EFET encourages the ‘bundling’ of consistent capacity products at European cross-border interconnection points

The European Federation of Energy Traders (EFET)\(^1\) supports an EU-wide objective of joint sale of consistent capacity products from each gas Transmission System to the next. Changes in the allocation of gas pipeline capacity at Europe’s main interconnection points are reaching a critical phase. It is essential that the Regulators and Gas Transporters move forward and avoid locking-in the current differences across Europe’s borders.

“We are concerned that inconsistent capacity products might be ‘bundled’ together, leaving in place underlying problems and restrictions on trade,” explained Colin Lyle on behalf of the EFET Gas Committee. “In our view, the most prudent approach to bundled products would be to strengthen the obligations on TSOs to provide consistent contractual arrangements, particularly with regard to firmness, before capacity is bundled together.”

EFET, therefore, welcomes the TSO initiatives to sell capacity jointly by auction and is encouraged by most of ACER’s roadmap for the early implementation of the Capacity Allocation Mechanism (CAM). At this stage, however, it would be wise to bundle only those capacity products that market participants have agreed are sufficiently consistent. If done properly, bundled capacity should lead to single capacity contracts with single nomination, operation and payment procedures, thus facilitating trade between Europe’s Virtual Trading Points. It would be a travesty if at this stage ‘bundling’ led to capacity with different degrees of firmness in the underlying contracts being sold as a single product with diminished value for the firm capacity and no right to trade the underlying contracts in the secondary market.

For further information, please contact Maria Popova (M.Popova@efet.org).

\(^1\) The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent and liquid wholesale markets, unhindered by national borders or other undue obstacles. EFET currently represents more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org.