



Roadmap for the early implementation of the CAM Network Code (CAM Roadmap)

Main achievements to date and lessons learned

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**15th Stakeholders Group meeting of GRI SSE region
Milan, 12 December 2013**

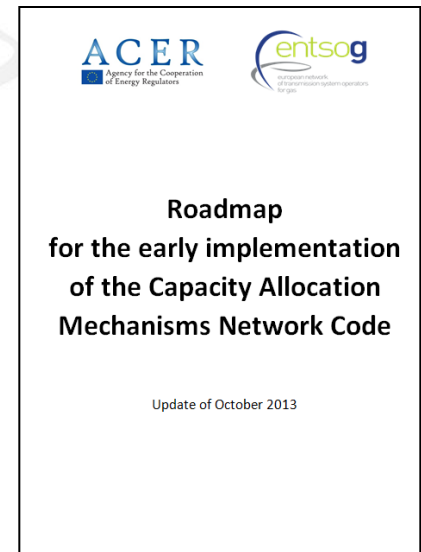
- CAM Roadmap: introduction and background
- Progress in early implementation of the CAM Network Code.
Main achievements in the CAM pilot projects
- CAM Implementation challenges
 - Issues addressed and solutions identified
 - Outstanding issues
- Lessons learned from the CAM NC early implementation process:
 - Key factors for success
 - Way forward in 2014
 - General conclusions

CAM Roadmap – Introduction and background

- 22nd Madrid Forum (March 2012) called for early implementation of CAM NC through **pilot projects and platforms**
- ACER and ENTSOG published a **CAM Roadmap** for the early implementation of the CAM NC on 1 March 2013

Good example of cooperation between ACER, ENTSOG, NRAs and TSOs

- **New version** published on 9 October
 - Up-to-date information on all pilot projects for the early implementation of the CAM NC
 - List of issues being tackled as part of early implementation
 - New list showing status of early implementation per IP



CAM Roadmap – Introduction and background

24th Madrid Forum

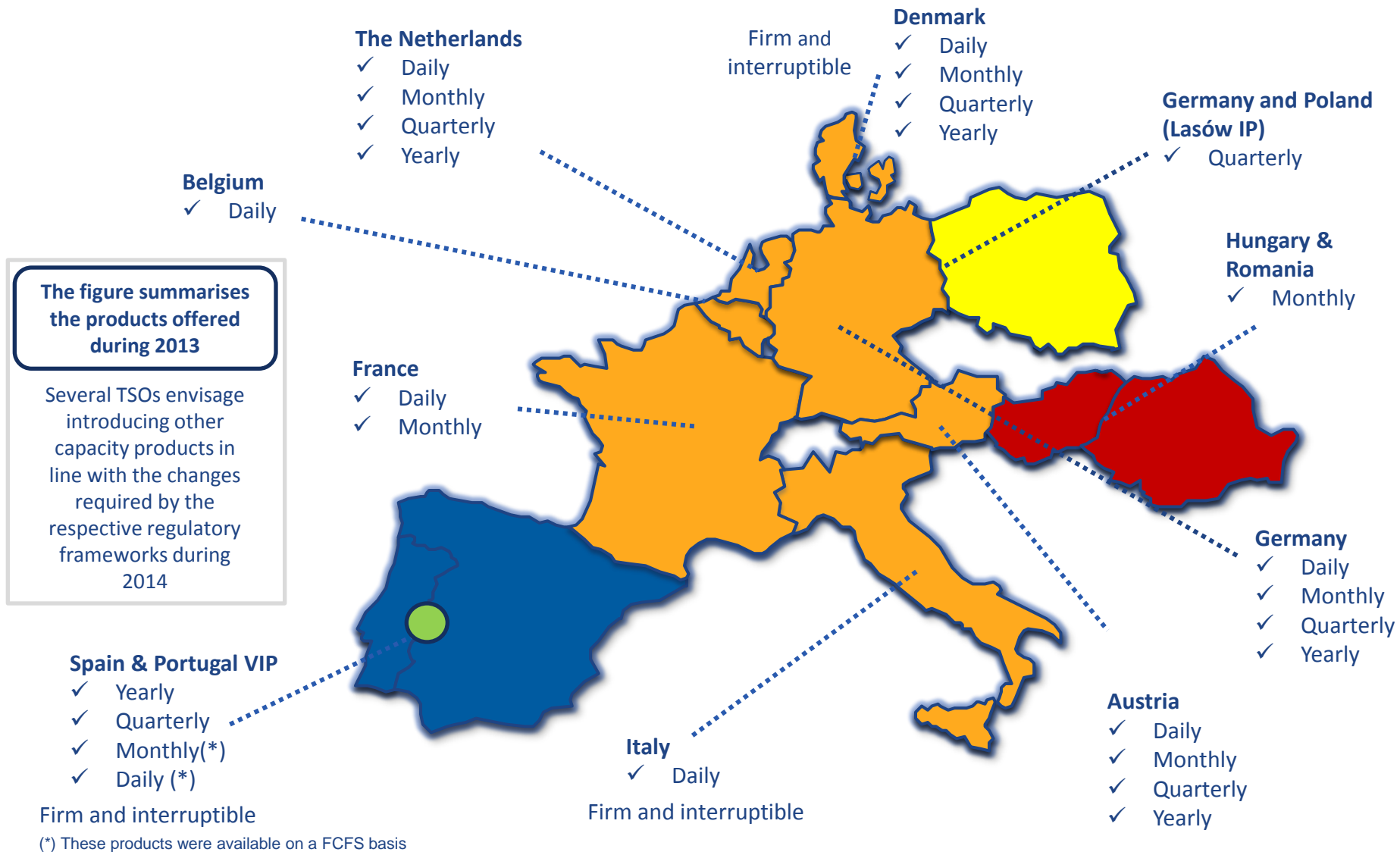
- The Forum welcomed NRAs' and TSOs' efforts in early implementation of CAM NC and encouraged further work
- The Forum also welcomed progress on the CAM pilot projects and encouraged work on further initiatives.

- **CAM NC published** in Official Journal of EU on 14 October (Regulation (EU) No 984/2013)
- Implementation deadline: **1 November 2015**



Progress of early implementation of the CAM NC and main achievements in CAM pilot projects

Projects in the CAM Roadmap and products offered in 2013





The project

- PRISMA serves for booking primary capacity products on all IPs of adjacent E/E systems in accordance with CAM NC
- This initiative aims to merge existing capacity platforms, benefitting from their collective experience
- Open cooperation that allows all EU TSOs to participate

Recent progress and future milestones

- The platform started operations on 1st April 2013. The initiative connects important EU Gas Hubs.
- Currently 297 shippers and more than 900 users on the platform
- Go-live of the new functionalities for the secondary market as of 1st January 2014

The project

- Allocation of bundled capacity according to CAM NC rules.
- Pilot phase during 2013 that allows the allocation of bundled quarterly products.

Recent progress and future milestones

- The first auctions took place on the 3rd and 4th of June 2013, when the first three quarters of 2014 were auctioned.
- The platform PRISMA is being used for the pilot project.
- All the other CAM NC products will be implemented during 2014.
- Both TSOs have committed to implement the provisions of the CAM NC prior to the EU schedule.



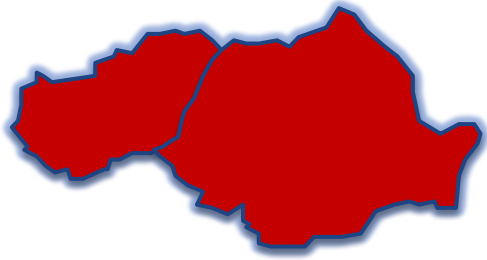
Bundled product and capacity platform HU-RO

The project

- The Regional Booking Platform is a web-based booking platform for the offer of primary and secondary capacity.
- Product bundling concept (the auction process and the resulting capacities are bundled as well)
- The platform is designed to be fully CAM NC compliant and to fit within the European regulatory diversity and with different TSOs' and network users' expectations.
- The aim is to provide a flexible solution for TSOs and network users to book capacities

Recent progress and future milestones


- The first monthly capacity auctions will take place as soon as the final regulatory approval is available from the NRAs concerned
- Progressive introduction of further standard capacity products during 2014.



The project

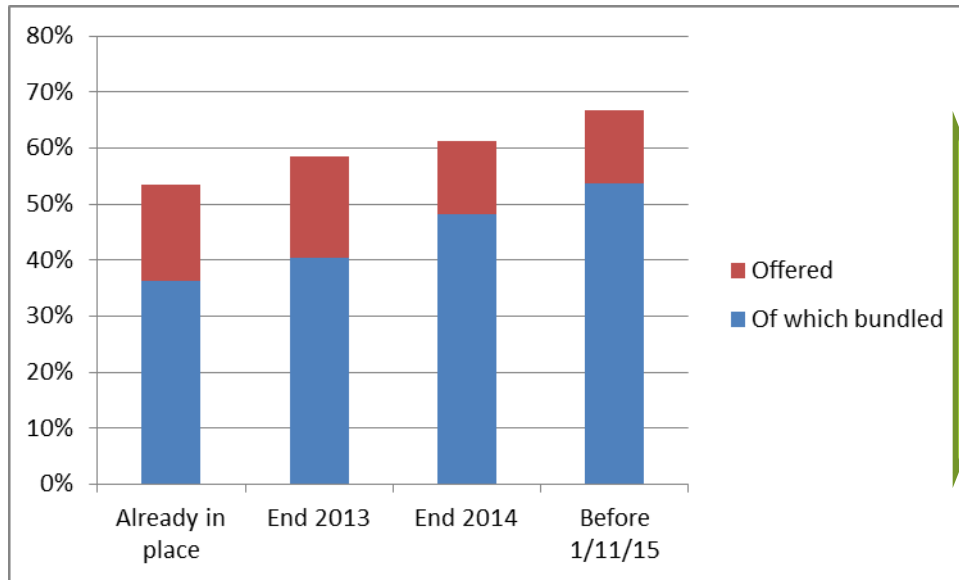
Roadmap establishing the main goals to be reached in the coming years to fully implement the CAM NC in the Region.

Recent progress and future milestones

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- Enagas and REN developed a joint allocation procedure to allocate bundled products in a VIP through a coordinated mechanism by 2012 to allocate both firm and interruptible products.
 - In 2013, auctions for yearly and quarterly products have taken place.
 - The allocation of bundled monthly and daily capacity products was on a FCFS basis (first come first served).
 - In 2014 capacity will be offered via a joint platform; auctions will be extended to include monthly products
 - Implementation of a VIP by Enagas & TIGF at the ES/FR border. First yearly, quarterly and monthly capacity products to be offered during 2014, using PRISMA platform.
 - GRTgaz North-GRTgaz South: progressive auctioning of capacity products according to CAM calendar during 2014

Daily product

Data on yearly, monthly and quarterly capacity offer tell a similar story



Source: IP list in Annex 2 of the CAM Roadmap

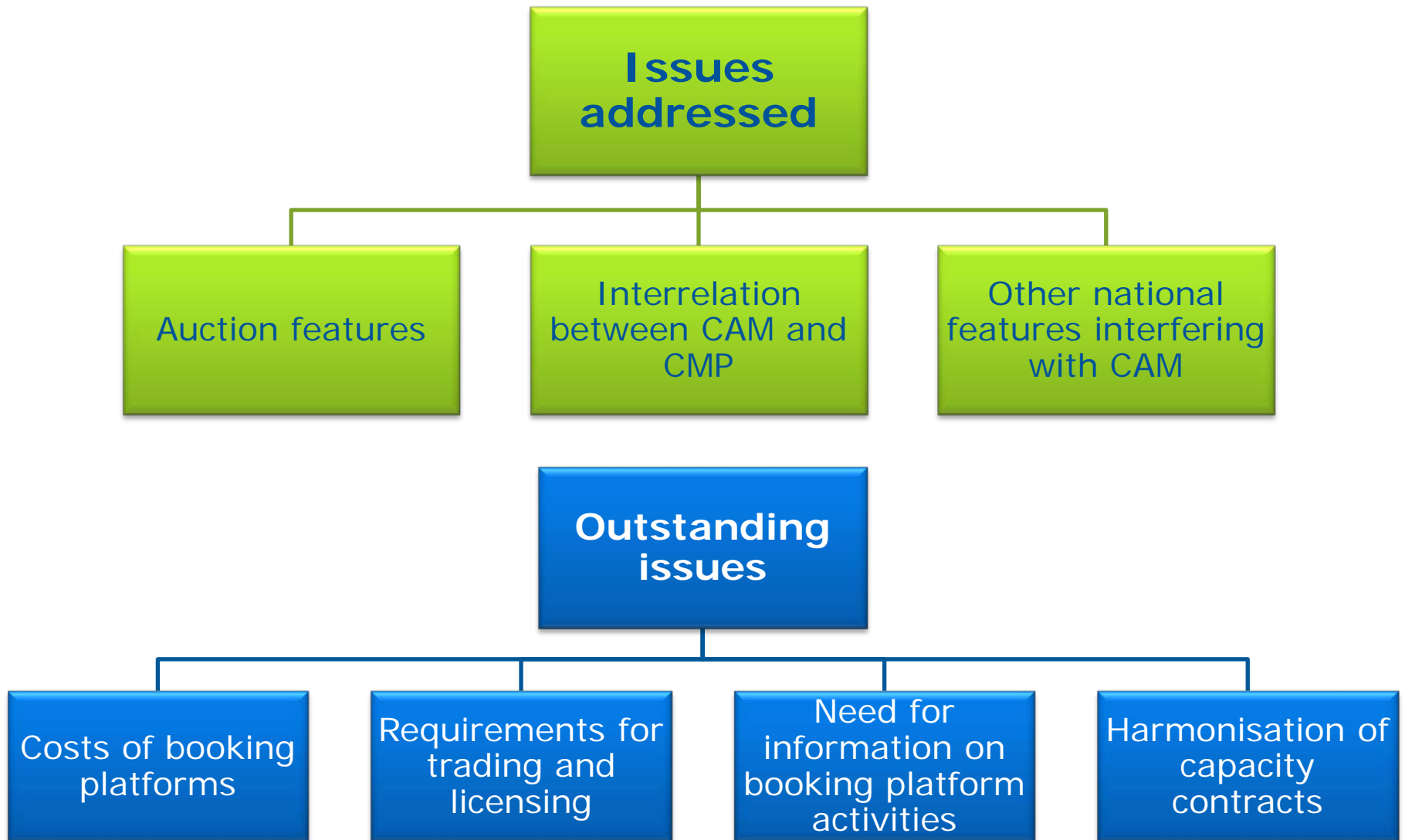
100% = full implementation at IPs where CAM NC applies at both sides

- Within the pilot projects identified and reported upon:
 - The range of the standard capacity products offered will increase over time
 - Bundling is nascent but will increase over time
- Other TSOs are working toward the CAM NC implementation deadline of 1 November 2015; additional pilot projects may emerge over time
- ACER/ENTSOG aspire to increase the number of IPs reported with the next full update of the CAM Roadmap

CAM Implementation Challenges

**Issues addressed, solutions identified
and outstanding questions**

CAM Implementation Challenges



Auction features

Definition of the price steps pursuant to art. 17 of CAM NC

- ✓ PRISMA allows any integer-number ratio between small/large price steps with no limitation of the number of price steps
- ✓ At the ES-PT VIP, price steps are defined based on a proportional incremental premium equal to 3% of the tariff in each country with 30 price steps per MS
- ✓ No fixed definition in RBP, it enables TSOs to set any small/large price step ratio before each auction.

Split of auction revenues pursuant to art. 26 of CAM NC

- ✓ At IPs where PRISMA is used the default rule of equal split (50:50) applies unless otherwise justified by the case at stake and approved by the NRAs, if necessary
- ✓ At the ES-PT VIP the default rule is applied
- ✓ In the HU-RO pilot, any split can be applied but the default is a proportional split

Interrelation between CAM and CMP

Harmonised decisions in some areas are required in order to implement the CMP guidelines consistently with the CAM NC, notably with respect to bundled capacity

ACER Issues paper on CAM and CMP coordinated implementation



Examples of Issues addressed

1. Bundled products and capacity surrender
2. Methods for reallocating the surrendered capacity
3. Combined interpretation of CAM and CMP requirements

Other national features interfering with CAM

**Different
currencies in use
at each side of
the border**

- ✓ PRISMA platform is planning to introduce a multi currency functionality so that traders do not bear the currency risk underlying the transaction
- ✓ In the HU-RO project, the reserve price is kept in the corresponding currency and bids are executed in percentage of the reserve price
- ✓ In the PL/DE project one currency was selected for bids

**Harmonisation of
the gas day
between MS with
different time
zones**

- ✓ The issue was first addressed bilaterally but it is expected to be overcome through the definition of gas day set by the CAM NC

Outstanding issues

Costs of booking platforms	Requirements for trading and licensing	Need for exchange of information on activities of booking platforms	Harmonisation of capacity contracts
<ol style="list-style-type: none">1. In a number of MS, the recognition of costs incurred by TSOs in relation to booking platforms is still pending2. Costs to join booking platforms are a concern for small and medium size TSOs	<p>The existence of different requirements to trade across MS such as the obligation to obtain a license can create obstacles when accessing bundled capacity at certain IPs</p>	<p>TSOs should ensure that CAM implementation activities which take place via joint platforms are transparent to the market and NRAs, allowing for an appropriate exchange of information</p>	<p>Existing differences among the contractual terms applied by TSOs at both sides of the IP might create inefficiencies or additional costs</p>



Lessons learned, key factors for success and conclusions

CAM NC early implementation – lessons learned

Some general lessons learned so far...

- Success in early implementation depends on the **commitment** of all parties involved
- **Added value** of early implementation is widely **recognised** as it allows to:
 - Meet the tight deadline for implementation set out in the NCs
 - Serve as a “learning process” on how to implement the NC provisions and to anticipate regulatory changes needed, anticipating any issue or complexity
 - Promote experience sharing and exchange of lessons learned between existing and future implementation projects
 - Raise awareness among system users and market participants about the implications of the NC and its impact on their activities
 - Identify any possible interaction or inconsistency with other NCs
 - Promote transparency in the implementation process, involving stakeholders at an early stage and getting feedback about their needs and concerns

... and key factors for success

- **Stability** of NC during Comitology and adequate resources from TSOs and NRAs are relevant pre-conditions for successful projects
- **Positive** approach: publicise early implementation efforts and promoting best practice

CAM Roadmap process. Changes envisaged for 2014

Updates on CAM Roadmap and meetings - Way forward in 2014

	Q2 2014 (expected)	Q4 2014 (expected)
CAM Roadmap	"Light" update focusing on key recent developments (full update only if necessary)	Full update
CAM Coordination group	Online meeting <i>(if necessary)</i>	Physical meeting <i>(Ljubljana, Brussels and online)</i>
EU Stakeholders group	Online meeting <i>(if necessary)</i>	Physical meeting <i>(Ljubljana, Brussels and online)</i>

In addition, presentations to the Madrid Forum in Q2 & Q4 2014 if requested

- **Significant progress** in early implementation of the CAM NC at a large number of interconnection points continues, thanks to the efforts of TSOs and NRAs involved in pilot projects
- The **added value** of early implementation before the legally binding deadline (1 November 2015) is widely recognised
- NRAs and TSOs, with the involvement of ACER and ENTSOG when needed, are working together in order to **address open issues**, reach a **common understanding** and find **workable solutions**
- However, attention still needs to be paid to a number of **outstanding issues**, which may require **discussion at different levels** (from national to EU level)
- ACER and ENTSOG welcome **stakeholders' participation** and encourage them to get involved in early implementation projects



Thank you for your attention!