

Responses to CAM Network Code – stakeholder support process

Consultation Response Sheet

Please complete the fields below and send via email using the subject title, “Response to the CAM NC consultation” to info@entsog.eu by 13 February 2012.

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How would you describe your organisation?

<input checked="" type="checkbox"/>	Association	Association of European energy trading companies
<input type="checkbox"/>	End user	
<input type="checkbox"/>	Network user	
<input type="checkbox"/>	Trader	
<input type="checkbox"/>	Other	(please specify)

Question 1: Do you consider that the network code development process carried out by ENTSOG was appropriate, given the boundaries of the framework guideline? In particular, was the level of stakeholder engagement appropriate? If there is room for improvement, please inform us about possible suggestions for improvement.

Yes, the process was appropriate.

Comments:

In the view of EFET members, the overall network code development process carried out by ENTSOG was appropriate. However, we would encourage more regular high-level participation of ACER and other Regulators in each workshop organised by ENTSOG.

Furthermore, we are of the opinion that decisions should not be taken on the basis of a “popularity vote” reading of consultation results. More qualified balancing of interests, as well as attention to the specificity of the mechanism at hand and its interaction with other instruments should be the guiding principle for making decisions.

Question 2: Following the EC request to shift the day-ahead auction to the afternoon D-1, please indicate whether a day-ahead auction held from 16.30-18.00 local time in central Europe can be supported (see section 4.7 of the CAM NC).

No, EFET does not support the idea.

Ideally, the time for sending in initial nominations and renominations should be kept unchanged and the results of the auction should be known before the market closes. We appreciate that meeting all these goals may be impossible and some compromise on timing may well be necessary. We are not convinced, however, that the current proposal achieves the optimal balance. There is no doubt that the market will adjust to the new timelines imposed by the network code, but too great a shift could be problematic.

We would suggest two specific areas where improvements could almost certainly be made:

- ENTSOG should investigate the possibility of shortening the bidding window for day-ahead auctions.
- ENTSOG, together with EASEEGAS, should explore the possibility to shorten the time dedicated to the matching processes after the initial nomination.

Question 3: Please complete the table below, indicating whether you support the relevant sections of the CAM NC, having regard to the process carried out and ENTSOG’s aim to reflect the views of the majority of users during the development process.

Section	1-2: Rationale and Application	3: Principles of co-operation	4: Allocation of firm capacity ¹	5: Cross-border capacity
Support	Support	Qualified Support (see below)	Qualified Support (see below)	
Do not support				Do not support (see below)

Section	6: Interruptible capacity	7: Tariffs	8: Booking platforms	9-11: Legal provisions
Support	Qualified Support (see below)		Qualified Support (see below)	Support
Do not support		Do not support (see below)		

¹ Please consider article 4 except the day-ahead suggestion which is tackled already above.

Please provide brief reasoning for your responses, if you wish

3. Principles of cooperation

This section provides some useful high level guidance, but we remain doubtful that the obligations on TSOs are sufficient to ensure that they cooperate to the extent that is required to achieve a fully integrated commercial and operational approach to capacity at interconnection points in the best interest of network users. As written, substantial gaps might remain that will need to be filled by the forthcoming Interoperability Network Code.

4. Allocation of firm capacity:

Whilst the idea of annual capacity products is very attractive to several of our Members, overall we would prefer the original auction scheme with quarterly products enabling long-term (15 year) contracts to be profiled efficiently well in advance. The current proposal by ENTISO has unduly limited the flexibility to profile capacity in advance and might increase the need for Congestion Management procedures. If the flat annual capacity product is retained, then a better solution might be to replace the short-term quarterly products with monthly products that are available for booking up to a year (or perhaps two years) ahead (annual monthly products). Another improvement that would enable better profiling if the flat annual product is retained would be to specify that a larger proportion of the technical capacity should be reserved for monthly products.

With regard to the auction methodology, we accept the overall approach of ENTISO. However, the idea of re-bidding through an undersell followed by smaller price steps was not strongly supported by respondents. This seems to be an unnecessary complication that should not be included in the Network Code. If necessary, all price steps could be smaller if there were a concern that too much capacity would be transferred to the next round, but we do not view this as a fundamental problem. Pan-European implementation would also be simplified if the late addition of undersell and re-bidding with smaller price steps were omitted.

5: Cross-border capacity

Whilst we would support an obligation on TSOs to provide consistent capacity products that can be bundled together, EFET does not believe that network users should be forced to accept only bundled capacity. We are also concerned that the legal implications of bundling capacity at interconnection points might unduly delay the timely implementation of the CAM procedures. In our view it would, therefore, be prudent to strengthen the obligations on TSOs to provide consistent capacity products, but also to delete the requirement for mandatory bundling of all capacity.

6: Interruptible capacity

It should be clarified that TSOs should establish a single type of consistent interruptible contracts throughout Europe. Once there are consistent interruptible contracts throughout Europe, then market mechanisms could be sought to facilitate interruption. Meanwhile, as a transitional solution to minimise undue discrimination, the interruptible capacity should be interrupted on a *pro rata* basis.

7: Tariffs

We agree that tariffs are an essential issue to all Network Codes and we look forward to seeing the topic taken forward in the Tariffs Framework Guideline (including tariffs for incremental capacity).

Future discussions on the topic of tariffs should be guided by the objective of ensuring a fair and competitive internal gas market. The principles that should be followed are best left to the Tariff Network Code, but if principles are included in the CAM Network Code, then we would suggest that they should be:

- Enabling the discovery of market value;
- Ensuring recovery of efficiently incurred costs by TSOs; and
- Avoiding undue cross-subsidisation between different Network users (or between different capacity products).

To avoid pre-empting the Tariff Network Code, it would be prudent to delete paragraph 7.3 from the proposed ENTSG CAM Network Code.

8: Booking platforms

EFET supports moving towards a long-term goal of establishing one booking 'platform' throughout Europe.