**Joint statement to the Madrid Forum on inclusion of
a capacity reset mechanism in the Tariff Network Code**

European gas markets have undergone significant change in the past few years and will continue to change in response to new harmonised market rules aimed at establishing a single EU market for gas. Market liberalisation has brought choice to consumers expanding business opportunities for suppliers and traders, and consequently a shift to more flexible products including shortening the average term of supply contracts. The Capacity Allocation Network Code offers network users a range of short term standardised capacity products at IPs, enabling profiled bookings, whilst the Congestion Management guidelines encourage them to book only the capacity they need. It has also introduced the concept of mandatory bundling at IPs. Taken together these fundamental changes affect the business cases of many network users and, in conjunction with measures in the Tariff Network Code itself, could lead to more volatile pricing of transmission capacity.

As a consequence, network users' perspectives on capacity booking have changed significantly. A non-discriminatory framework is essential, therefore, to allow them to adapt their booking strategies to reflect this new market reality. We also consider it is important for the development of a single European gas market that, prior to the entry into force of the Tariff Network Code, there is in addition to the options designed to mitigate the effects of introducing new tariff regimes, a one-off right for network users to reset their existing capacity contracts at IPs, either wholly or partially. All network users will then be operating on a level playing field.

The NC TAR alone does not cause this change in booking perspective. But it should provide an opportunity to be forward looking by allowing network users to ensure their capacity holdings reflect changing market reality. We urge the Madrid Forum to endorse the inclusion of a capacity reset mechanism in the Tariff Network Code.