

ACER

 Agency for the Cooperation
of Energy Regulators

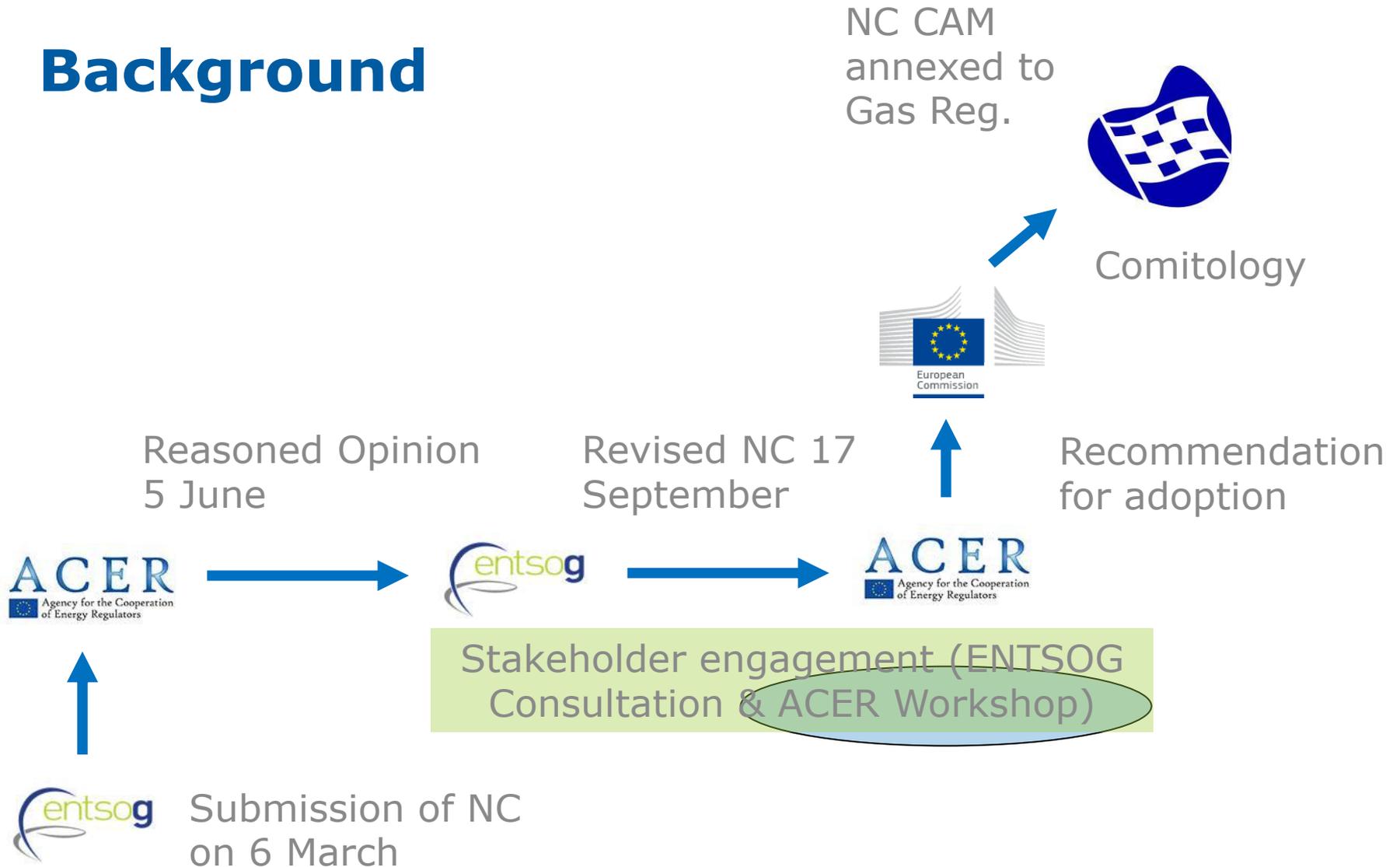
Presentation of ACER recommendations & ACER view on NC CAM amendments

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ACER consultation workshop on
Gas Network Code amendments

Background



NC CAM – ACER reasoned opinion of 5 June 2012

- ACER analyzed compliance of the network code sent to ACER on 6 March 2012 with the framework guideline content and objectives
- The network code showed a high degree of compliance and ACER welcomed the progress it would allow in terms of cross-border gas trade and competitiveness
- ACER identified 11 areas of non-compliance where the main issues were
 - Inconsistency with the general design of capacity breakdown
 - Risks of congestion
 - Provisions beyond the scope of CAM

ACER RO – Identified 11 issues

Definitions	
Application to New Technical Capacity	
Standard Contracts	
TSO Cooperation	
Capacity Breakdown	
Sale of Unbundled Firm Capacity	
Amendment of Existing Capacity Contracts	
Interruptible Capacity	
Tariffs	
Incentive Regimes	
Interim Period	

ACER RO – “Minor” issues

- ACER identified several “minor” issues that were not in line with the FG or 3rd Package provisions
 - Definition of VIP, capacity contract, additional capacity
 - Further information on standard contracts and TSO cooperation
 - Provisions on interruptible capacity, incentive regimes and interim period
- ENTSOG stakeholder engagement document clarified likely changes to these issues
- Stakeholder support/no opposition to those changes

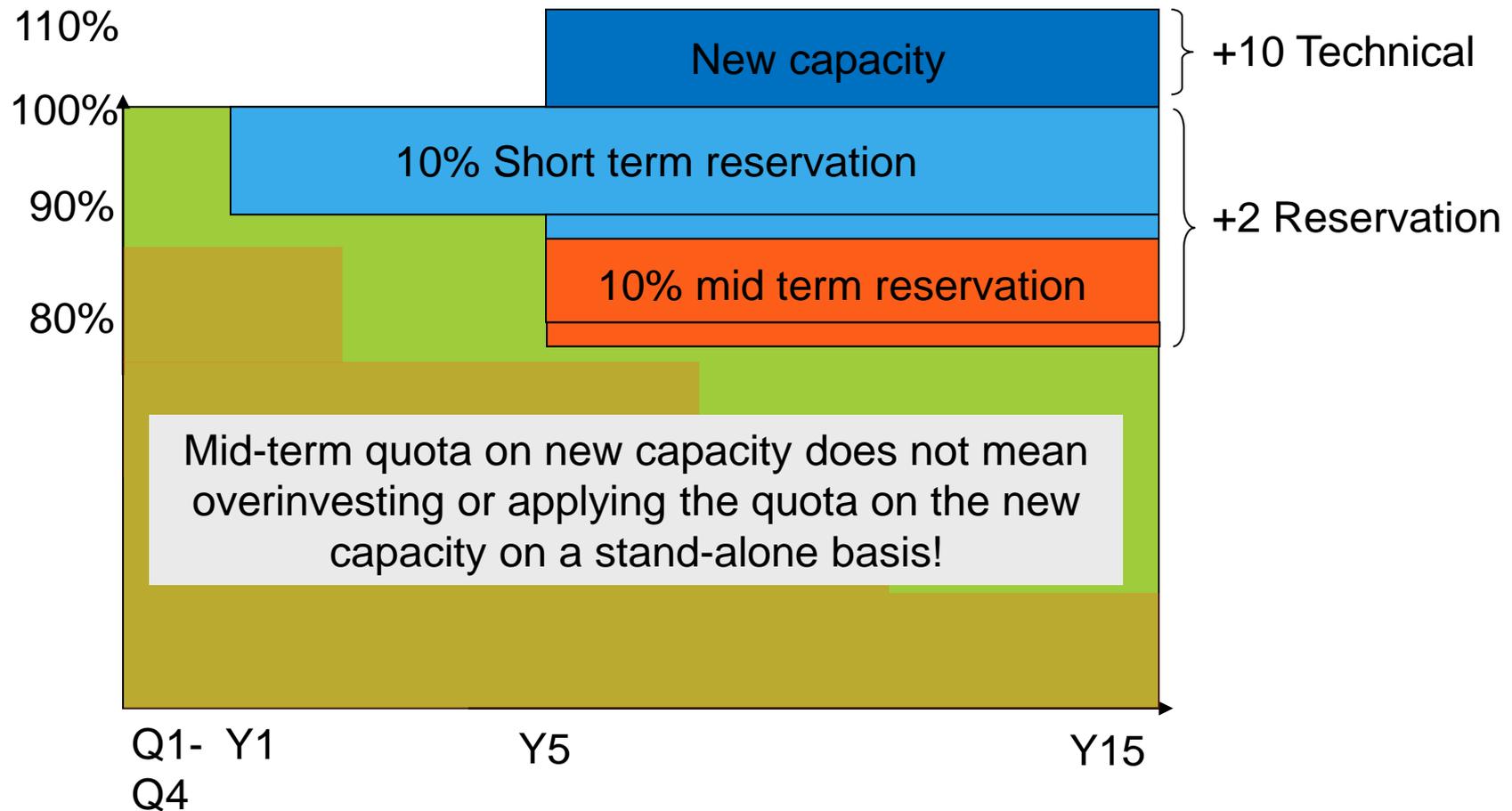
ACER RO – “Major Issues”

- Next to minor issues, four major issues have been identified
- Application of quota to new capacity
 - ACER RO: Standard Products, Bundling and quota to be applied to new capacity
- Mid-term quota
 - ACER RO: NC should provide a mid-term quota
- Sale of unbundled firm in case of technical mismatch
 - ACER RO: Only on rolling monthly basis
- Tariffs
 - ACER RO: Revenue equivalence principle to be deleted, auction premium split 50/50

Mid term quota effects

- Introduction of mid-term quota demanded to avoid market foreclosure, but implementation left open
 - Quarterly vs. yearly products
 - Amount of mid-term quota (suggestion 10%)
 - Time horizon (suggestion 4-5 years)
- Application of mid-term quota also for new capacity
 - Consistency insured
 - Does not mean that TSO need to overinvest, quota applies to aggregated capacity level

Mid-term quota effects



Sale of Unbundled Firm

- Sale of unbundled firm capacity in case of contractual mismatch allowed → “progressive bundling”
- Sale of Unbundled Firm capacity in case of technical mismatch → ACER RO: only up to the rolling monthly
 - Investment is not the only way to resolve a technical mismatch
 - Offer of unbundled firm capacity prevents bundling in the future (different to contractual mismatch)

NC CAM revision – ACER opinion

- ENTSOG stakeholder engagement document: no intention to address all concerns / recommendations of ACER RO in amended NC
- ACER acknowledged TSOs' concern that the implementation of the CAM provisions may have detrimental effects on TSOs' revenues and cash flows
- ACER was ready to provide comfort to TSOs
 - A compromise on the "tariff provision" could have been introduced in the CAM NC
 - ENTSOG to change remaining issues → Not supported by ENTSOG GA

ACER RO – Identified 11 issues

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Next Steps

- As revised NC CAM (of 17 Sept.) is still not fully in line with FG/RO, ACER intends to issue a qualified (conditional) recommendation for adoption of NC to EC early October
- ACER remains confident, that open issues may be resolved in cooperation with ENTSOG before the Comitology starts (in Dec. 2012 or Jan. 2013)

Thank you for your attention!



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