



european network  
of transmission system operators  
for gas

# ENTSOG's amendments to the CAM NC

ACER CAM workshop

19 September 2012

# CAM NC revision

CAM NC submitted to ACER in March 2012

Majority of CAM NC not challenged by ACER

ACER opinion focuses on 11 areas

Auction design

Capacity products

Bundling arrangements

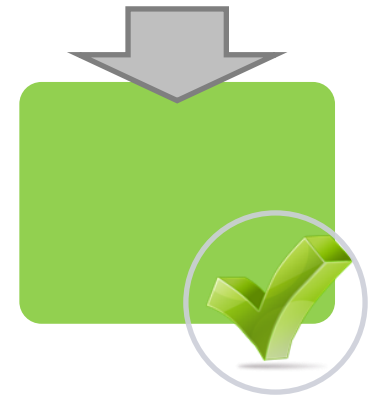
Revised CAM NC addresses most points

4 areas

# CAM NC revision

- **Revisions to the CAM NC fully address 7 of ACER's points:**

1. Definitions
3. Standard contracts
4. TSO co-operation
7. Amendment of existing contracts
8. Interruptible capacity
10. Incentive regimes
11. Interim period



- **Two of the remaining 4 points are partially addressed**

2. New capacity: bundling and standard products now apply
6. Sale of unbundled firm capacity: restricted to five years ahead in line with investment lead times

# Remaining differences: 4 areas



Issue	ENTSOG position
Application of <b>quotas for new capacity</b>	<ul style="list-style-type: none"><li>- Not necessary as supply of new capacity is theoretically unlimited</li><li>- Measure is likely to result in 'gold plating' of network...</li></ul>
Higher <b>quotas for existing capacity</b>	<ul style="list-style-type: none"><li>- Minimum reservation &gt;10% is inappropriate: creates artificial scarcity and damages operation of auctions</li><li>- Higher quotas already possible if wanted at a local level</li></ul>
Mismatched <b>unbundled capacity</b> only offered in the very short term	<ul style="list-style-type: none"><li>- Correction of mismatches is no easier in the short term than the long term</li><li>- Change would conflict with TSOs' obligation to maximise capacity offer</li></ul>
Deletion of <b>tariff provisions</b> from the CAM NC	<ul style="list-style-type: none"><li>- Some <u>temporary</u> provisions are necessary to enable effective implementation of CAM NC until future TAR NC comes into force</li></ul>

*Only a few remaining areas of difference which are relatively limited in scope*

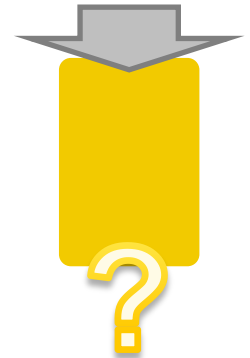
# Remaining differences: quotas and new capacity

User A signals demand for 100 units of new capacity



If market test successful

100 units of new capacity to be built



**Scenario 1:** TSO must build additional capacity to allow reservation

100 units allocated to user A

25 units

→ 25% 'gold plating'

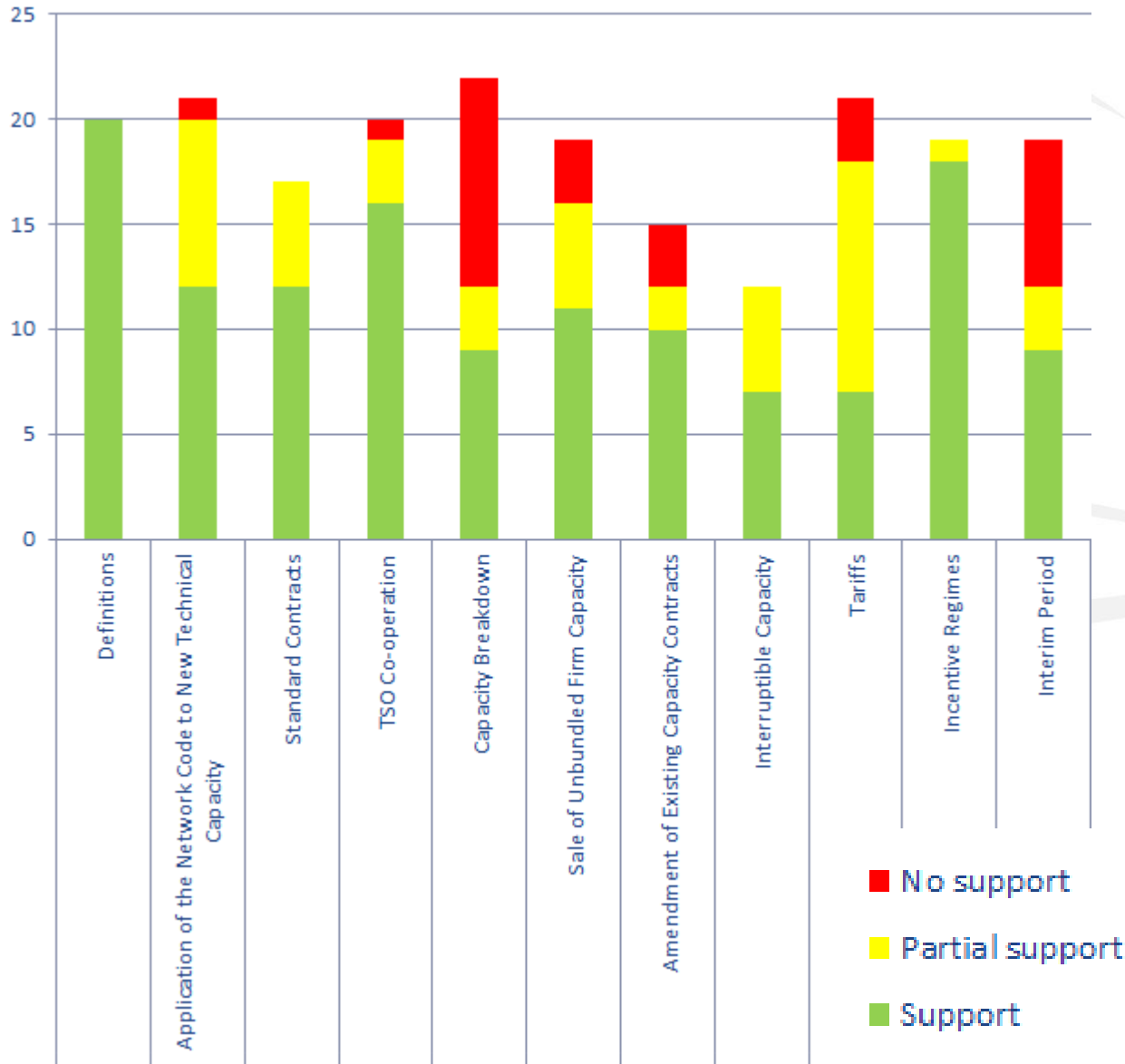
**Scenario 2:** TSO must reserve a proportion of the new capacity built (or a higher % of the existing capacity)

80 units allocated to user A

20 units

→ network user cannot get the long term capacity he wants  
→ **either overpays for existing capacity or 'inflates' his demand signal to ensure allocation of capacity in line with his needs**

# Market support for ENTSOG positions



Support for ENTSOG positions on most points

Network user views on capacity breakdown vary according to the nature of their business

# Technical revisions from ENTSOG

## 1. Day-ahead auction timings

- 30 minute bidding and processing windows
- Allows allocation by 17.30h CET
- Earlier DA allocation answers network user request

## 2. Within-day auction timings

- 30 minute bidding and processing windows
- Auctions open 4 hours before gas flow
- Ensures compatibility with 2 hour renomination lead time in BAL NC

## 3. Interruption lead time

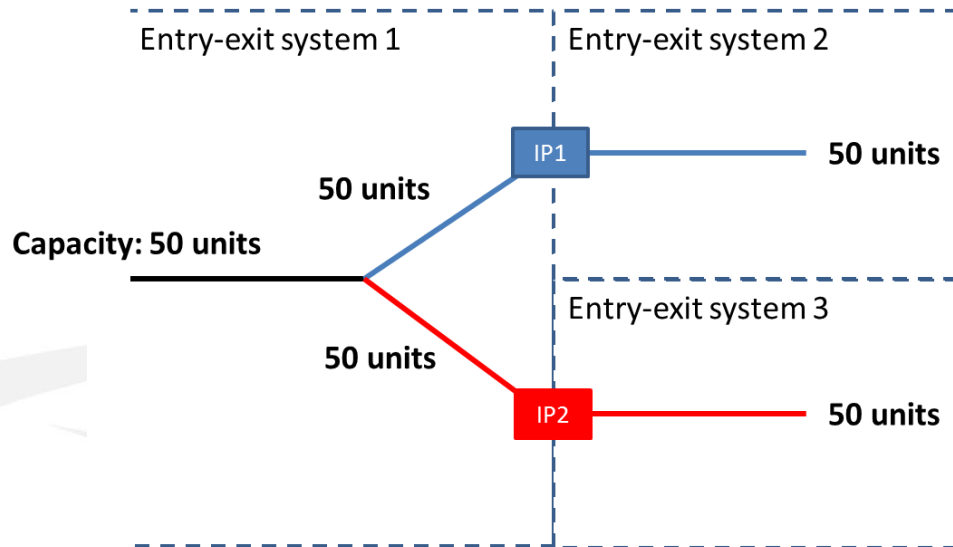
- Default minimum ILT = 75 minutes
- Reduces probability of interruption compared with 2h ILT
- BAL NC includes 30 minute trade notification lead time to address balancing concerns

Improve compatibility with Balancing NC and CMPs while addressing stakeholder comments

# Technical revisions from ENTSOG

## 4. Competing capacities

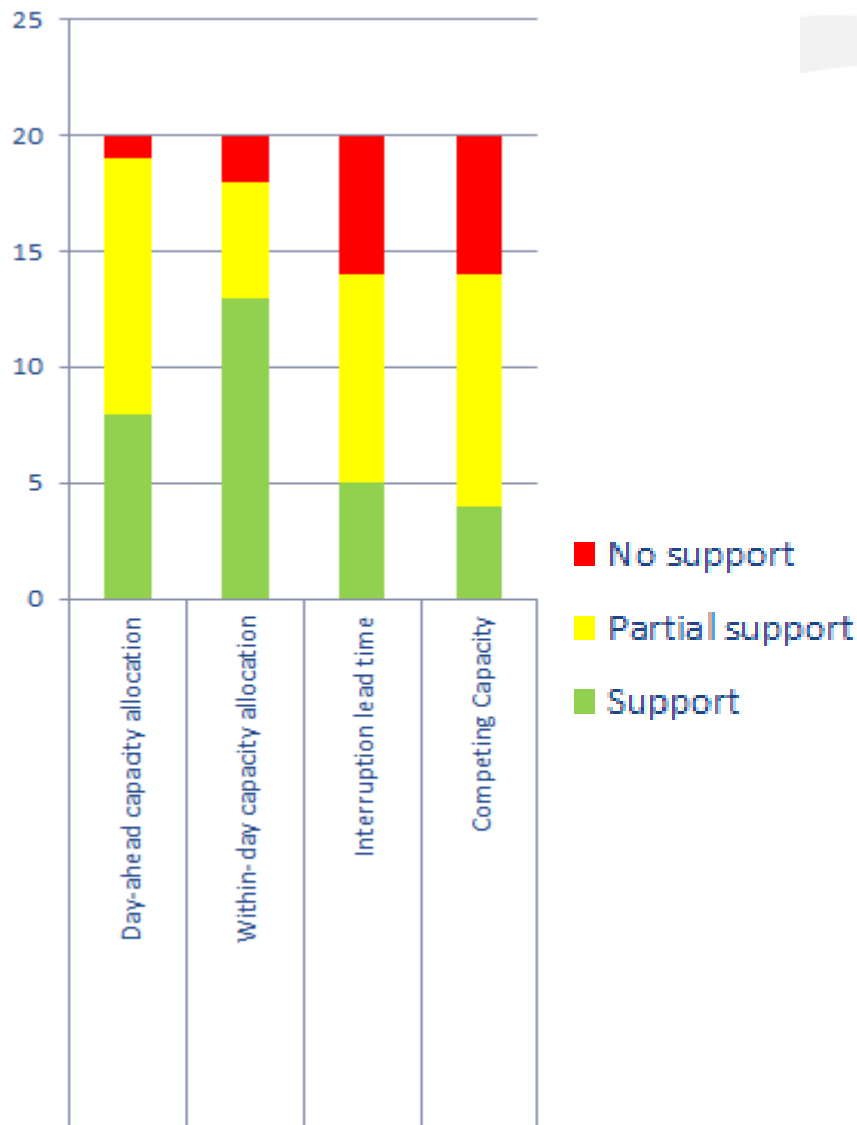
- Exemption from independent auctions allowed for competing capacities
- TSO agreement and NRA approval required



Avoid that CAM NC rules out viable options for capacity allocation on competing routes



# Market support for ENTSOG positions



Changes to DA and WD capacity timings supported, though some users would have liked ENTSOG to go further

Some concerns regarding changes on ILT and competing capacity – now mitigated by further changes to the CAM NC and BAL NC



**Thank You for Your Attention**

