding whether to modify these rules and parameters, or should certain parameters or rules require specific processes? Please explain.

Respondents’ replies	ACER views
USE A SINGLE ‘ADAPT-TO-MARKET’ PROCESS FOR DECISION ON MODIFYING RULES OR PARAMETERS	
<p>A single adapt-to-market process should be used to modify all the above parameters.</p> <p>Support: [VNG Handel & Vertrieb GmbH; BDEW; RWE Supply & Trading; ENGIE SA; Uniper Global Commodities SE; SEFE Marketing & Trading; Energy Traders Europe; ENTSOG and TSOs]</p> <p>Disagreement: Each parameter should undergo a thorough and detailed evaluation on its own. [Edison SPA, Proxigas]</p>	<p>ACER takes note of the widespread support to have a single process to modify the selected parameters.</p> <p>ACER emphasises that such process shall include an evaluation step.</p>
OTHER POINTS OF NOTE	
<p>We do not have any specific comments on how to conduct the market adaptation. We support the concept and when changes stay within "known concepts" as listed in 4.1 then we would support a shorter implementation time than the proposed up-to-18 months. [Energinet]</p>	<p>ACER notes that implementation timelines shall be such to enable the change to be implemented as well as the market be informed about the modifications with ample notice time.</p>

3.4.4 Q4.4 How to design the ‘adapt-to-market’ process to make it simple, practical and time-efficient while, at the same time, sufficiently transparent, predictable and ensuring sufficient stakeholder involvement?

Respondents’ replies	ACER views
DESIGNING THE ‘ADAPT-TO-MARKET’ PROCESS WITH INVOLVMENT OF BOOKING PLATFORM OPERATORS AND MARKET PARTIES	
<p>Key elements of ENTSOG’s proposal for a joint ACER-ENTSOG process:</p> <ul style="list-style-type: none"> • ENTSOG shall assess costs and advantages of the changes. • ENTSOG and ACER shall carry out a consultation including the presentation of the results of the assessment. • ENTSOG following ACER opinion takes the decision to modify items under consideration. • ACER and ENTSOG shall publish the result of the public consultation and the decision to modify or to dismiss the selected item. • The decided changes shall be taken into account, in the following auction calendar published by ENTSOG, while taking into 	<p>ACER takes note of these suggestions and shall incorporate them in the adapt-to-market process.</p> <p>ACER considers that such process shall be clear, transparent and involve the market.</p> <p>The process shall be aligned to its purpose which is to modify a CAM NC parameter within the range of flexibility foreseen inside CAM NC.</p>

Respondents' replies	ACER views
<p>account time needed for the auction calendar modification.</p> <ul style="list-style-type: none"> • There is also a need to define a trigger for the process. 	
<p><u>Involving booking platform operators and market parties</u></p> <p>Booking platforms must be explicitly named and included in the stakeholder involvement process as well to allow for proper planning and efficient implementation. [PRISMA]</p> <p>Guaranteeing stakeholders involvement via consultations, and being under EC oversight should be set-up, following the best-practices used to deliver NCs. [SNAM SPA]</p> <p>TSOs and booking platforms shall assess costs and advantages of the changes. [GSA Platform]</p>	As indicated above
<p><u>What to include in the process</u></p> <p>The process should state what rules and parameters may be included in the “adapt-to-market” process. The timeline envisaged should ensure that any amendments envisaged are announced to the public at latest alongside the publication of the auction calendar. [Uniper Global Commodities SE; Energy Traders Europe; ENGIE SA]</p>	As indicated above
<p><u>How to trigger the adaptation of parameters</u></p> <p>TSOs could regularly (e.g., every two years) seek feedback from their shippers. Any proposed changes should be evaluated by ENTSOG. During the CAM Amendment Process, ENTSOG should be given the lead role. [Gas Connect Austria GmbH]</p>	As indicated above
<p><u>The process could be based on the ‘prime movers group’</u></p> <p>An adapt-to-market process could operate in similar ways to the prime mover groups set up to develop the EU Network Codes. A small but representative group of shippers could work alongside ENTSOG’s Capacity Kernel Group to regularly consider the effectiveness of the CAM NC capacity allocation processes and to propose changes within the pre-defined parameters for public consultation in a transparent way. ACER could have a role in such a group, but in any case, would be expected to approve any changes that were agreed upon following the public consultation. [VNG Handel & Vertrieb GmbH; BDEW; RWE Supply & Trading]</p>	As indicated above

3.4.5 Q4.5 Do you see any risks with devising such a process (e.g. insufficient certainty, insufficient regulatory oversight) and if yes, how would you address them?

Respondents' replies	ACER views
BOUNDARIES TO IMPLEMENT TO PREVENT THE RISKS	
<p>NRAs should be involved in the revision process from the moment a potential need for amendment is flagged up. First phase of the process could be organized in a manner similar to the FUNC process, whereby the need for a change is discussed between ACER & ENTSOG in the first instance. [Energy Traders Europe; ENGIE SA]</p> <p>There should be certain boundaries implemented that would allow the 'simplified' process to kick-in. [ENTSOG and TSOs; VNG Handel & Vertrieb GmbH; BDEW; FNB Gas e.V.]</p> <p>Avoid market uncertainty about capacity rules undermining confidence and participation. Rules should not be constantly changing. A clear process should be transparent to all the market, perhaps within a defined periodic window to review and propose changes with justification included. Clear objectives and market consultation are required. [ENTSOG and TSOs; GSA Platform; VNG Handel & Vertrieb GmbH; BDEW; FNB Gas e.V.]</p> <p>An appropriate process jointly managed by ENTSOG and ACER, guaranteeing stakeholders involvement via consultations, and being under EC oversight should be set-up, following the best-practices used to deliver NCs. [SNAM SPA]</p> <p>There could be some benefits to shippers by having this greater flexibility. We suggest that consideration would need to be given to fragmentation of rules and stability to market participants. [National Gas Transmission]</p>	<p>ACER emphasises that the ability to adapt certain CAM NC parameters to market circumstances shall be restricted to the flexibility range foreseen inside CAM NC and shall not serve to amend CAM NC rules (the adoption of amendments to network codes is a competence of the European Commission).</p> <p>ACER considers that the process shall be clear, transparent and involving stakeholders. The CAM NC will embed boundaries to which parameters can be changed.</p> <p>ACER reminds that the European Commission shall assess the process is in line with the legal standards of the Union's law.</p>
MODIFICATION SHOULD BE EVALUATED CASE BY CASE.	
<ul style="list-style-type: none"> • Risk of having a single process is related to the fact that every single modification in parameters which have remain unchanged up until today might have very far-reaching implications, that should be evaluated on a case-by-case basis. [Edison SPA, Proxigas] • No significant risk with the adapt-to market process if it is applied as described. [RWE Supply & Trading] 	<p>ACER considers that the range of flexibility shall be determined extensively inside the CAM NC ensuring predictability.</p> <p>ACER furthermore considers that most selected parameters have to do with the organisation of the capacity auctions and not with the fundamentals of capacity sales.</p>
OTHER POINTS OF NOTE	

Respondents' replies	ACER views
Implementing additional auctions are resource intensive for both shippers and TSOs. [SEFE Marketing & Trading]	ACER considers that any adjustment of a CAM NC parameter will be done with sufficient implementation time.

3.4.6 **Q4.6 Considering the improvement options discussed in this chapter, do you have concrete proposals to amend the CAM NC? Please specify your proposed revisions to the legal text.**

Respondents' replies	ACER views
There were no concrete proposals related to this section.	

3.5 Feedback on Chapter 5: Improving the incremental capacity process

The provisions pertaining to incremental capacity must be brought in line with the Judgment of the General Court of 16 March 2022 in T-684/19 - MEKH v ACER¹⁴ (). After processing input by network users, transmission system operators and regulatory authorities, ACER identified diverging views that do not allow to conclude the debate with a single option.

ACER puts forward three options for the European Commission to consider as a complement to their legal analysis:

- Option (1) no restoration of the incremental process, meaning all provisions of Chapter VIII and all references to incremental would be removed from the code;
- Option (2) full restoration of the incremental process, meaning all provisions are retained, including ACER's proposed amendments to make the process more robust and efficient;
- Option (3) partial restoration of the incremental process, in particular retaining the demand assessment and design stages (Articles 26 and 27) while removing the provisions related to the binding stage.

ACER highlights that the coordination of TSOs and NRAs were valued aspects in concluded incremental projects while the process has made a very limited contribution to cross-border capacity development based on market interests (1 successful project in 4 cycles of the process).

The below ACER views pertain to the options discussed to amend certain provision of the incremental process should it be restored (Option 2 or Option 3)

3.5.1 Q5.1 Please share your views on the advantages and drawbacks in charging administrative fees to avoid speculative expressions of interest? Do you have other ideas regarding assuring credibility of demand expressions?

Respondents' replies	ACER views
MAINTAIN THE POSSIBILITY OF HAVING FEES FOR ACTIVITIES RESULTING FROM THE SUBMISSION OF NON-BINDING DEMAND INDICATIONS	
<p>Support for administrative fees: [Edison SPA; Gas Market Operator for Northern Ireland (GMO NI); National Gas Transmission (UK)]</p> <ul style="list-style-type: none"> • The fee should be representative of the costs of the TSOs. [Gas Market Operator for Northern Ireland GMO NI] • Given the history of the TSO-led process, it would appear appropriate that this is a shipper-led process, with administrative fees to discourage speculative interest. [National Gas Transmission] <p>Disagreement with administrative fees: [BBLC, OMV Gas Marketing & Trading GmbH, RWE Supply & Trading; IFIEC]</p> <ul style="list-style-type: none"> • Increase administrative burden for the TSO and it would not provide a solution unless the fee is sufficiently large. [BBLC] 	<p>ACER notes that there are no strong objections against maintaining the existing possibility for regulatory authorities to approve a fee that covers the costs of activities resulting from the submission of non-binding demand indications (as per Article 26(11) of CAM NC).</p> <p>ACER takes note that respondents see the aim of these fees as discouraging against speculative expressions of interest in incremental capacity. ACER notes that as long as these fees cover the actual costs of running the incremental process, the process should be cost-neutral for other network users in case the project fails the economic test.</p> <p>ACER proposes to amend CAM NC in order to clarify that the fees should cover the actual costs of activities resulting from non-binding demand expressions, taking into consideration the submitted demand</p>

¹⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:62019TJ0684>

Respondents' replies	ACER views
<ul style="list-style-type: none"> TSOs charging fees for non-binding expressions of interest already exists in the CAM NC, so we see no reason to amend it. [RWE Supply & Trading] Speculative expressions of interest should be avoided as they might lead to misleading price signals and administrative fees could be a solution to avoid such behaviour and effects. However, IFIEC in general is against charging administrative fees. The question is than what the measure could or will solve and hence contribute to prevent speculative behaviour. [IFIEC] 	<p>indications, and that these fees should not be restricted to the mere (administrative) costs for submitting demand indications.</p>
<p>INTRODUCTION OF A DEPOSIT FOR GUARANTEEING CREDIBILITY OF DEMAND</p>	
<ul style="list-style-type: none"> Deposit of 20.000€ for each incremental capacity request on both sides of the respective border unless otherwise provided for in national law or by the relevant NRA. The deposit shall be reimbursed to the respective network user if the economic test for at least one offer level that includes incremental capacity at the respective interconnection point is positive. [BDEW; FNB Gas e.V.; and German TSOs] Deposit can be set on some fixed reasonable amount. Deposit an option to be introduced voluntarily by TSO. It shall be reimbursed to the respective network user if such user submitted an equal or higher bid in the binding phase of the process. Possibility of introduction of an administrative fee by NRA should remain. [ENTSOG and TSOs] 	<p>ACER takes note of the proposal by ENTSOG, TSOs and FNB Gas e.V. to introduce the option for a TSO to request a deposit from any shipper expressing non-binding interest in incremental capacity.</p> <p>ACER believes that the introduction of such fees, as well as their level, shall always be subject to a decision by the national regulatory authority.</p> <p>ACER notes that such deposits shall be returned to shippers whose non-binding demand expression was confirmed with the placement of a matching bid in the binding phase. ACER believes any deposit should be returned also in case the incremental process ends with a positive economic test at least for one offer level.</p> <p>ACER notes that in the technical workshop, network users did not object such fees and deposits a priori; the fees should be proportionate and should have as objective to raise the credibility of demand expressions.</p> <p>ACER finds that fees and deposits are similar in their purpose of raising the credibility of non-binding demand expressions. Fees are more closely connected to actual costs of running the process, whereas deposits are not linked to any process costs.</p> <p>ACER proposes to foresee the possibility for regulatory authorities to introduce such deposits, in substitution of fees or complementing them.</p>
<p>OTHER POINTS OF NOTE: EFFECTIVENESS OF FEES IN DISCOURAGING SPECULATIVE EXPRESSIONS OF INTEREST</p>	

Respondents' replies	ACER views
<p>In terms of introducing a fee, it would be good to understand whether existing experiences with such solution have addressed the potential problem with verifying the credibility of market interest. [Energy Traders Europe]</p>	<p>ACER agrees that it is important to keep in mind the effectiveness of fees in raising credibility of market interest while introducing deposits.</p>

3.5.2 Q5.2 Please share your views on the advantages and drawbacks of the options for adjusting the frequency of the process? Which is your preferred option?

- **Option 1:** running the process on a voluntary basis, activated per border by the neighbouring TSOs. This would avoid running the process where it is unlikely to have positive returns;
- **Option 2:** running the process when a shipper calls for it. By allowing shippers to call for running an incremental process, it is avoided that TSOs would not assess, or not frequently enough, market demand for capacity expansion;
- **Option 3:** set a less prescriptive frequency, e.g. TSOs would be required to run the incremental process at least every x year. The competent regulatory authorities could decide on a higher frequency per border. This approach would reduce the costs by having less procedures, while retaining a common process and timeline for organising the market testing.

Respondents' replies	ACER views
<p>NO NEED FOR CHANGES REGARDING THE FREQUENCY OF THE PROCESS</p>	
<p>Several respondents are in favour of retaining the biennial frequency of the process but with some conditions.</p> <ul style="list-style-type: none"> • Respondents don't see the need for a change in the frequency of the process [SNAM SPA; BBLC] but only if there is the possibility of introducing the deposit option [VNG Handel & Vertrieb GmbH; BDEW; FNB Gas e.V. and German TSOs; Gas Network Ireland] and the possibility of introducing a fee for administrative costs should be maintained. [ENTSOG and TSOs]. • If there will be a change, then they will opt for Option 2. [VNG Handel & Vertrieb GmbH and BDEW] 	<p>ACER takes note that while respondents' views differ (see also the next point), the arguments from TSOs hint that the frequency is subsidiary to raising the credibility of the non-binding demand expressions.</p> <p>ACER agrees that the effectiveness of the incremental process benefits most from raising credibility of demand expressions regardless of the frequency.</p> <p>ACER furthermore notes that there is support for retaining the current biennial frequency starting the assessment in odd years (which also allows to run a process in the even years).</p> <p>ACER additionally notes some support for a more shipper-led process; however, ACER acknowledges the issue of setting up a process for shippers to make known their interest in running a demand assessment and notes that the required process might not be very different from the current incremental process with a well-known timeline harmonised across the Union.</p>
<p>ARGUMENTS FOR THE DIFFERENT OPTIONS</p>	
<p>Support option 1: GRTgaz is in favour of option 1 but with the fee.</p>	<p>ACER takes note of these views and addresses them in the first point of this section.</p>

Respondents' replies	ACER views
<p><u>Support option 2:</u> [EDF; Energinet; RWE Supply & Trading; Edison SPA;-RWE Supply & Trading]</p> <ul style="list-style-type: none"> Some of the respondents specified that they prefer Option 2, but it should be backed up with the possibility that the introduction of the administrative fee is maintained. [Energinet; RWE Supply & Trading; Edison SPA;-RWE Supply & Trading, GRTgaz] Gas Market Operator for Northern Ireland (GMO NI) prefers Option 2 as well but warns that “without the current frequency where it is communicated to stakeholders bi-annually, Shippers may not be aware of such a process especially if there is a prolonged period of no activity. The current frequency also means that the TSOs are prepared for the possibility of receiving such an expression of demand and can plan accordingly”. [Gas Market Operator for Northern Ireland (GMO NI), UK] If a shipper request for an incremental capacity process, there should be firm deadlines for both TSO's as there is now. [Energinet] The incremental capacity process should only be activated if a shipper requests it from both TSO's on an IP. And a smaller administrative fee should also be paid to both TSO's to start the process. [Energinet] 	<p>ACER takes note of these views and addresses them in the first point of this section.</p>
<p><u>Support option 3</u> As for the options provided in the ACER Policy Paper we would like to support Option 3 – whereby the same frequency as now will be kept in the CAM NC, imposing on the TSOs to jointly run an incremental process every 2 (two years), with the possibility to organise voluntary additional rounds in between, depending on the market interest and alignment between the TSOs and with the relevant involved NRAs, at the respective interconnection points. [Trans Adriatic Pipeline]</p>	<p>ACER takes note of these views and addresses them in the first point of this section.</p>
<p><u>Support for combination of options 1 and 2:</u> Combination of options 1 and 2 would offer a good approach to the incremental process, whereby the TSOs could either start it out of their own initiative and judging by the observed/ expected market demand, or they could decide to act upon receiving a request from market participant(s). [Energy Traders Europe]</p>	<p>ACER takes note of these views and addresses them in the first point of this section.</p>

Respondents' replies	ACER views
OTHER POINTS OF NOTE	
<ul style="list-style-type: none"> Preferred option is to let NRAs make their own decisions on the appropriateness and frequency to conduct a sort of open season procedures by TSOs. [LLC Gas TSO of Ukraine] In favour of deleting the process from the NC CAM and assess market demand on an ad hoc basis with a specific process agreed with the NRA. [Fluxys Belgium] 	<p>ACER takes note of these views and recalls that stakeholders indicated in ACER's scoping consultation¹⁵ a preference for keeping a set of harmonised rules for demand assessment for incremental capacity. Those rules must be legally robust and rectify the shortcomings identified by the European Union General Court¹⁶.</p>

3.5.3 Q5.3 Which elements of the process should remain fully harmonised? How would you simplify the existing process?

Respondents' replies	ACER views
ON RETAINING A HARMONISED PROCESS TO DEVELOP INCREMENTAL CAPACITY	
<p>The majority of stakeholders consider that all the elements already present in the process are necessary. [SNAM SPA; RWE Supply & Trading], but introduction of a deposit to prove the credibility of the demand requests. [VNG Handel & Vertrieb GmbH; BDEW; FNB Gas e.V.; ENTSOG and TSOs]</p> <ul style="list-style-type: none"> All the elements are important, but the frequency should be changed. [RWE Supply & Trading] The part that should stay harmonized should be the one regarding coordination by TSOs. For an incremental process to be successful, it is fundamental that the launch of the process is coordinated amongst the parties and that the involved TSOs benefit from more flexibility in the other stages, in alignment with and under the supervision of the relevant national regulatory authorities. [Trans Adriatic Pipeline] 	<p>ACER takes note that most respondents consider the elements of the current process could be retained while enhancing the role of fees to raise the credibility of demand expressions. ACER takes note as well that coordination between TSOs including timelines in launching the process.</p>
OTHER POINTS OF NOTE	
<ul style="list-style-type: none"> If the requirement to conduct regular market demand assessment remains in place, it looks reasonable to introduce administrative 	<p>ACER emphasises that the obligation on TSOs to regularly assess market demand for new capacity is embedded in Article 10(4) of the recast gas</p>

¹⁵ <https://www.acer.europa.eu/documents/public-consultations/pc2023q09-public-consultation-capacity-allocation-mechanisms-network-code-achievements-and-way-forward>.

¹⁶ Ibid fn **Error! Bookmark not defined.**

Respondents' replies	ACER views
<p>fees for network users. But, support the idea to delete the respective chapter on incremental capacity. [LLC Gas TSO of Ukraine; Energinet]</p> <ul style="list-style-type: none"> As stated in our answer to the consultation held in January, a deletion of that incremental capacity process may be envisaged, considering the low value it added so far based on our own return of experience; Should that process be maintained, ENGIE considers option 1 as the best possible compromise, being on a pure voluntary basis. [ENGIE SA] We believe it would provide more benefit if incremental capacity were governed outside NC CAM. In any case more focus in the INC complex should be set on also considering surrender possibilities, which can substantially reduce the need for factual expansions and thus optimize a project's economic test. [OMV Gas Marketing & Trading GmbH] 	<p>Regulation. ACER emphases furthermore that this demand assessment for new investment needs to take into account the integrated network planning as laid out in Article 55 of the recast gas Directive and that Article 3(k) of the recast gas Regulation requires the energy efficiency first principle must be implemented in all market rules to avoid investment incentives that lead to stranded assets.</p> <p>ACER takes note of the views suggesting removing incremental from the CAM NC and recalls that stakeholders indicated in ACER's scoping consultation¹⁷ a preference for keeping a set of harmonised rules for demand assessment for incremental capacity. Those rules must be legally robust and rectify the shortcomings identified by the European Union General Court¹⁸.</p>

3.5.4 Q5.4 Do you have any other ideas on how to streamline the incremental capacity process? Please explain the possible advantages and drawbacks of your ideas.

Respondents' replies	ACER views
SUGGESTIONS TO STREAMLINE THE INCREMENTAL CAPACITY PROCESS	
<p>Eliminate the obligation to run and publish zero market demand assessment reports. [BDEW, FNB Gas e.V., ENTSOG and TSOs]</p>	<p>ACER emphasises that the obligation on TSOs to regularly assess market demand for new capacity is embedded in Article 10(4) of the recast gas Regulation. Market participants as well as regulatory authorities expect the outcome of that assessment to be reported on.</p> <p>ACER believes the publication of a demand assessment report with zero demand expressions is not a complicated task.</p>
<ul style="list-style-type: none"> Introduce a harmonized template ("incremental-template") for non-binding demand requests – to be designed by ENTSOG and used by TSOs to be completed by customers and exchanged with the adjacent TSOs. [BDEW; FNB Gas e.V.; ENTSOG and TSOs] 	<p>ACER takes note of this proposal and considers it a good practice that may already be implemented on a voluntary basis outside of formal inclusion CAM NC.</p> <p>ACER proposes to include the development of a template by ENTSOG to be used for assessing</p>

¹⁷ <https://www.acer.europa.eu/documents/public-consultations/pc2023q09-public-consultation-capacity-allocation-mechanisms-network-code-achievements-and-way-forward>.

¹⁸ Ibid fn **Error! Bookmark not defined..**

Respondents' replies	ACER views
<ul style="list-style-type: none"> It should be mandatory to exchange all the information included in the above-mentioned incremental template among TSOs involved at a given border within a certain period of time. [BDEW; FNB Gas e.V.; ENTSOG and TSOs] 	<p>demand for incremental capacity in the amendment of CAM NC.</p>
<p>More flexibility is required in the implementation timeline of each phase of the process, providing that process is still hold keeping the auction calendar as reference, in agreement with all parties involved in the process (TSOs and NRAs) and in relation to the specificity of each project. [SNAM SPA]</p>	<p>ACER notes that the common timeline is a well-supported feature of the incremental process. To ensure incremental projects are based on robust and credible demand assessment, the projects based on those assessments must progress appropriately.</p>
<p>No incremental process should be carried out if there is no congestion on an IP during the previous "xx" (number of year, e.g. 2 years). [Enagás]</p>	<p>ACER notes that the demand assessment on which new investment is based has a different time horizon (approximately 15 years in the future) than the current monitoring of contractual congestion (which looks 3 years ahead).</p>
<h3>OTHER POINTS OF NOTE</h3>	
<p>The possibility to conduct open season procedures instead of existing incremental capacity process should be available to TSOs and the rules for these procedures should be regulated on the level of NRAs. [LLC Gas TSO of Ukraine]</p>	<p>ACER reiterates that stakeholders indicated in ACER's scoping consultation a preference for keeping a set of harmonised rules for demand assessment for incremental capacity. Those rules must be legally robust and rectify the shortcomings identified by the European Union General Court.</p>
<p>CAM NC applies to interconnection points of adjacent systems, ensuring EU-wide homogeneity through coordinated processes for incremental capacity at these points. However, European TSOs have different ways of managing access to national transmission systems via new entry points, resulting in divergent approaches. [ELPEDISON SA]</p>	<p>ACER takes note of the comment and considers it not specific enough to act upon.</p>
<p>We support in general the idea to keep the incremental capacity process in order to let shippers to express their needs. It seems that the current schedule of conducting the survey every 2 years is appropriate. [Orlen S.A.]</p>	<p>ACER takes note of the comment and considers it addressed in the preceding points of this section.</p>
<p>According to Edison, the f-factor for incremental capacity projects should account for positive externalities on the market or transmission networks beyond the national scope of the evaluating NRAs. These projects often enhance market integration, security of supply, and liquidity across broader regions. These EU-wide benefits should be assessed, to avoid undervaluing the project's impact. NRAs should adopt comprehensive impact assessments,</p>	<p>ACER considers that regulatory authorities may already account for externalities when deciding on the f-factor to be applied in the economic test of an incremental capacity process and thus no amendment is justified.</p>

Respondents' replies	ACER views
<p>coordinated approaches with other NRAs, and stakeholder engagements to capture these broader benefits. This ensures the f-factor reflects the true value of incremental capacity projects.</p> <p>The incremental capacity process in the CAM should also consider other entities, such as PCI project promoters, who may differ from TSOs. [Edison]</p>	

3.5.5 Q5.5 Considering the improvement options discussed in this chapter, do you have concrete proposals to amend the CAM NC? Please specify your proposed revisions to the legal text.?

Respondents' replies	ACER views
PROPOSAL SUBMITTED BY FNB GAS E.V. AND OPEN GRID EUROPE GMBH	
<p>Concrete proposals in annex covering:</p> <ul style="list-style-type: none"> • Article 25.2 • Article 26.1 • Article 26.6a • Article 26.8 • Article 26.11 • Article 26.12 • Article 28.3 • Article 31 	<p>ACER takes note of the concrete proposals and considers them evaluated within ACER's reasoned proposals.</p>
PROPOSAL SUBMITTED BY ENTSOG	
<p>Concrete proposals in annex covering:</p> <ul style="list-style-type: none"> • Article 23.1a • Article 25.2 • Article 26.1 • Article 26.2a • Article 26.6a • Article 26.8 • Article 26.11a • Article 26.12b • Article 28.3 • Article 31.3 	<p>ACER takes note of the concrete proposals and considers them evaluated within ACER's reasoned proposals.</p>

3.6 Feedback on Chapter 6: Further amendment proposals

3.6.1 Q6.1 Do you agree that, for new procedures, the concerned regulatory authorities should jointly assess the internal market impacts on a case-by-case basis before deciding, in coordination, to apply an implicit allocation mechanism? Please explain your reasoning.

Respondents' replies	ACER views
JOINT ASSESSMENT BEFORE DECIDING ON APPLYING IMPLICIT ALLOCATION	
<p>Description of the theme/issue: Do stakeholders support that, for new procedures, the concerned regulatory authorities should jointly assess the internal market impacts on a case-by-case basis before deciding, in coordination, to apply an implicit allocation mechanism?</p> <p>Support: [ENTSOG and EU TSOs, FNB Gas e.V., National Gas Transmission (UK), Energy Traders Europe, Uniper Global Commodities SE, Eni, Proxigas, RWE Supply & Trading]</p> <ul style="list-style-type: none"> • We support the proposal of a case-by-case joint-NRA assessment of new Implicit Allocation Mechanism proposals. [ENTSOG and TSOs, BBLC, Interconnector Ltd] • The idea behind implicit allocation is to ensure flexibility needed for the market. Thus, case-by-case assessment is the best fit-for-purpose solution. [FNB Gas e.V., German TSOs] • If implicit allocation makes the most sense at a given point, the NRAs should be able to approve it with a clear legal mandate. [Energinet] • Applying an Implicit Allocation regime as part of the sales portfolio of a TSO is already subject to approval by the NRA. Therefore, BBLC does not consider there to be an issue here. A case-by-case judgment by NRA's is supported. [BBLC] • An impact assessment should be prepared jointly by the NRAs involved and the results should be consulted with the market participants. [Energy Traders Europe, Uniper Global Commodities SE] • Implicit allocation found its way into the CAM NC because some regulators still had aspirations to apply it in a similar manner to how it is used in EU electricity markets, as part of a widespread EU gas target model. That never happened, fortunately. But since then, a small number of merchant TSOs have found ways to use it as a means for overcoming the rigidity associated with the 	<p>ACER notes that most stakeholders, including ENTSOG and Energy Traders Europe, express support for ACER's proposal making explicit that, for new procedures, regulatory authorities shall jointly assess the internal market impacts on a case-by-case basis before deciding, in coordination where appropriate, to apply an implicit allocation mechanism.</p> <p>With this proposal ACER clarifies the minimum elements to be considered in the case-by-case analysis by the authorities before deciding on the application and ensures coordination among the concerned regulatory authorities as implicit allocation mechanisms may have regional impacts.</p>

Respondents' replies	ACER views
<p>CAM NC auction calendar. Others (the Baltic TSOs) have used it to facilitate regional market mergers. The changes now being proposed to the CAM NC should increase the degree to which shippers are able to flexibly secure capacity to meet their portfolio and trading needs, whilst at the same time affording TSOs opportunities to sell more capacity. As such, we do not see any reasons why the need or desire for TSOs to use implicit allocation should increase, so regulatory authorities should jointly assess any future application rigorously on a case-by-case basis. [RWE Supply & Trading]</p> <ul style="list-style-type: none"> • TSOs should decide on a case-by-case basis which method is most suitable. The case-by-case evaluation must be transparent and clear for users, for example regarding the quantity offered with IAM. [Eni, Proxigas] 	
<p>Disagreement: [Engie, SEFE Marketing & Trading, Europex, European Energy Exchange]</p> <ul style="list-style-type: none"> • The market should decide on this, we think regulating these aspects and especially bundling would make the market even less flexible. We do not think bundling of implicit capacities will make the market more flexible. We do not think any supplementary regulation is necessary, foremost concerning bundling, considering that the current IAM framework is working well. [Engie] • We believe that respective TSO can propose IAM mechanisms to test market interest and that NRAs should assess in cooperation the mechanisms on case-by-case basis. There is no need for static, restrictive rules limiting implementation of IAM to be proposed in CAM NC. [SEFE Marketing & Trading] • As identified in the ACER policy paper on the revision of the code, we firmly believe that no changes are required to the CAM NC provisions on implicit capacity allocation (ICA). The current framework allows both NRAs and TSOs to develop mechanisms that best suit the specific needs of their local markets. As stated in the ACER policy paper, IAMs for natural gas have been shown to work well at the IPs/VIPs where they are currently applied. From that perspective, we are of the opinion that an assessment presents an unnecessary additional hurdle. We kindly recommend maintaining the current framework, ensuring that market efficiencies and integration are strengthened 	<p>ACER emphasises that the amendment proposal on the assessment does not concern the design of the implicit allocation mechanism itself. ACER recalls that the general principles of capacity allocation in Article 10 of the recast gas Regulation apply regardless of the chosen mechanism.</p>

Respondents' replies	ACER views
<p>in local markets where ICA is best suited and has value for the liquidity of the market. Should such an assessment be implemented, we believe that it should remain voluntary and should involve solely consultation between the NRA and affected market stakeholders (TSOs, Trading Venue Operators, Trading Participants, Balancing Responsible Parties etc...). [Europex, European Energy Exchange]</p>	
CONSULTATION AND TRANSPARENCY FOR USERS	
<ul style="list-style-type: none"> The results of such impact assessments should be consulted with the market participants. [Energy Traders Europe, Uniper Global Commodities SE, Europex, European Energy Exchange] The case-by-case evaluation must be transparent and clear for users, for example regarding the quantity offered with IAM. [Eni, Proxigas] 	<p>ACER agrees that the case-by-case assessment of the internal market impacts may benefit from consultations with concerned market participants and considers this a good practice for the working processes of regulatory authorities.</p>
ON THE ROLE OF IAM IN EFFECTIVELY IN FACILITATING CROSS BORDER TRADE	
<p>Stakeholders raised arguments on the added value of IAM in facilitating cross border trade in the internal market.</p> <p><u>View supporting that IAM facilitates cross-border trade:</u></p> <ul style="list-style-type: none"> The current IA regime contributed largely to UK-Continent flows during years of extremely high NBP-TTF spreads. [BBLC] IAM can work effectively in facilitating cross border trade as has been demonstrated extensively by the role of UK-Continent interconnectors during the gas supply crisis in 2021-2022-2023. [Interconnector Ltd] It should be noted however that IAM can work effectively in facilitating cross border trade. [ENTSOG and TSOs, BBL, Interconnector Ltd] <p><u>Views questioning the added value of IAM:</u></p> <ul style="list-style-type: none"> It is questioned to what extent IA mechanisms contribute to realizing benefits for the internal markets. The changes now being proposed to the CAM NC should increase the degree to which shippers are able to flexibly secure capacity to meet their portfolio and trading needs, whilst at the same time affording TSOs opportunities to sell more capacity. [RWE Supply & Trading] 	<p>ACER takes note that stakeholders confirm that where implicit allocation mechanisms are already applied, they are working well.</p> <p>ACER notes that the current application of implicit allocation mechanisms is limited to points with particular features, namely: the interconnectors BBLC and IUK and at the Baltic Connector interconnection point between Finland and Estonia (the IP within the trading region, where an inter-TSO compensation scheme is in place).</p>

3.6.2 Q6.2 Which impacts would you deem essential to be assessed before deciding on the application of an implicit allocation mechanism?

Respondents' replies	ACER views
VIEWS ON THE ESSENTIAL IMPACTS TO BE ASSESSED	
<p>Stakeholders presented several impacts that could be assessed by the regulatory authorities.</p> <p><u>Impacts 1: impacts on harmonisation of rules for allocating capacity (circumventing CAM NC)</u></p> <ul style="list-style-type: none"> Impact on harmonization of rules (IAM as a way to circumvent CAM NC): The IAM may negatively affect harmonisation goal of CAM (same calendar, auctions date and algorithm, same price rules...). The added value for “traditional” IPs or VIPs might be limited and could serve as a back door for not applying the CAM NC rules. Above all else, any cost of implementing IAM should be recognized as allowed revenue to the TSO. [Enagas] <p><u>Impacts 2: impact on market functioning</u></p> <ul style="list-style-type: none"> Impact on existing contractual arrangements, impact on liquidity at the hubs in scope. [Energy Traders Europe] Any future application of implicit allocation should be assessed principally on the transformative effect it would have on integrating gas markets [...] it should be assessed against the impact it might have on reducing price spreads, market fragmentation, market concentration, transparency and operational complexity. [RWE Supply & Trading] To the extent it is proposed as a means to allocate IP capacity differently to how this is specified in the CAM NC, or as a supplementary means, it should be assessed against the impact it might have on reducing price spreads, market fragmentation, market concentration, transparency and operational complexity. [VNG Handel & Vertrieb GmbH] Reasoning is key: substantiation with arguments. IFIEC is reluctant here: it must be ensured that such a measure does not have a detrimental effect on the market functioning, and more specific: end users. [IFIEC] <p><u>Impacts 3: costs of implementation versus added value of IAM</u></p>	<p>ACER takes note of the respondents' suggestions on the impacts on market integration to be assessed by regulatory authorities before deciding on the application of an implicit allocation mechanism.</p> <p>ACER believes that impacts on the efficiency of capacity allocation, impacts on market functioning, and impacts of implementation costs, can all be included inside CAM NC as (non-restrictive) harmonised guidance to regulatory authorities, transmission system operators and market parties.</p> <p>ACER notes that these impacts correspond with the main purpose of the recast gas Regulation to set rules with a view to ensuring proper functioning of the internal market (e.g., Article 1, Article 3(i) of the recast gas Regulation) and to have harmonisation of rules necessary to achieve the objectives of the recast gas Regulation (Article 70(2) of the recast gas Regulation).</p>

Respondents' replies	ACER views
Consequences of inter-TSO compensation agreement on the tariffs in both systems, need for resorting to an implicit mechanism in view of additional flexibility that would be offered under the revised CAM NC. [Energy Traders Europe]	
OTHER POINTS OF NOTE	
<ul style="list-style-type: none"> While we strongly believe that such assessment is unnecessary, should it be implemented, no explicit criteria should be determined within the NC CAM revision, as this would hamper the flexibility and unique characteristics of Implicit Capacity Allocation (ICA). [European Energy Exchange, Europex] Open information on how the mechanism would work is beneficial for testing market interests. We see no issue in implementing IAM more widely. [SEFE Marketing & Trading] 	ACER takes note of the views and considers them addressed in the preceding point on the essential impacts.

3.6.3 Q6.3 Considering the improvement options discussed in this chapter, do you have concrete proposals to amend the CAM NC? Please specify your proposed revisions to the legal text.?

Respondents' replies	ACER views
There were no concrete proposals related to this section.	

3.6.4 Q6.4 Please provide your view on possible reasons for an entry point from and/or exit point to third countries to be derogated from the application of the CAM rules? Please explain.

Respondents' replies	ACER views
ENSURING COMPATIBILITY OF RULES	
<ul style="list-style-type: none"> Third country supply routes into the EU and cross border trading with third countries is essential for EU security of supply as witnessed for many years and in particular since the energy crisis caused by the war in Ukraine. It is vital arrangements remain compatible to continue this facilitation of trade/supply. [ENTSOG] EU TSOs can only be responsible for applying EU law on their (part of the) network and cooperating with adjacent third country 	<p>ACER takes note of these views on why a derogation (according to the procedure set by Article 70(3) of the recast gas Regulation) may be requested to apply CAM NC at entry points from and exit points to third countries.</p> <p>ACER emphasises the importance of compatibility of rules at network points that have a significant role in delivering security of supply.</p> <p>These views do not further affect the amendment of the CAM NC's scope of application required by Article 70(2)(d) of the recast gas Regulation.</p>

Respondents' replies	ACER views
<p>entities including being prepared in case the third country counterparts would like to apply EU regulations on its side of an IP as well. [ENTSOG]</p> <ul style="list-style-type: none"> Given the risk of barriers to trade and risks to EU security of supply from incompatible arrangements/rules, the amended CAM code must include a process for TSOs/NRAs to apply for derogations in cases where arrangements would become incompatible or suboptimal. This derogation ability should be future proofed as a general term in the CAM code given the possibility of future CAM amendments beyond the derogation timelines outlined in the recast EU Gas Regulation. [ENTSOG] Single-sided application of CAM NC may do little to improve accessibility of interconnections with third countries and the ability to flow gas in either direction. That said, we recognize that such application is now envisaged under the recast Gas Regulation and we believe this can be particularly useful on the borders with Energy Community Contracting Parties. Derogations from applying the Network Code by a Member State at any of interconnections with third countries should only be considered in instances where it is clear that, for different reasons, the process would not enable booking of capacities that could be subsequently used to flow gas through such points, while involving considerable financial burdens at the same time. [Energy Traders Europe] If a third country is not bound by EU law, then the possibility to provide for derogations is clearly necessary. If the connected third country does not have a developed gas wholesale market or is politically unresponsive of gas market competition, there is little real benefit in trying to apply the CAM NC at both sides of an IP in such circumstances. [BDEW, RWE Supply & Trading, VNG Handel & Vertrieb GmbH] EU member states with an external EU border should be given the option to grant a targeted derogation from the CAM NC for entry-exit points when dealing with third countries with differing market rules that hinder a smooth gas flow. Any CAM derogation for entry/exit points should be made conditional on whether the CAM rules hinder reserving capacity for gas flows in one 	<p>ACER shall propose to amend the scope of application of CAM NC to apply to all interconnection points within the Union and, from 5 August 2026, entry points from and exit points to third countries. This application may be suspended fully or partially subject to a possible derogation being granted by the European Commission. Until then the application of CAM rules at the latter points shall remain voluntary and up to the decision by the concerned regulatory authority.</p>

Respondents' replies	ACER views
<p>or both directions and/or if they incur significant financial costs for the trading parties. As for interconnection points between EU market areas and market areas of Energy Community Contracting Parties, the CAM NC can improve access to these interconnections. [Europex]</p>	
<p>CONSIDERATIONS PERTAINING TO EXIT POINTS TO AND ENTRY POINTS FROM THE UNITED KINGDOM</p>	
<ul style="list-style-type: none"> • Northern Ireland, as part of the UK, has an IP with the EU located at the border with Ireland, where the CAM NC rules are applied. At this and other EU and UK IPs, there is now a real possibility of divergence in arrangements such as these proposals due to Brexit. It is generally agreed that divergence would be sub-optimal. Gas Market Operator for Northern Ireland (GMO NI) believes that alignment is the best solution to ensure consistency across IPs, efficient gas transfer, avoiding additional costs or complexity for Shippers and distorting routes between countries and markets. However, the UK TSOs will need to take time to ensure any proposed changes are carefully considered and in the best interests of their market participants, therefore a complete rollout of EU CAM NC changes may not happen nor be implemented at the same time. [Gas Market Operator for Northern Ireland (GMO NI)] • It may not be helpful to place mandatory requirements on EU TSOs at IPs which interface with the UK or other third countries. It is important that an EU TSO can have a derogation until the parties at these IPs decide how best to implement changes. If a derogation is not given and an EU TSO has to implement rules which the UK TSO does not this would involve unravelling existing efficient, coordinated arrangements and potentially creating a sub-optimal outcome for industry. [Gas Market Operator for Northern Ireland (GMO NI)] • Gas Market Operator for Northern Ireland (GMO NI) suggests that the ENTSOG – UK TSO Task Force, formed through the Working Arrangements Agreement under the Trade and Cooperation Agreement, is the best vehicle to progress these matters. The focus should be on a joint approach between the TSOs, overseen by the relevant governmental bodies. Gas Market Operator 	<p>As indicated above</p>

Respondents' replies	ACER views
<p>for Northern Ireland (GMO NI) supports a robust coordinated process that could be used for this and any future developments that will affect the interfaces, stemming from either jurisdiction. [Gas Market Operator for Northern Ireland (GMO NI)]</p> <ul style="list-style-type: none"> • An EU TSO may need to seek a derogation if the non-EU TSO is unable or unwilling to implement CAM rules. [National Gas Transmission (UK)] • BBLC only sells its capacity at the 'Bacton' Interconnector Point (IP) in the UK (a Third Country). With regard to National Gas, the gas transmission TSO at the UK side of the Bacton IP, any Code changes would need to be considered in relation to the GB Law existing at that time and it would need to be decided by Ofgem and the UK authorities what regime applies. [BBLC] 	
<p>CONSIDERATIONS PERTAINING INTERCONNECTION POINTS SHARED WITH ENERGY COMMUNITY CONTRACTING PARTIES</p>	
<ul style="list-style-type: none"> • As for interconnection points between EU market areas and market areas of Energy Community Contracting Parties, the CAM NC can improve access to these interconnections. [Europex] • CAM NC shall apply to all interconnection points within the Union and entry points from and exit points to third countries. It is important to ensure that in case the Energy Community Secretariat and Directorate General for Energy of the European Commission confirmed that the regulation is transposed and implemented by the respective Contracting Party and notified the national regulatory authority of respective Member State thereof, the respective Member State should not obtain a derogation from the application of the CAM NC at entry points from and exit points to such third countries. [Gas TSO of Ukraine] • There should be an option to derogate from the application of the CAM rules as regards bundled capacity with the Contracting Parties of the Energy Community. Specifically, we have in mind Ukraine. Such a derogation would allow to divide a related risk between entities from both sides of the border. In general, we suggest a light regime to obtain a derogation for an entry point from and/or exit point to Contracting Parties of the Energy Community and a strict regime to obtain a 	<p>As indicated above</p>

Respondents' replies	ACER views
<p>derogation (if it all) to other third countries. In case of the latter, all necessary market and security assessments would need to be conducted in order to avoid risks of undermining the functioning of the common market, security and the consistency of applying of EU law. [Orlen S.A.]</p>	
OTHER POINTS OF NOTE	
<p>It would be good to clarify that using the CAM rules at points with third countries is applicable. [Energinet]</p>	<p>As indicated above</p>

- 3.6.5 **Q6.5 Please provide your view on introducing the possibility for regulatory authorities to apply CAM rules to distribution points that are part of an entry-exit system. Please explain.**

Respondents' replies	ACER views
INSERTING AN OPT-IN ON THE APPLICATION OF CAM RULES TO DISTRIBUTION POINTS THAT ARE PART OF THE ENTRY-EXIT SYSTEM	
<p>The decarbonisation package extends the definition of entry-exit system to include, potentially, parts of distribution systems. Stakeholders expressed views on inserting an opt-in for the application of CAM rules to distribution points when they are part of the entry-exit system.</p> <p><u>Support for having an opt-in possibility:</u> [BDEW, VNG Handel & Vertrieb GmbH, RWE Supply & Trading, Proxigas]</p> <ul style="list-style-type: none"> Regulatory authorities can, presumably, do this anyway, in the same way as some of them apply CAM NC rules to non-IP booking points, so there is no reason to provide for this in the CAM NC. Offtake at distribution points is driven by end user demand and, unlike IP capacity, distribution capacity is not driven by price spreads. So introducing greater complexity and flexibility is unwarranted. [BDEW, VNG Handel & Vertrieb GmbH, RWE Supply & Trading] <p><u>Disagreement with having an opt-in possibility:</u> [ENTSOG and TSOs, FNB Gas e.V., Energinet]</p> <ul style="list-style-type: none"> It is functioning well today as it is and also there is supervision by NRAs. So, the NRAs already have the ability to implement the rules they want. ENTSOG advises against going further than it is now. There are several 	<p>ACER takes note of the concerns expressed by transmission system operators.</p> <p>ACER emphasises that a possible opt-in merely makes it easier for those regulatory authorities that wish to apply CAM rules to distribution points that are part of entry-exit systems and might futureproof CAM NC in view of the European Union's decarbonisation policies.</p> <p>ACER concludes that the current scoping rule will be retained excluding distribution points from applying CAM NC. ACER emphasises that each regulatory authority decides then on the national rules for allocating capacity to be applied at distribution points. Regulatory authorities may always decide to apply national rules that mirror aspects of CAM NC rules.</p>

Respondents' replies	ACER views
<p>reasons why auctions apply to IPs and not to interfaces between transmission and distribution points: one of the objectives of auctions is to promote competition at IPs, and because of the difference between a competition on a wholesale market and a competition that is present on retail / distribution market which has more issues from a logistics point of view. [ENTSOG and TSOs, FNB Gas e.V.]</p> <ul style="list-style-type: none"> • It would only complicate everything. The distribution points should be completely left out of CAM rules. [Energinet] 	

3.6.6 Q6.6 Do you have any other comments on the scope of application of the CAM NC?

Respondents' replies	ACER views
<p>There were no other comments on the scope of application (comments fitting under question 6.4 are moved to that section of this report).</p>	

3.6.7 Q6.7 Please provide your view on adding to the CAM NC an annex setting out a default procedure for jointly selecting a booking platform. Please explain.

Respondents' replies	ACER views
<p align="center">ON ADDING TO THE CAM NC AN ANNEX SETTING OUT A DEFAULT PROCEDURE FOR JOINTLY SELECTING A BOOKING PLATFORM</p>	
<p>Adding an annex with a default procedure for jointly selecting a booking platform that can be used unless the parties agree on a different procedure.</p> <p>Neutral: [Energy Traders Europe]</p> <p>We understand that the default procedure for the selection of the booking platform would be a free option for the TSOs involved, as they may choose not to apply it (according to paragraph 159 of the policy paper). In that sense, we believe there is no need to annex such a form to CAM NC. [Energy Traders Europe]</p> <p>Disagreement: [ENTSOG and TSOs, FNB Gas e.V., BDEW, GSA Platform, VNG Handel & Vertrieb GmbH and RWE Supply & Trading, PRISMA]</p> <ul style="list-style-type: none"> • We do not support adding an annex with a default procedure, especially since the details of the procedure to be included in the annex have not been presented. Every case 	<p>ACER takes note of the expressed concerns about adding a default procedure for selecting a joint booking platform. As indicated in the consultation paper, the default procedure draws from ACER's own experience with selecting such a platform when the transmission system operators and national regulatory authorities could not agree on a selection procedure.</p> <p>ACER emphasises that the transmission system operators, and the national regulatory authorities are free to agree on a different procedure. The added value of having a default procedure lies in ensuring that a timely selection happens when the parties have difficulties agreeing on the mere selection procedure.</p> <p>Therefore, ACER proposes to amend the CAM NC and to include the main principles to be considered in the selection of a joint booking platform. Further guidance could be added by means of a Recommendation / annex to the code.</p>

Respondents' replies	ACER views
<p>and its circumstances could be different and the specific criteria that should be taken into account while choosing a platform could change. [ENTSOG and TSOs, FNG Gas, BDEW, GSA Platform]</p> <ul style="list-style-type: none"> • When the problem occurs, a separate and specific consultation regarding the procedure should be carried out. [FNB Gas e.V. and German TSOs, BDEW] • This seems unnecessary in light of the fact that booking platforms have already been selected at all EU IPs and the prospect of large number of third country IPs using them seems quite remote. [BDEW, VNG Handel & Vertrieb GmbH and RWE Supply & Trading] • We do not see added value in such an Annex to the CAM NC. If such situation occurs, an Annex would not leave room for individual solutions or for consideration of possibly very specific conditions at each point and between the parties involved. As of now, actual usage of such an Annex also seems quite limited as for most IPs solutions are existing. [PRISMA] 	
<p>OTHER POINTS OF NOTE ON HAVING A DEFAULT PROCEDURE (UNLESS THE PARTIES AGREE ON A DIFFERENT PROCEDURE)</p>	
<p>Please note that there is not a level playing field here. Both the GSA and RBP are TSO subsidized platforms whilst PRISMA is provided on a 'cost plus' basis that is totally born solely by its shareholders. The proposed default procedure ignores this significant difference. [BBLC]</p>	<p>ACER takes note of the comment and considers it ungrounded due to lack of evidence that having a default procedure (while the concerned parties can agree at national level on a different procedure) for selecting a booking platform for a limited amount of time distorts competition among booking platform operators.</p>

3.6.8 Q6.8 Should the maximum validity of designations of booking platforms by the regulatory authorities be extended from 3 years (currently) to 5 years?

Respondents' replies	ACER views
<p>ON EXTENDING VALIDITY OF DESIGNATION BY REGULATORY DECISION TO 5 YEARS</p>	
<p>All respondents support a 5-year period. [GSA Platform, ENTSOG and TSOs, FNB Gas e.V., BDEW, Energy Traders Europe]</p> <p>Suggestions:</p> <ul style="list-style-type: none"> • We would support a 5-year period, however if the concerned TSOs commonly decide to change to another platform within the 5 years period, this should be possible. Moreover, it should be possible to terminate the contract 	<p>ACER notes that many respondents, including ENTSOG and Energy Traders Europe, support the proposal to extend the maximal validity of designating a joint booking platform from three years to five years.</p> <p>ACER emphasises that the transmission system operators enter into a contractual relation with the designated booking platform and that any early</p>

Respondents' replies	ACER views
<p>for important reasons e.g., when the platform is not continuing to meet important requirements, on the basis of which it has been selected. The important requirements are such key performance indicators as the availability of the platform, which shall not be lower than the standard industry values and the thresholds set in the contract. Furthermore, the platform shall meet the requirements according to the national and European legislation and respond to the market needs. [ENTSOG and TSOs, FNB Gas e.V., BDEW]</p> <ul style="list-style-type: none"> • The validity time of the ACER decision should be extended. However, the participating TSOs should always retain the option to deviate from the decision if they reach a bilateral agreement regarding the platform. In such instances, a switch of the platform should be possible at any time. ACER should continue to hold the decision-making role as a last resort. [BDEW] • In the spirit of regulatory stability, we believe that the validity of the NRA-designated booking platform could be even indefinite, but its validity should be set to expire as soon as TSOs are able to jointly decide on the booking platform of their choice. [Energy Traders Europe] 	<p>termination clauses and termination fees are part of that contractual relation.</p>
OTHER POINTS OF NOTE	
<p>We propose that TSOs have at least 18 months implementation time for the connection to a new platform, including the conclusion of a contractual agreement and the IT implementation. [FNB Gas e.V. and German TSOs]</p>	<p>While ACER finds 18 months very long, it does not see a reason to include such a detail within the CAM NC.</p>

3.6.9 Q6.9 Considering the improvement options discussed in this section, do you have concrete proposals to amend the CAM NC? Please specify your proposed revisions to the legal text.

Respondents' replies	ACER views
<p>There were no concrete proposals related to this section.</p>	

3.6.10 Q6.10 Do you agree with the proposal to move earlier the closing of the (first) WD24 auction?

Respondents' replies	ACER views
VIEWS ON MOVING EARLIER THE CLOSING OF THE (FIRST) WD24 AUCTION	
<p>Support: [ENTSOG and TSOs, FNB Gas e.V., Energy Traders Europe, EDF, ENI, Hera trading, OMV Gas Marketing & Trading GmbH, RWE Supply & Trading, GSA Platform, PRISMA, Proxigas, Orlen S.A.]</p> <ul style="list-style-type: none"> • It could be beneficial, and it will probably allow shippers to adjust their portfolio taking in consideration the latest activities on OMP. [SNAM SPA] • The timing of the first within-day auction is currently a considerable operational problem to some of our members and we strongly support moving the closing time of the first auction to 21:00 UTC D-1. [Energy Traders Europe, EDF] • This will enable shippers to determine whether they have successfully secured within day capacity earlier than would otherwise be the case, allowing them more time to adjust nominations or trade gas out of hours, as necessary, or to scale down their out of office operations. [RWE Supply & Trading] • Yes, but with keeping at 1.30 UTC an additional auction. Moreover, if a market participant did not obtain the full capacity it applied for in the first "WD24" auction due to excessive demand, the participant would have an opportunity to purchase additional capacity on an alternative supply path in the next final auction at 1:30 UTC. Such a schedule would minimize the risk of non-delivery of gas supplies due to operational issues. [Orlen S.A] <p>Disagreement: [Equinor, BDEW, VNG Handel & Vertrieb GmbH]</p> <p>A later closing time brings more flexibility and helps incorporate more production information. [Equinor]</p>	<p>ACER notes that most respondents support moving earlier the closing of the WD24 auction (meaning the rolling within-day auction assigning capacity for all 24 hours).</p> <p>ACER understands that keeping open the auction longer and closer to product maturity offers additional flexibility and better information. However, ACER notes that this benefit shall not be overestimated as the effect is limited to the first gas hour only considering that the auction of the WD23 capacity opens shortly after the current closing time of the WD24.</p> <p>ACER proposes to change the closing of the WD24 bidding round from 1.30 UTC (wintertime) and 0.30 UTC (daylight saving) to 21.00 UTC (wintertime) and 20.00 UTC (daylight saving), respectively. ACER finds this change will bring earlier certainty to shippers about their assigned capacity, as well as create a window of time for possible booking platform maintenance. ACER notes that this proposal received broad support during the policy consultation PC_2024_G_03. The duration of this auction round could be considered for adaptation to the market circumstances, lengthening it, if needed by the shippers.</p>

3.6.11 Q6.11 Do you agree with introducing additional auction rounds for WD24 after the initial one?

Respondents' replies	ACER views
VIEWS ON INTRODUCING ADDITIONAL AUCTION ROUNDS FOR THE WD24 PRODUCT AFTER THE INITIAL ONE (IF IT CLOSSES EARLIER, CF 6.10)	
<p><u>Support and considerations:</u> If the market asks for this, it should become possible. [ENTSOG and TSOs, FNB Gas e.V., GSA Platform, Energy Traders Europe, EDF, ENI, Orlen S.A., SEFE Marketing & Trading]</p> <ul style="list-style-type: none"> We believe that it could undermine the positive impact of the change to close the original WD24 auction earlier. The purpose of this change is to give market participants earlier clarity on their allocated capacity and allow TSOs/booking platforms more time for maintenance. [ENTSOG and TSOs, FNB Gas e.V., GSA Platform] Additional auction rounds would be welcome, provided that they don't create additional unnecessary costs or limit the time for the required maintenance. [Energy Traders Europe, EDF] Yes. If a market participant did not obtain the full capacity it applied for in the first "WD24" auction due to excessive demand, the participant would have an opportunity to purchase additional capacity on an alternative supply path in the next final auction at 1:30 UTC. Such a schedule would minimize the risk of non-delivery of gas supplies due to operational issues. [Orlen S.A.] As TSOs are currently used to the first WD24 auction round closing at 01:30 UTC and have factored this into their business operations for many years, it would seem logical to introduce an additional auction round opening at 22:00 UTC D-1 and closing at 01:30 UTC D-1. This provides shippers with more opportunities to procure capacity in response to their changing projected daily imbalance positions. [RWE Supply & Trading] <p><u>Disagreement with introducing additional auction round(s):</u> [GRTgaz, Equinor, BDEW, VNG Handel & Vertrieb GmbH]</p> <ul style="list-style-type: none"> GRTgaz does not see the interest of the market to hold more WD24 during the night where market is not active a lot. [GRTgaz] 	<p>ACER takes note of the concern that the introduction of a second bidding round for WD24 takes away the advantage of doing system maintenance in the gap created by the proposed earlier closing of the (first) WD24 bidding round.</p> <p>ACER takes note of ENTSOG's and Energy Traders Europe's support for introducing a second bidding round <i>if</i> the market asks for it. ACER notes that few shippers mention benefits of introducing a second bidding round for WD24.</p> <p>ACER deems that any benefits of introducing a second bidding round for WD24 are outweighed by the benefits of freeing up time for system maintenance as well by the lack of clear market interest in this extra round.</p>

Respondents' replies	ACER views
<ul style="list-style-type: none"> If the closing of the (first) WD24 auction is moved earlier then yes, Equinor agrees with introducing additional auction rounds for WD24 (Equinor is against closing earlier the WD24 round). [Equinor] <p><u>Other points of note:</u></p> <p>It may be of advantage; however, this could also work through overnomination. [OMV Gas Marketing & Trading GmbH]</p>	

3.6.12 **Q6.12 How would you amend the CAM NC to modify the WD24 auction? Please specify your proposed revisions to the legal text.**

Respondents' replies	ACER views
There were no concrete proposals related to this section.	

3.6.13 **Q6.13 Do you agree with ACER's view that no further harmonisation of the conversion model is needed? In case you do not agree, please share your detailed proposals for amending the CAM NC.**

Respondents' replies	ACER views	
Agreement with ACER's view that no further harmonisation of the conversion model is needed	Type of organisation / company	
	Total	
I agree (no amendment needed)	other	1
	shippers/traders and their associations	3
	TSO and their associations	21
	TSO and their associations; DSO and their associations	1
	<i>Total</i>	26
I disagree (amendment would be beneficial)	other	1
	shippers/traders and their associations	4
	<i>Total</i>	5
No preference / not relevant for my organisation	TSO and their associations	2
	<i>Total</i>	2
Grand Total	33	

Respondents' replies	ACER views
<ul style="list-style-type: none"> • 26 respondents (of which 22 TSOs – including ENTSOG, 3 shippers) agree that no further harmonization of the conversion model is needed; 5 respondents (of which 4 shippers – including Energy Traders Europe) disagree and find that further improvements would be beneficial for the market. • 18 respondents did not mark any option or expressed to have no preference. 	<p>ACER takes note of the diverging views among shippers on the need to change the conversion model within the CAM NC.</p>
<h3>HOW TO CHANGE THE CONVERSION RULES</h3>	
<p>The conversion mechanism as applied by Austrian TSO Gas Connect Austria GmbH (GCA) should be applied across Europe. It is an ex-post mechanism with relatively low administrative effort and should be the standard in all MS. [OMV Gas Marketing & Trading GmbH]</p> <ul style="list-style-type: none"> • Isolated instances exist of shippers continuing to hold and pay for unbundled firm entry/exit they have acquired (through primary or secondary allocation) whilst having to buy and pay for the same firm entry/exit capacity on a bundled basis. Ideally, shippers should be able to flag that they wish to convert firm entry/exit capacity offered as a part of a bundle in bids they place on capacity booking platforms. Once done, should they be successful the relevant TSO would then process the conversion, applying any auction premium to the unbundled capacity price. However, the CAM NC should explicitly state that shippers shall be entitled to credits for the cost of any firm capacity they have purchased (excluding any auction premium) as part of a bundle if they can demonstrate (ex- post) that they already have an unbundled firm capacity contract in place covering same period in question, regardless of when or how such unbundled contract was executed. [RWE Supply & Trading] • In Germany it is not a problem. But TSOs should be obliged to offer capacity conversion service for unbundled capacity all over EU. [BDEW] 	<p>ACER takes note of the respondents' suggestions and concludes that these innovations are already possible with the current CAM NC rules on capacity conversion, while the respondents do not signal further harmonisation is urgent. Therefore, ACER deems an amendment of the rules covering conversion not necessary at this time. The national regulatory authorities should monitor the problems that may arise, as brought to their attention by shippers.</p> <p>ACER further notes that the current conversion rule already foresees in Article 21(3) of CAM NC that: <i>This [conversion] service shall be offered on a non-discriminatory basis and shall prevent additional charges from being applied to network users for capacity they already hold. In particular, payments for the part of the contracted bundled capacity which network users already hold as mismatched unbundled capacity shall be limited to a possible auction premium.</i></p>

3.7 Feedback on Chapter 7: Reflections on aligning the CAM NC with the decarbonisation package

3.7.1 Q7.1 Please share your views on how the capacity allocation rules might align with the decarbonisation objectives, potential capacity decrease and its management.

Respondents' replies	ACER views
ALIGNMENT OF THE CAPACITY ALLOCATION RULES WITH THE DECARBONIZATION OBJECTIVES: POTENTIAL CAPACITY DECREASE	
<p><u>Support for anticipating decreasing capacity demand:</u></p> <ul style="list-style-type: none"> • According to RWE Supply & Trading, the decarbonisation will progressively reduce the demand for gas such that shippers will reduce, and ultimately stop buying, capacity at certain IPs. TSOs may also to decommission or repurpose transmission capacity, which in turn may reduce system capacity elsewhere. [RWE Supply & Trading] • IFIEC advises to develop a phase out plan for the natural gas system as end users will decarbonize their energy and feed stock use, which inevitably leads to a point where a limited amount of users must take up the gas transport bill with unaffordable tariffs for gas usage. [IFIEC] <p><u>Disagreement with anticipating decreasing capacity demand:</u></p> <ul style="list-style-type: none"> • It is not clear why decarbonization objectives should be in some way linked to potential capacity decreases, since natural gas infrastructure can be used for low-carbon and green-gases, representing an efficient solution for the energy system. [SNAM SPA] • It is important to underline that capacity decrease would not align with decarbonisation objectives since nuclear energy or renewable energy sources need flexible balancing, which can be provided by high capacity of gas network. [Orlen S.A.] <p><u>Considerations on anticipating decreasing capacity demand:</u></p> <ul style="list-style-type: none"> • One respondent stressed that the potential capacity decrease will be mentioned in the network development and transformation plans. [VNG Handel & Vertrieb GmbH] • GRTgaz suggested that decrease of technical or commercial firm capacity should be coordinated with regular exchanges between the TSOs concerned and sufficient advance notice. This would mean to add at the end of Article 6: If TSOs or NRAs wish to 	<p>ACER takes note of the different views among stakeholders on the interaction between allocation rules and the potential decrease of (technical) capacity in light of the decarbonising energy system (e.g. when network assets are repurposed from gas to hydrogen).</p> <p>ACER emphasises that the integrated planning of Article 55 in the recast gas Directive foresees that the national ten-year network development plans (NDPs) shall contain information on assets to be decommissioned or that may be repurposed. This information from the NDPs should be considered in the capacity calculation and maximisation methodology of Article 6 of the CAM NC.</p>

Respondents' replies	ACER views
decrease the technical or commercial firm capacity on their side of the boarder, they will inform and discuss with the adjacent TSOs/NRAs with sufficient notice, at least one year. [GRTgaz]	
INTRODUCTION OF CONDITIONAL CAPACITY IN THE DECARBONISATION PACKAGE	
Energy Traders Europe note that with CAM NC focused on maximizing capacity allocation, no additional alterations might be required. The introduction of a conditional product will add to the complexity of managing the capacity rather than “boost commercial capacity on specific flow paths.”	ACER takes note of Energy Traders Europe view on conditional capacity products and emphasises that conditional capacity is now defined in point (35) of Article 2(1) of the recast gas Regulation. In the recitals of the Regulation, the legislators set out in recital (17) that regulatory authorities should ensure that “ <i>the number of conditional capacity products is limited to avoid a fragmentation of the market for natural gas and to ensure compliance with the principle of providing efficient third-party access</i> ”.
OTHER TOPICS OF NOTE	
<ul style="list-style-type: none"> • ENTSOG suggests that while fulfilling the decarbonization objectives, the highest level of cooperation between TSOs and NRAs should be ensured. [ENTSOG and TSOs] • ENGIE considers that the overarching objectives and main provisions introduced by the EU decarbonization package have no direct link with the question of harmonized rules for access to natural gas transport networks. The potential financial issues or technical challenges stemming from the decarbonization of the gas system must be tackled out of the framework of the CAM network code itself. 	ACER takes note of these comments.

3.7.2 Q7.2 Please share your views on how certain allocation configurations might maximise the use of the network in relation to security of supply considerations.

Respondents' replies	ACER views
VIEWS ON HOW CERTAIN ALLOCATION CONFIGURATIONS MIGHT MAXIMISE THE USE OF THE NETWORK IN RELATION TO SECURITY OF SUPPLY CONSIDERATIONS	
The 2022 gas crisis shows some evidence that gas flows change, and well as capacity bookings and transport directions. In this, allocation configurations should be taken into account together with cost allocation, tariffication and balancing rules. [IFIEC]	ACER takes note of this comment and adds that the mentioned issues are beyond the CAM NC.

Respondents' replies	ACER views
<p>If TSOs maximize the amount of technical capacity and utilise the safety margin at time of system stress, this will allow shippers to efficiently maximize flows of gas within the EU to where it is most needed, to the extent the system allows. [RWE Supply & Trading]</p>	<p>ACER takes note of this comments and emphasises that capacity (re)calculation is essential to ensure capacities support the gas flows expected by the market.</p>
<p>Intended improved flexibility encoded in CAM NC (i.e. the ability to adjust the price steps, the set aside level, and the “adapt to market” process) should allow for the possibility to adapt to the changing market conditions and encourage maximized network utilization rate. [Energy Traders Europe]</p>	<p>ACER agrees with Energy Traders Europe that many proposed amendments are intended to make capacity allocation fit for the changing market conditions.</p>
OTHER POINTS OF NOTE	
<p>It needs to be maintained that all capacity surrenders made by network users will always be offered by TSOs. Surrender capacity needs to be exempt from set-aside quotas and should also be offered at points were network operators do not offer primary capacity for other reasons (maintenance, restrictions through national capacity models). It also needs to be ensured that capacity surrenders can be placed for individual auctions (no cascading), thus unmarketed surrender capacity falls back to the surrendering network user directly after the auction. [OMV Gas Marketing & Trading GmbH]</p>	<p>ACER notes that the surrender of capacity is a congestion management procedure according to Annex I of the recast gas Regulation and is beyond the CAM NC revision.</p> <p>It is ACER’s understanding that the capacity holder retains all rights and obligations under the original capacity contract until the capacity is reassigned.</p> <p>The set-aside rule is based on technical capacity and thus does not depend on allocated capacity.</p>
<p>If it was possible for shippers to convert capacity from one entry-point to another entry-point it would increase the flexibility and thereby increase security of supply (only applicable if no over demand in auctions). [Energinet]</p>	<p>ACER notes that there are instruments available to shippers to surrender or sell capacity that they are no longer planning to use.</p>

3.7.3 Q7.3 Please share your views on how the rules in the code interact with and facilitate regional cooperation initiatives and market mergers.

Respondents' replies	ACER views
POINTS OF NOTE	
<ul style="list-style-type: none"> We view market mergers as a bottom-up process and not something outright facilitated or fostered by the network code. In any case, regional cooperation can already be facilitated within the merit of CAM NC, as can be observed on the example of the Baltic countries and the use of implicit allocation. Coordinated incremental process is now also 	<p>ACER takes note of these few comments which all put forward that CAM NC does not play a significant role in facilitating (nor hindering) regional cooperation or market mergers.</p>

Respondents' replies	ACER views
<p>promoted by the TSOs in the CSEE region. [Energy Traders Europe]</p> <ul style="list-style-type: none"> Market mergers remove IPs between neighbouring markets so booked capacity at those IPs becomes redundant and should be cancelled. Implicit allocation can be a successful means of facilitating market mergers, as in the Baltics. CAM NC rules do not prevent market mergers, but without the political will to do so by all countries involved they will never happen. [RWE Supply & Trading] 	

3.7.4 Q7.4 Please signal essential interactions between possible amendments to the CAM NC and other network codes and guidelines.

Respondents' replies	ACER views
INTERACTION WITH RULES GOVERNING GAS MARKETS IN THIRD COUNTRIES	
<p>Consideration would need to be given to our commercial and regulatory frameworks and how they interact with a revised CAM network code. [National Gas Transmission (UK)]</p>	<p>ACER takes note of the concerns of third countries in ensuring compatible market rules. CAM NC sets rules for EU Member States.</p>
OTHER COMMENTS NOT SIGNALLING ESSENTIAL INTERACTIONS BETWEEN POSSIBLE AMENDMENTS TO THE CAM NC AND OTHER NETWORK CODES AND GUIDELINES	
<ul style="list-style-type: none"> ENTSOG and TSOs suggest that to maximize the offer of firm capacity by TSOs CAM NC should also specify that it is possible for TSOs to offer conditional capacity for all entry/exit points. FNB Gas e.V. and German TSOs add that: the possibility of increasing the amount of technical capacity offered at a given interconnection point by offering conditional capacity should also be considered. For this purpose, the relevant transmission system operator analyses the history of flows in the network and the existing technical and operational constraints of the network, to determine the possibility of defining conditions for a given conditional capacity at a given interconnection point. This could be performed by i.e. limiting the capacities allocability by specifying other points of the network, in which gas fuel flow should be maintained at an appropriate level or by defining other conditions, under the fulfilment of which, a capacity could be used as firm. 	<p>ACER takes note that there might not be many essential interactions between proposed CAM NC amendments and other network codes and guidelines.</p> <p>Nevertheless, ACER notes that at least the following elements have been raised in the consultation:</p> <p>TAR NC: possibly determining the reserve price for a 'Balance of Month' product; removing references to incremental capacity should the chapter not be reinstated in the CAM NC; Implementation of REMIT: including the Balance of Month product or auction in the reporting; Guidelines on Congestion Management Procedures of Point 2.2 of Annex I of the recast Gas Regulation: elements of congestion management procedures.</p>

Respondents' replies	ACER views
<ul style="list-style-type: none"> GAZ-SYSTEM refers to their amendment proposal to art. 6 under point 1.16. [GAZ-SYSTEM] 	
<p>Increasing the amount of firm and interruptible capacity TSOs make available and increasing the opportunities for shippers to buy capacity could impact TSOs forecast capacity and revenue recovery, as referenced in the EU Tariff Network Code. [RWE Supply & Trading]</p>	<p>ACER takes note of the comment and while the described effect may occur, there is no justification or proposal for making changes to the TAR NC.</p>
<p>ENGIE considers that the overarching objectives and main provisions introduced by the EU decarbonization package have no direct link with the question of harmonized rules for access to natural gas transport networks. The potential financial issues or technical challenges stemming from the decarbonization of the gas system must be tackled out of the framework of the CAM network code itself. [ENGIE]</p>	<p>ACER deems this comment beyond the scope of this consultation.</p>

3.8 Other comments and suggestions

Respondents' replies	ACER views
<p>OTHER COMMENTS ON ACERS PROCESS ON THE REVISION OF THE NETWORK CODE</p> <p>Where appropriate “other comments” have been included under the relevant provisions within this report.</p>	
<p><u>Possibility to offer multi-bundle and/or multi-service products [SNAM SPA]</u></p> <p>SNAM SPA suggested that CAM NC revision should envisage the possibility to offer multi-bundle and/or multi-service products, subject to regulatory approval by the concerned NRAs.</p>	<p>ACER understands multi-bundle products as the ability to book capacity along a corridor in a coordinated way and multi-service products as offering bundles of transmission and other infrastructure services such as LNG terminal services.</p> <p>ACER notes that the latter is not restricted by CAM NC as long as CAM NC is not applicable at the transmission points enabling entry from LNG points or exit to/entry from storage points.</p> <p>ACER notes that the CAM NC sets out to organise independent auctions of a single standard capacity product.</p>
<p><u>The CAM NC should support secondary capacity transactions among users. [DEPA COMMERCIAL S.A.]</u></p> <p>CAM should establish a designated period (e.g. two weeks) before the annual capacity auctions, during which, users can offer their excess booked capacity for transfer to other Users, on a standard platform.</p> <p>Users who wish to return capacity to the TSO should have available a specific offer validity period.</p> <p>Prior to a Market Test, a designated period should be established during which users can declare their intention to return excess booked capacity to the TSO for prioritized offering in the Market Test.</p>	<p>ACER believes these suggestions do not require changes to the CAM NC. Secondary trading of capacity is possible while liquidity in the secondary market might be low.</p>
<p><u>A principle of fairness in bearing the cost of maintenance (Article 4) [Orlen S.A.]</u></p> <p>Orlen S.A. suggested revising Article 4 (on maintenance) to increase transparency for network users and improve efficiency of the function of the system. Article 4 should also include a provision that would establish a principle of fairness in bearing the cost of such maintenance. There should be a possibility of free-of-charge capacity conversion between points for any period less than a year, i.e. a quarter, a month, a day. A proposal was sent in Annex</p>	<p>ACER believes the principle of cooperation between TSOs at times of maintenance is already incorporated in the current Article 4 of the CAM NC. Specific elements of cooperation may fit best in the interconnection agreement, whereas liabilities should be dealt with through the transmission use agreements between network user and TSO.</p>

Respondents' replies	ACER views
<p><u>Promotion of reforms that facilitate efficient and effective cross border trade [National Gas Transmission (UK)]</u></p> <p>According to National Gas Transmission, their network is physically interconnected with EU gas markets via the Interconnector, BBL and Moffat interconnectors and they have a mutual interest with EU partners in continuing to promote reforms that facilitate efficient and effective cross border trade and gas market arrangements.</p>	<p>ACER takes note of the concerns of National Gas Transmission in ensuring compatible market rules that facilitate efficient and effective cross border trade and gas market arrangements. ACER notes that CAM NC sets rules for EU Member States.</p>
<p><u>Interruptible and backhaul capacity in the auction frequency increase schedule [GRTgaz]</u></p> <p>According to GRTgaz, interruptible and backhaul capacity are not included in the auction frequency increase schedule, which makes it difficult to understand the sequence of these auctions and to have a complete overview of the process.</p>	<p>ACER asserts that the rules for scheduling auctions of interruptible capacity respect the existing hierarchy of capacity products and that the auction calendar will provide a yearly overview of the scheduling of firm and interruptible auctions.</p>
<p><u>Auction of unbundled products [Hera Trading S.r.l.]</u></p> <p>Hera Trading S.r.l., after the auctions of bundled capacity of each product (within-day, day ahead, month etc.) should be made a correspondent auction of unbundled products. This in case that the bundled product is not sold out. There are situations where a high restriction of capacity on a TSOs, bring to an offer of just bundled capacity. In this case the owner of capacity on one of the TSOs have no choice to but the correspondent capacity on the other.</p>	<p>ACER emphasises that already under the current CAM NC rules, TSOs must jointly maximise bundled firm capacity. Any surplus firm capacity shall be offered as unbundled capacity.</p>
<p>COMMENTS ON THE SURVEY'S DESIGN AND ORGANISATION</p>	
<ul style="list-style-type: none"> • VNG Handel & Vertrieb GmbH and BDEW thanked for the transparency in the process which is comprehensible. [VNG Handel & Vertrieb GmbH and BDEW] • OMV Gas Marketing & Trading GmbH and Hera Trading S.r.l. appreciated the opportunity to give feedback and opinions. [OMV Gas Marketing & Trading GmbH and Hera Trading S.r.l.] • ENGIE expressed dissatisfaction that the timing of this consultation was particularly inconsiderate given that yearly auctions will be held in two weeks and most participants are preparing for that. [ENGIE] 	<p>ACER takes note of the appreciative comments. ACER understands that the timing of a consultation may be less or more convenient for stakeholders and for that reason announces upcoming consultations well in advance of their launch and keeps open the consultation for at least four weeks.</p>

4. CONCLUSION

ACER appreciates the feedback received through this ‘early consultation’ and considers this evaluation of responses an essential part of its CAM NC revision process. This evaluation document explains how ACER takes into account the stakeholder views in its upcoming reasoned amendments proposals.

ACER gathered further information on cost estimates of the main proposals that impact IT systems from booking platforms GSA Platform, PRISMA and RBP as well as from a sample of TSOs (facilitated by ENTSOG and submitted bilaterally to ACER) regarding IT platform costs and back-end costs. ACER considers the inputs received as confidential due to their commercially sensitive nature. The cost ranges showed some variation but are all reasonable with the order of magnitude below one million. In terms of implementation time, 12 to 18 months seem reasonable for the larger developments depending on the final specifications that can only be known at the time the code is amended. ACER concludes that none of the considered improvements leads to unacceptable costs compared to the benefits of a more dynamic capacity allocation.

ACER considers that:

The rules for allocating capacity need to be flexible and capable of adapting to evolving market circumstances. The EU energy and climate policies are driving a change of the gas market that will impact the composition of the gas system and how it will be used. The gas market crisis of 2022 showed that while the capacity allocation rules maintained the functioning of the market, the rules were not adaptable to deal with the greater market volatility and the evolution of the grid was used to support new supply routes, in particular LNG, to maintain security of supply. In that context, it is important that the system is used efficiently and that the monitoring authorities have access to information that is essential when facing a gas market crisis. This Regulation introduces more transparency on how capacity is maximised commercially and what additional flows can be supported under volatile conditions as it is the case during a crisis. Second, it introduces more opportunities for obtaining capacities adjusted to different market needs, enabling shippers to efficiently use the system to help manage volatility and doing so, ensuring security of supply. The quick adjustment of specific details of capacity allocation rules ensures that the allocation mechanisms can be adjusted to varying market conditions while retaining harmonised rules at all interconnection points, which is to the benefit of the market.

ACER will recommend:

With respect to maximising the offer of firm capacity	ACER proposes to make clearer the obligations of TSOs with respect to maximising capacity, coordinating the capacity calculation and maximisation between neighbouring TSOs, consulting network users and other stakeholders, and transparently report on the capacity calculation process, methodology and the outcomes, including how system integrity affects the maximisation of technical capacity and how the commercial offer levels of firm, conditionally firm and interruptible capacity are determined.
With respect to maximising the offer of interruptible capacity	ACER proposes to reiterate the principle of maximising access to the system, also through offering interruptible capacity. ACER additionally proposes to improve the transparency of the interruptible capacity calculation (aligning it to what is expected for firm capacity products).
With respect to improving the offering of capacity	ACER proposes to raise the number of opportunities to offer capacity to the market by introducing additional auctions (complementing the existing initial auctions) and to enable advance auctioning of monthly capacity within the upcoming quarter as well as allocating capacity with a duration between monthly and day-ahead. ACER proposes measures to make more efficient the ascending clock auction. Finally, ACER proposes to advance the offer of daily capacity products and

	introduce a capacity offer between monthly and day-ahead: the balance-of-month product/auction.
With respect to adapting the rules to the market	ACER proposes to introduce a possibility to flexibly adapt rules to changing market needs when market circumstances evolve. A select set of parameters may be adapted from year to year while ensuring the parameters remain harmonised across the EU.
With respect to improving the incremental capacity process	<p>ACER puts forward three options for the European Commission to consider as a complement to their legal analysis:</p> <ul style="list-style-type: none"> • Option (1) no restoration of the incremental process, meaning all provisions of Chapter VIII and all references to incremental would be removed from the code; • Option (2) full restoration of the incremental process, meaning all provisions are retained, including ACER's proposed amendments to make the process more robust and efficient; • Option (3) partial restoration of the incremental process, in particular retaining the demand assessment and design stages (Articles 26 and 27) while removing the provisions related to the binding stage. <p>In case of Option 2 and possibly Option 3, ACER proposes improvements to the charging of fees and to add the possibility of charging deposits, both with the objective to raise the credibility of non-binding demand indications. ACER further proposes to clarify the role of TSOs in checking whether other measures than expanding the network assets might address the raised capacity demand in light of energy efficiency and integrated network planning.</p>
With respect to improving the assessment before applying implicit allocation	ACER proposes to include that the concerned NRAs should include in their process to come to joint decisions approving an implicit allocation mechanism, a joint assessment of the impact implicit allocation has on the functioning of the internal market and in particular the efficiency of capacity allocation at the concerned interconnection point(s).
With respect to improving the scope of application	<p>ACER proposes to extend the scope of application of CAM NC to entry points from and exit points to third countries in line with the recast gas Regulation and requests the European Commission to assess the legal robustness of the formulation.</p> <p>ACER does not propose to foresee the voluntary application of CAM NC to distribution points.</p>
With respect to improving the procedure for selecting a booking platform	<p>ACER proposes to amend the CAM NC by adding that it will issue a Recommendation on the general criteria for the selection of a booking platform and how to set the requirements:</p> <ul style="list-style-type: none"> • Guidance on the general criteria and a recommendation on setting the requirements will make the selection smoother without need for intervention at EU level; • A recommendation can be adapted over time on the basis of changed technical requirements; • ACER may be involved in the definition of requirements in case of disagreement on it but proceedings could be jointly run at national level. "

	While the selecting parties would be free to agree on their own selection procedure, the Recommendation will facilitate a faster selection in case of disagreement, which is in the interest of the market.
With respect to improving the within-day capacity auction	ACER proposes to move earlier the closing of the first auction window that is allocating the WD24 capacity.
With respect to improving the conversion of capacity facility	No changes will be proposed.

In its reasoned proposals for amendment to the CAM NC, ACER, additionally, will ensure alignment with the agreed legislation on 'the internal markets for renewable gas, natural gas and hydrogen'.

- Annex I: List of Respondents.
- Annex II: Agenda and Summary note on ACER technical workshop of 9 July 2024.

ANNEX I: LIST OF RESPONDENTS

No.	Organisation	Country of origin	Activity	Confidential
1.	Bayernets	Germany	TSO and their associations	No
2.	BBL Company VOF (BBLC)	Netherlands	TSO and their associations	No
3.	BDEW - German Association of Energy and Water Industries	Germany	Other (national industry association)	No
4.	DEPA COMMERCIAL S.A.	Greece	shippers/traders and their associations	Yes
5.	EDF	France	shippers/traders and their associations	No
6.	Edison SPA	Italy	shippers/traders and their associations	No
7.	ELPEDISON SA	Greece	Other (electricity and gas energy utility company)	No
8.	Enagas	Spain	TSO and their associations	No
9.	Energinet	Denmark	TSO and their associations	No
10.	Energy Traders Europe	European Union, for associations covering all EU	shippers/traders and their associations	No
11.	ENGIE SA	France	shippers/traders and their associations	No
12.	Eni S.p.A.	Italy	shippers/traders and their associations	No
13.	ENTSOG	European Union, for associations covering all EU	TSO and their associations	No
14.	Equinor	Norway	shippers/traders and their associations	No
15.	European Energy Exchange	Germany	Other (Energy Exchanges)	No
16.	Europex	Belgium	Other (Energy Exchanges)	No
17.	Fluxys Belgium	Belgium	TSO and their associations	No
18.	FNB Gas e.V.	Germany	TSO and their associations	No
19.	Gas Connect Austria GmbH	Austria	TSO and their associations	No

No.	Organisation	Country of origin	Activity	Confidential
20.	Gas Market Operator for Northern Ireland (GMO NI)	Northern Ireland	TSO and their associations	No
21.	Gas Networks Ireland	Ireland	TSO and their associations; DSO and their associations	No
22.	GASCADE Gastransport GmbH	Germany	TSO and their associations	No
23.	Gasunie Deutschland Transport Services GmbH	Germany	TSO and their associations	No
24.	Gasunie Transport Services B.V.	Netherlands	TSO and their associations	No
25.	GRTgaz	France	TSO and their associations	No
26.	GSA Platform	Poland	Other (Capacity Booking Platform)	No
27.	Hera Trading S.r.l.	Italy	shippers/traders and their associations	No
28.	IFIEC: International Federation of Industrial Energy Consumers	European Union, for associations covering all EU	Other (consumers group)	No
29.	Interconnector Ltd	Belgium	TSO and their associations	No
30.	LLC Gas TSO of Ukraine	Ukraine	TSO and their associations	No
31.	National Gas Transmission	Great Britain	TSO and their associations	No
32.	NET4GAS	Czechia	TSO and their associations	No
33.	OMV Gas Marketing & Trading GmbH	Austria	shippers/traders and their associations	No
34.	ONTRAS Gastransport GmbH	Germany	TSO and their associations	No
35.	Open Grid Europe GmbH	Germany	TSO and their associations	No
36.	Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A. (GAZ-SYSTEM)	Poland	TSO and their associations	No
37.	Orlen S.A.	Poland	shippers/traders and their associations	No

No.	Organisation	Country of origin	Activity	Confidential
38.	PRISMA European Capacity Platform GmbH (PRISMA)	Germany	Other (Capacity Booking Platform)	Yes
39.	Proxigas	Italy	Other (national industry association)	No
40.	REN Gasodutos, SA	Portugal	TSO and their associations	No
41.	RWE Supply & Trading	Germany	shippers/traders and their associations	No
42.	SEFE Marketing & Trading	UK	shippers/traders and their associations	No
43.	SNAM SPA	Italy	TSO and their associations	No
44.	Teréga	France	TSO and their associations	No
45.	terranets bw GmbH	Germany	TSO and their associations	No
46.	Thyssengas GmbH	Germany	TSO and their associations	No
47.	Trans Adriatic Pipeline	Greece	TSO and their associations	No
48.	Uniper Global Commodities SE	Germany	shippers/traders and their associations	No
49.	VNG Handel & Vertrieb GmbH	Germany	shippers/traders and their associations	No

ANNEX II: AGENDA AND SUMMARY NOTE ON ACER TECHNICAL WORKSHOP OF 9 JULY 2024

**ACER technical workshop: amending the network code on Capacity allocation mechanisms
in gas transmission systems**

Tuesday, 9 July 2024 | 09:00 - 11:00 CET

Online, MS Teams platform

by-invitation only

AGENDA

Indicative time	Webinar items	
08:50 - 09:00	Webinar open for log-in	Starts promptly at 09:00
09:00 - 09:10	Introductory Remarks Nico KEYAERTS, ACER Edouard LE BRET, CRE - chair of ACER CAM Task Force	
09:10 - 09:40	Technical discussion I: Maximising the offer of interruptible capacity: the case of offering unlimited volumes under tight market conditions Johannes LAMBERTZ, FNB Gas e.V. Pawel LONT, Energy Traders Europe	
09:40 - 10:10	Technical discussion II: 'Balance of Month': how to properly design a capacity product that efficiently matches with the commodity market? Pawel LONT, Energy Traders Europe Karolina GOLONKA, ENTSOG	
10:10 - 10:40	Technical discussion III: Raising robustness of non-binding demand expressions in incremental processes by means of fees and deposits Karolina GOLONKA, ENTSOG Pawel LONT, Energy Traders Europe	
10:40 - 10:55	Q&A on polling questions	
10:55 - 11:00	Closing Remarks Nico KEYAERTS, ACER Edouard LE BRET, CRE - chair of ACER CAM Task Force	

Webinar objective

In this workshop, ACER will hold technical discussions and Q&A with invited stakeholders, based on the [responses submitted to the public consultation](#) on amending the network code on capacity allocation mechanisms in gas transmission systems, held from 8 May until 14 June 2024.

In the context of its first preliminary analysis, ACER had several interactions with stakeholders to start assessing the achievements of the implementation of the CAM NC to date, as well as to scope areas of improvement (see the [scoping consultation](#) and the [workshop](#)).

Building on the scoping and problem identification work undertaken and considering the regulatory elements introduced by the recently agreed hydrogen and decarbonised gas market package, ACER has developed a [policy paper on 'The revision of the network code on capacity allocation mechanisms in gas transmission systems'](#) that focuses on options to improve the network code. ACER invited stakeholders to submit their practical proposals to improve the CAM NC as well as to provide their feedback on the paper. To further investigate these proposals, ACER is organising this technical workshop.

Background on the discussion topics

Maximising the offer of interruptible capacity: the case of offering unlimited volumes under tight market conditions: a majority of German TSOs offers an unlimited level of interruptible capacity to provide the market with the highest possible flexibility and maximum (virtual) reverse flow capacities. Any limitation in offering interruptible capacity will put shippers in a worse situation. However, under tight market conditions, this practice prevents the price to play its role in allocating scarce capacity to those willing to pay the most. The practice also raises questions on how neighbouring TSOs jointly maximise the access to the gas system with firm and interruptible capacity products. Finally, respondents to the consultation express a need for transparency on how the interruptible capacity is determined and what is the corresponding risk for interruption. ACER would like to understand better this practice and how it can ensure that price can play its role to allocate capacity.

'Balance of Month': how to properly design a capacity product that efficiently matches with the commodity market? A majority of respondents welcome the idea of introducing a balance of month product (or single auction of remaining days of the month) to make it possible to book capacity between the monthly and day-ahead timeframes. A commonly cited reason was to have a capacity product that matches with an existing commodity product. ACER would like to understand better how the commodity balance-of-month product works and how a matching capacity product can be designed and offered.

Raising robustness of non-binding demand expressions in incremental processes by means of fees and deposits: the incremental capacity process offers a way for shippers to indicate borders where future capacity needs may arise and the concerned TSOs could develop capacity accommodating those market needs. It is a heavy process and it has led to almost no capacity development. To raise the viability of incremental capacity projects, some respondents propose to introduce charging a deposit (in addition to the existing option to ask an administrative fee) at the non-binding stage that would be returned when a corresponding binding bid is submitted in the incremental-capacity auction. Such deposit seeks to discourage speculative expressions of interest. ACER would like to hear the views from shippers and TSOs on this proposal.

Background on the polling questions

Context for question 1 – duration of ACA auction rounds: Some respondents to the consultation highlighted to possibility to reduce the duration of auction rounds under ACA, as a way to accelerate

capacity allocation (to make ACAs more time-efficient): the first round takes 3 hours, subsequent rounds take 1 hour, with 1-hour intervals between the rounds for booking platforms as well as shippers to prepare the next round. Can the duration of these rounds/intervals be reduced? How much time do shippers need to implement their booking strategies across multiple ACA auctions? How much time do booking platform operators need to organize orderly ACA auctions?

Context for question 2 – UPA for all interruptible capacity products: ACA auctions enable price discovery, but risk to terminate without allocating capacity. UPA auctions enable an immediate allocation of capacity, but do not offer price discovery.

Respondents to the consultation overall agree that interruptible capacity auctions could be moved from ACA to UPA in the interest of time and efficient capacity allocation, following the firm capacity auctions that first take place using ACA and that would also be offered with subsequent UPA auctions.

Still, at some IPs, only interruptible capacity products are offered (backhaul, virtual reverse flow) and shippers would not have the opportunity to discover the price in a UPA auction. ACA could be retained for allocating interruptible capacity to enable price discovery.

When a choice has to be made, would shippers prefer to have interruptible capacity products offered with ACA (enabling price discovery, but potentially having the auction terminate without allocation) or would you prefer to have UPA (be assured of immediate allocation despite lack of price discovery in the few cases where no firm auction with ACA has taken place)?

Context for Question 3 – termination of ACA auctions: The current termination rule of Article 17(2) of the CAM NC reads: *“If an ascending clock auction has not ended by the scheduled starting point (according to the auction calendar) of the next auction for capacity covering the same period, the first auction shall close and no capacity shall be allocated. The capacity shall be offered in the next relevant auction.”* That means that an auction closes when the shorter-term firm-capacity product covering the same period (an auction of the front month within the quarter, the auction of the daily product the first day of the month) is up for auctioning.

Respondents overall expressed doubts on the necessity to introduce an automatic termination of ACA auctions to leave UPA auction run (Options 2(a), 2(b) and 3). Retaining the current termination rule, which is the preference expressed by most respondents, there is still a (small) possibility that ACA auctions do not lead to an allocation of capacity. To address that potential issue, it could be considered to introduce the option for TSOs to decide jointly to terminate the ACA auction that is at risk of not allocating capacity (enabling a subsequent UPA to be organised, according to the published calendar of UPA auctions)?

SUMMARY NOTE

A total of 112 participants attended the workshop, including representatives and associations of TSOs, shippers, traders and booking platform operators who had responded to the public consultation. NRAs and the European Commission were also invited. In addition, ACER extended the invitation to the booking platform operator RBP as they had not responded to the consultation.

The presentations are available at:

<https://www.acer.europa.eu/documents/public-consultations/pc2024g03>.

Introductory remarks

The responses to the public consultation provided ACER with further suggestions and clearer guidance on which amendment proposals to take forward. The number of responses received (49) is considered as representative of the market stakeholders' community.

The workshop serves as a multilateral platform for discussing responses and suggestions with stakeholders. The workshop topics are set out to provide further clarification on how to proceed and to implement these proposals.

ACER invites participants to contribute to the discussion on the proposals raised, in order to obtain feedback and confirmation from the stakeholders. The insights gained from this workshop will be considered for preparing reasoned amendment proposals.

Technical discussion I: Maximising the offer of interruptible capacity: the case of offering unlimited volumes under tight market conditions

The case of offering unlimited volumes under tight market conditions was mainly observed in the German market. Johannes Lambertz, representing FNB Gas e.V., explains how the situation was handled during the crisis. Pawel Lont, representing Energy Traders Europe (ETE), gives a first reaction from shippers on how they perceive this approach.

Introductory presentations by FNB Gas e.V. and Energy Traders Europe (ETE)

The current framework of CAM NC allows the offering of unlimited amount of interruptible capacity. As a result, some TSOs offer infinite interruptible capacity products. During the energy crisis, there was underutilization of interruptible transport capacity despite high demand. This occurred firstly because of a massive price spread that led to a massive overdemand for interruptible capacity and secondly because of an infinite offer of interruptible capacity. Capacity mismatch between TSOs and pro-rata interruptions, causes the capacity on one side to adjust to the lesser side's level. This resulted in a missing transport despite demand. To address this, the amount of interruptible capacity offered was limited by the TSOs to the physical transport capability minus firm capacity, enabling customers to express willingness to pay through auction premiums (in case of unlimited interruptible there will never be a second round of the ACA auction. So, it is not possible to address willingness to pay by auction premium but by quantity).

FNB Gas e.V. is in favour of limiting the amount of interruptible capacity in these rare cases to be able to react quickly and effectively and to provide flexibility to the market. However, these rare and manageable cases do not justify a permanent limitation of interruptible capacity.

During the crisis, it was very difficult to understand the congestion at the German borders. The situation was unique and required specific consideration. In general, ETE does not see a need to artificially limit the offering of interruptible products, as interruptible capacity products help to address mismatches at

borders, and it might be better to use interruptible capacity than to adjust available technical capacity. However, the demand for these products should fall along with the growing risk of interruption.

For the case of limiting interruptible capacity, it may be difficult to define or set a limit as it is related to the probability of interruption, which is a moving target. Therefore, greater transparency on capacity availability and interruption probability would be welcomed by ETE. If shippers are provided with the necessary information, they could also make their own assessment of the likelihood of disruption. This would require information on, for example:

- How much capacity has already been sold
- Historical data on interruptions at specific points
- Historical flow data

TSOs already have this information for their own analysis, and if shared, it would allow shippers to adjust their demand accordingly.

Reactions by ACER, ENTSOG, ETE and FNB:

1. A lot of data and information is already published (e.g. on the Transparency Platform). FNB Gas e.V. underlines there are some confidential information (e.g. regarding exit points) that should not be published.
2. ENTSOG points out that each TSO uses the best methods to allow systems to calculate the offer based on their circumstances, including providing a lot of data to the market. TSOs also publish historical interruptions on the Transparency Platform.
3. ETE indicates there is indeed a lot of data on the Transparency Platform, but some additional information can be given to understand how the risk of interruption is managed and how it changes over time.
4. ACER remarks that on the Transparency Platform, information on interruption is not always available for both sides of the border.

Questions and comments raised by the audience:

1. *How does the coordination work with the neighbouring TSO(s)?*

FNB Gas e.V. replies that there is currently no discussion with neighbouring TSOs about the amount of interruptible capacity, but they are informed about it. This is due to the fact that when hub spreads are high, there are no reverse flows and no reverse bookings. This means that more than the station's capacity can never be transported, except for the virtual reverse flow.

2. *When/how to decide to switch the process from unlimited to limited interruptible capacity?*

FNB Gas e.V. explains, that it is challenging to foresee these situations in advance. The decision to switch from unlimited to limited interruptible capacity can be made after the yearly capacity auctions. The adjustment can be implemented during quarterly or monthly auctions. It will stop once TSOs do no longer see necessity to set a limit (no more significant high price steps or numerous auction rounds etc.)

3. *What is the rationale behind offering unlimited interruptible capacity? What advantages does it provide to the shipper considering it is likely to be unavailable?*

FNB response: On a theoretical basis with unlimited interruptible capacity, it is possible to offer and transport virtual reverse flows in unlimited amounts. It is difficult to calculate the correct number of where limitation should be set and difficult to determine if this is the right limit. Shippers are in favour of flexibility of not being limited (in regular cases).

à ETE confirms that it is up to the shippers to decide whether they want to take the risk and estimate how much of that risk they can handle.

4. *From a shipper perspective is there some time notification that would be needed that the process is different? What kind of information would be needed for changed process?*

Shippers would prefer to be informed of any process changes as early as possible and would not prefer to see rules being changed during the process. While it may be difficult to reflect this issue in the Code, ETE will follow up with members on this topic.

Technical discussion II: ‘Balance of Month’: how to properly design a capacity product that efficiently matches with the commodity market?

Most respondents to the consultation are interested in matching their Balance of Month (BoM) commodity products with corresponding capacity contracts.

Pawel Lont, representing Energy Traders Europe, introduces the shippers' view on the topic of BoM. Karolina Golonka, representing ENTSOG, proposes the concept of a BoM auction offering daily products.

Introductory presentations by ETE and ENTSO

On the shipper side, there is support for a BoM as a separate capacity product to match the products traded on the commodity market. However, a BoM capacity product would need to be properly defined. It could be a bundle of daily products without changes to the code. However, there are concerns about different interpretations, making it difficult to harmonise it across the EU. Furthermore, it has to be taken into account that on the commodity side, there are several variations of BoM products traded. This makes it challenging to define BoM as a single product.

Defining BoM as a separate product in the network codes would ensure consistency with what is traded on exchanges. The introduction of BoM capacity products should be discussed with exchanges to align the capacity and commodity sides. Furthermore, the attractiveness and effectiveness of the products should be assessed in comparison to short-term daily products offered by TSOs.

ENTSOG proposes the concept of BoM auctions, avoiding the need to introduce new products and new multipliers. This approach could provide good flexibility for the market, based on current rules and there would be no need to update NC TAR.

The auctions would be based on day-ahead products, addressing the market's wish for an option between day-ahead and monthly products. The BoM auctions would run every day for the current month, with the offered period starting from D+2 containing all remaining days of the month (minimum 2 days). This avoids competition with day-ahead products. The auction can also be run at the beginning of the month, though this is open for discussion. The auction would be held using the UPA algorithm and the auction results correspond to a series of consecutive daily products until the end of the month, starting from D+2. Using these auction design parameters (i.e. basing it on day-ahead products) likely avoids a need for updating the tariff network code for the introduction of new multipliers.

ENTSOG is open for stakeholder feedback on this proposal to refine and implement the BoM auctions effectively.

Reactions by ETE and ACER

1. ETE has some support for ENTSOG's proposal, since it is manageable and faster to implement. However, the majority of ETE members support the creation of a new BoM standard capacity product. It can be further discussed with the members of ETE after the workshop.
2. ACER sees some similarities between both proposals. ETE refers to a strip of days, whereas ENTSOG discusses a strip of days bundled into a single auction.

3. ACER underlines, that implementation costs of the option, that will be chosen, should be assessed. In any case, platform operators will need to develop the auction for this product and TSO backends will need to be updated. ACER will do this not just for this particular option but also for other options that are/will be discussed. ACER invites booking platforms to provide information and estimates for the different options. As part of the public consultation, booking platforms gave already a general idea of feasibility of the options.

Questions and comments raised by the audience

1. *There is a risk that all capacity will be booked via BoM and there is none left for DA products. Is that desirable? There is a risk that the BoM offer might lead to no bundled DA capacity being offered at all (in case BoM sells 100% of free bundled capacity). Are there any thoughts how to mitigate this (unless it is desired)*

ENTSOG response: Whether it is desirable that BoM sell out depends on the market's view. It can be argued to let the market decide between BoM or DA. Another approach could be to consider a quasi-set-aside rule to ensure that capacity is kept available for Day-Ahead products. This raises broader questions about market development and what the market values most.

ACER supported ENTSOG's perspective: Risk exists that all capacity may be allocated before the DA auctions. ACER notes that this risk already exist today as no set-aside rule exists specifically for DA and WD products. But CMP mechanisms, like firm DA use-it-or-lose it, can ensure non-nominated Day-Ahead and Within-Day capacity is made available to the market.

ENTSOG responds that market participants will choose their preferred option: Booking through the BoM auction, or through DA if that is their preference. To manage this, some guidelines need to be implemented to keep products for later booking. However, ENTSOG did not analysis this topic further.

2. *Is there is no uniform approach for the BoM trading product in the different European markets (with/without Sunday, with/without bank holidays?)*

ETE confirms that. Some shippers noted the problem of bank holidays.

Technical discussion III: Raising robustness of non-binding demand expressions in incremental processes by means of fees and deposits

Karolina Golonka, representing ENTSOG, explains ENTSOG's proposal to introduce a collateral/deposit to start the incremental process. Pawel Lont, representing Energy Traders Europe, reacts to this proposal from the shippers' perspective.

Introductory presentation from ENTSOG and reaction by ETE

The existing process is burdensome and has not led to many successful project realisations. While triggering the process from the market participant side is easy, it requires extensive work from TSOs. Often, the process stops after extensive analysis by TSOs, without knowing if there is willingness from market participants to bid in the binding auction. Under the current CAM rules, it is possible to introduce an administrative fee to cover the expenses of running the process of the TSOs. However, this requires approval from the NRA.

ENTSOG proposes to introduce a collateral/deposit as a voluntary option for TSOs. TSOs could require a deposit from market participants to start the process. This would provide a financial guarantee that the request of the market participants is serious. The incremental process would remain, but the introduction of a deposit would ensure that projects have a higher likelihood of realisation. The deposit would be returned to shippers under certain conditions, like the administrative fee (this can be discussed

further). The magnitude of the deposit should be in the range of 10,000 euros to demonstrate seriousness. This deposit can be returned to shippers under certain conditions.

ETE favours triggering events to initiate the process instead of relying on a periodic schedule. These events could be indications from market participants or initiatives from TSOs.

Furthermore, ETE indicated that it understands that the process can be burdensome for TSOs and expressed its openness to discussing the concept of a deposit as an option. A combination of triggering events and a deposit requirement might be possible, enhancing the credibility and seriousness of the requests.

Comments raised by ACER and ENTSOG

1. ACER notes other options proposed in the public consultation, such as lowering the frequency of the process. A combination of triggering events and deposits could also be explored.
2. ENTSOG reaction to ETE proposal of triggering events: ENTSOG finds it difficult to list specific triggering events due to different system developments, markets, and regions. Therefore, they recommend continuing with the current timeframe but introducing measures that indicate serious commitment of the market participants. They are open to discussing these and other options.
3. Support by audience for deposit: Additionally, several amendments are necessary to make the process more efficient:
 - Eliminate Zero-Demand Assessment Reports: It should no longer be mandatory for TSOs to issue a report if there is no demand expressed - which ENTSOG agrees on.
 - Standardized Template: ENTSOG should design a template for non-binding requests, which must be filled out by customers.

Questions and comments raised by the audience

3. *Where should the deposit amount (e.g., 20k Euro) come from?*

ENTSOG replies that determining the deposit amount is challenging. There are some options and considerations e.g. a cap, a fixed threshold or a percentage-based calculation could be used. However, this may lead to issues regarding how the calculation is performed.

The deposit should be in the range of a few thousands or tens of thousands of euros (reasonable amount). This amount is relatively small compared to the total project costs but ensures that interest is backed by a financial commitment. The process should be as simple as possible, serving as an extra guarantee that the request is serious. The deposit will be returned under specified conditions. This deposit would in no case be considered as an advanced payment. The details and implementation of the deposit amount are open for discussion.

4. *Is this (deposit) the best way of making incremental more efficient, or should there be some integrated planning element where TSOs assess if the capacity request can be addressed through other means, in line also with the energy efficiency first principle?*

ENTSOG highlighted the existing processes for infrastructure and network development plans. TSOs consider factors like the Ten-Year Network Development Plan (TYNDP) and national development plans when assessing requests. The incremental process is specifically designed to respond to market demand rather than being based on Security of Supply (SoS) rules or other system needs.

TSOs believe they are already optimizing efficiency and robustness within the current framework. The incremental process should align with shippers fitting into network plans to ensure coherence.

ACER emphasizes integrated planning is part of the decarbonization package.

5. *Might the process be more efficient if it was shipper triggered rather than obliging TSOs to offer it at a defined frequency?*

ENTSOG is open to discussing whether shipper-triggered requests could streamline the process. Assessing requests involves considering whether defined timeframes or flexible approaches would be more effective. The process should stay aligned with the auction calendar timeframe. The proposed framework ensures a specific timeframe for market expression, enabling TSOs to respond promptly.

6. *In the light of decreasing demand, it would be highly appreciated to also incorporate capacity surrenders in the demand assessment, thus the economic test (need for investment) can be reduced where possible*

ENTSOG replies that this requires quite complex calculations. In general, TSOs are committed to considering all relevant factors and pursuing projects based on positive economic testing. During the incremental process, TSOs act as they are developing a new infrastructure. In case the incremental auction is binding, they need to realise the project after the binding auction.

ACER points out, that if capacity is surrendered, it will be considered as available capacity under CMP.

Q&A on polling questions

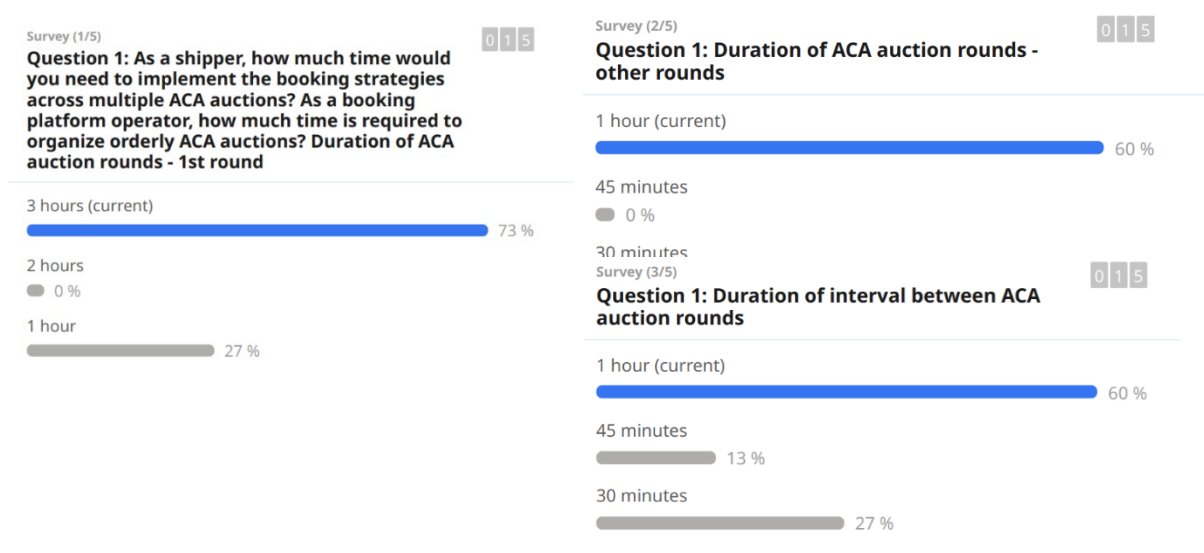
Participants of the workshop were invited to contribute to a poll session including three questions covering the topic of (1) the duration of ACA auction rounds, (2) UPA auctions for yearly, quarterly and monthly products instead of ACA auctions and (3) termination rule of ACA auctions.

26 participants provided answers to the poll questions. In addition, GSA Platform and RBP provided written inputs prior to the workshop.

Question 1: Duration of ACA rounds

Results of the poll

Most respondents to each sub-question believe that the current auction times are appropriate. For the duration of the first round, almost ¾ of respondents prefer keeping it to 3 hours, while the other quarter is in favour of shortening it to 1 hour. For the duration of the other rounds, the majority prefers to maintain the current duration of one hour. For the duration of the interval between auction rounds, the majority prefers to maintain the current setting (1 hour).



Comments

1. ENSOG has already tested the idea of shortening the auction rounds.
2. ETE expressed a preference for staying with the current durations. Shortening the duration of auctions would not cause any issues and would provide additional flexibility. However, it is unclear if smaller player could keep up with this change, as it might be more complex for them to adjust.
3. ACER has indicated that if changes are to be made, a feasibility assessment is necessary to determine how much time shippers need to place a bid.

Written responses received prior to the workshop

GSA Platform: *“Regarding the auction duration of ACA auction rounds we prefer to keep current solution when the ascending clock auction has not ended by the scheduled starting point (according to the auction calendar) of the next auction for capacity covering the same period, the first auction shall close and no capacity shall be allocated. The auction rounds and interval between auction rounds may be significantly shorter as 1hour between rounds. (45' bidding phase +15' interval phase). In case of GSA Platform such change does not generate additional costs. Just one change of auction parameters by system administrator. Such change is set once for all next ACA auctions until next change of such parameter. In this case we are fully flexible for market expectation without any IT system/software changes (additional costs).”*

RBP answer to 1.1: *“In our experience shippers prepare with a bidding strategy in advance (i.e. how far in the auction they are willing to bid depending on the price steps) and 3 hours are usually not required to enter their bid for the first ACA bidding round. Shippers that bid for multiple network points at the same time typically do not enter their bid auction by auction on the GUI of RBP but use comfort bids or bulk bid submission through Excel bid upload or also through automated interfaces. Therefore, in our view, 1 hour would be sufficient for the first ACA bidding round. On the other hand, if there are 3 hours available for the first bidding round, this gives more time to the TSOs to sort out any potential issue regarding the auctions, e.g. related to network user participation or financial limits, which would most likely not be possible if the auction would be any shorter.*

It is technically possible in RBP to set up ACA auctions with any round duration, therefore the shortening of the first bidding round from 3 hours to 1 hour can be implemented without any additional cost.

In summary, RBP is neutral on this topic, there are pros and cons for both keeping and shortening the first ACA bidding round.”

RBP answer to 1.2: *“As a booking platform operator we do not have any preference on this question. If the market’s view is that the subsequent auction rounds have to be shortened, we can implement a shorter duration without any additional cost. Our suggestion would be to start the subsequent bidding rounds at full hour (e.g. 11:00, 12:00 etc.) in order to minimise the risk of overlooking the start of the subsequent auction round.”*

RBP answer to 1.3: *“As a booking platform operator we do not have any preference on this question. If the market’s view is that the break between auction rounds have to be shortened, we can implement a shorter duration without any additional cost. Our suggestion would be to adjust the duration of the break in a way that subsequent bidding rounds at full hour (e.g. 11:00, 12:00 etc.) in order to minimise the risk of overlooking the start of the subsequent auction round.”*

Question 2: Preference for ACA or UPA auctions

Results of the poll

The responses are quite balanced, so there is no clear outcome of the poll on this topic.

Survey (4/5)

0 2 3

Question 2: Would you prefer to have yearly, quarterly and monthly interruptible capacity products offered with ACA (and risk to have no allocation) or UPA (and do not price discovery)?

I prefer ACA auctions for all yearly, quarterly and monthly interruptible capacity



I prefer UPA auctions for all yearly, quarterly and monthly interruptible capacity



Comments

1. ACER will consult further on this topic, asking for clarification and motivation. If there is no clear reason to change the rule, the current applicable rules should remain in place.
2. ENTSOG emphasizes the importance of using a single algorithm for all auctions of interruptible capacity, without making any exceptions. EFE supports this and is open for discussion.
3. ETE's members do not see the need and merit to change the current rule. Improving the set-up of ACA (e.g. TSOs will be able to adjust price steps) might be agile enough to close the auctions fast enough.

Written responses received prior to the workshop

GSA Platform: *"Adding additional ACA auctions for monthly products as described in option 1 in question 3.11 will generate small changes in IT system with acceptable costs.*

Proposed adding different auction algorithms for the same product (e.g. UPA for monthly products) require significant changes in IT software and create significant additional expenditures. In our opinion introducing such change require detailed CBA taking into consideration real possibility of booking capacity increases and related additional income. Additionally, we like to draw your attention high possibility of mistakes due to mixing rules for booking the same products."

RBP: *"We believe that from the technical and process point of view it is easier to organise all interruptible auctions with UPA. It is technically possible in RBP already to set up interruptible auctions with UPA auction algorithm without any additional cost. Our preference would be to switch all YQM interruptible auctions from ACA to UPA."*

Question 3: Termination of ACA auction

This proposal was not part of the previous consultation. It was designed following the responses received to the 4 options submitted to consultation. It aims to introduce a provision in the CAM code allowing TSOs to jointly decide to terminate an ACA auction if they believe it will not lead to an allocation of capacity. The aim is to ensure enough time for the UPA to run and allocate the available capacity.

Results of the poll

46% of the respondents prefer that ACA can be run freely. 54% agree with ACER's proposal to introduce an option for TSOs to terminate ACA auctions.

Survey (5/5)

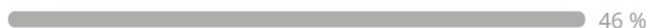
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Question 3: What is your view on introducing the option for TSOs to decide jointly to terminate an ACA auction that is at risk of not allocating capacity (enabling a UPA to be organised)?

I agree with introducing an option for TSOs to jointly decide to terminate an ACA auction that will not allocate capacity on time



I do NOT agree with introducing an option for TSOs to jointly decide to terminate an ACA auction that will not allocate capacity on time



Comments

1. ACER complements that there is already a termination rule in the current network code. Currently, termination happens when the next (firm) capacity product is being auctioned (the one with a shorter duration, following the cascading). Here the idea is to have an option to terminate earlier when it can be seen that the ACA will not allocate capacity, allowing time for a UPA auction to allocate capacity for the particular capacity product that was initially on auction. Automatic termination options discussed in the previous consultation were not supported. If ACA is made more efficient, this option is unlikely to be used. Allowing TSOs to decide to terminate an auction is intended as a fallback or last resort action.

Questions raised by the audience

1. *Is this proposal (the option for TSOs to terminate the auction) in addition of the possibility to change the price steps between two rounds, or in replacement?*

This option is in addition to the possibility of changing the price step between rounds. If modifying the price step as proposed remains insufficient to allocate capacity under ACA, TSOs will have the possibility to terminate ACA and give the opportunity to have a UPA to allocate this capacity. With regard to the crisis, when demand was high but ACA was inefficient, more capacity could have been allocated within the requested timeframe if ACA had been terminated or if the price steps had been changed.

2. *If ACER intends to introduce new rules to facilitate the closure of the ACA auction, it must at the same time establish clear rules that the TSOs must apply to use in order to avoid disharmonisation (mandate for TSOs to terminate ACA auctions).*

ACER supports, that there should be some predictability under which circumstance TSOs might take this action.

Written response received prior to the workshop

RBP: *"We do not agree with the proposal and propose to further enhance it. In our view the timeframe of the ACA auction should be limited in case of all products running with this algorithm applying a fixed deadline (ACA yearly: 2 weeks, ACA quarterly: 1 week, ACA monthly: 1 week) in order to make sure additional UPA auctions can be organised under all circumstances. This removes all arbitrariness and disputableness regarding the termination of the ACA auctions by TSOs and gives full predictability and*

transparency to the market: if an ACA is not finishing within the set timeframe market participants can be sure that an UPA will shortly run for the same product. This would require only a small IT development in RBP (and supposedly also in the other booking platforms, the magnitude of which is unknown to us)."

Additional comments addressed before the closing of the Workshop

1. Preserving the principle of maximization of bundled capacity, could it be possible to introduce unbundled capacity auctions after the bundled one? For example, in case of not complete allocation of the bundled capacity. There is under allocation of capacity for the absence of the un-bundled auction.

ACER replies that if there is a difference between the firm capacity that can be offered, the minimum of the two would be offered as bundled capacity and, in parallel the unbundled firm capacity would be auctioned and can be acquired by anyone interested. If unassigned capacity remains, additional UPAs auctions would be introduced to ensure that anyone interested could still acquire this capacity at a later point of time.

Closing: implementation timeline

ACER's reasoned proposal of amendments is planned to be finalised by the end of the year. Before that, there will be one final consultation at the end of September. The amendment proposal will then be sent to the European Commission. The Comitology process of the European Commission may be launched in 2025. Timelines might be included to adopt certain changes, as booking platforms and TSOs will need time to implement the necessary technical modifications.