

EFET¹ feedback on the preparation of workshops by ENTSOG and EFET on issues regarding the bundling of capacities



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Selection of issues Do you consider the selection of the 4 issues which are mentioned in the Joint Paper to take the right priorities into account? (Yes/ Partly/ No). Please elaborate.

Yes, the Joint Paper generally takes the right priorities into account.

EFET believes that issue 1 is of imminent and utmost importance as stranded capacity assets due to compulsory bundling must be avoided.

Issues 2 and 3 are of importance as they can prove helpful in smoothing the transition towards a bundled world.

Issue 4 is of less importance, but since capacity surrender is a requirement of CMP its implementation shall be consistent.

EFET anticipates further implementation issues and thus welcomes ENTSOG's intention to create a regular work stream on EU Network Code implementation issues where such issues can be formally raised and solutions developed.

We also value the other ongoing capacity-related harmonisation work within ENTSOG, which all helps implementing the rules (including on bundling) in a pragmatic and coordinated way. This includes, for example, the development and implementation of the "Capacity Allocation Mechanisms (CAM) and Congestion Management Procedures (CMP) Business Requirements Specification" and the "Business Requirements Specification for the Nomination and Matching Procedures in Gas Transmission Systems". We would like to see more progress on ENTSOG's work regarding the harmonisation of capacity contracts.

Issue 1: Already contracted unbundled capacity and offer of bundled products only Do you find that the proposed solutions of identified issue no.1 are efficient to resolve the described issue? (Yes/Partly/No) Please elaborate. Are there any other solutions you would like to propose? Please elaborate.

¹ The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent, sustainable and liquid wholesale markets, unhindered by national borders or other undue obstacles. We currently represent more than 100 energy trading companies, active in over 28 European countries. For more information, visit our website at www.efet.org.

Yes, many of the proposed solutions would efficiently resolve the described issue. It is possible that the ideal solution may differ depending on the interconnection point in question.

EFET interprets Article 6 of CAM NC in a way that a common capacity calculation by TSOs would ideally generate similar levels of technical capacity offered. As TSOs have highlighted, this will not be the result at many interconnection points. However, CAM was developed on this assumption. Consequently, EFET advocates market-based measures such as oversubscription and buyback (OSBB), as well as competing capacity auctions between bundled and unbundled capacity to ensure smooth reconciliation between bundled and unbundled capacity.

EFET generally prefers alignment of existing technical capacity, OSBB, and competing capacity auctions between bundled and unbundled capacity. A conditional surrender mechanism could also solve the issue if designed appropriately.

Issue 2: CMP regulation & its consistent implementation across IPs *Do you find that the proposed solutions of identified issue no.2 are efficient to resolve the described issue? (Yes/Partly/No) Please elaborate. Are there any other solutions you would like to propose? Please elaborate.*

Yes, EFET agrees that the coordinated application of CMP measures at interconnection points would resolve the described issue.

EFET prefers OSBB to renomination constraints as the former presents a market-based, most efficient and most effective solution. There is concern that mixed CMP implementation will further exacerbate issue 1 as capacity levels offered will artificially differ.

Given that some member states have not introduced OSBB, there is concern that regulators will opt for renomination constraints at congested points even though OSBB will not have been given a chance to unfold its full effectiveness first.

Issue 3: Alignment of secondary marketing of bundled products

Do you find that the proposed solutions of identified issue no.3 are efficient to resolve the described issue? (Yes/Partly/No) Please elaborate. Are there any other solutions you would like to propose? Please elaborate.

Partly. EFET believes that liquid secondary marketing for capacity trades between network users would further improve efficiency of the wholesale market and generally reduce the necessity for congestion management tools. Harmonised lead times are key in achieving this goal. EFET would welcome a commitment by ENTSOG to set ambitious benchmarks such as the GTS lead time for accepting secondary capacity trades.

Moreover, the functionalities of secondary market platforms could be improved in order to facilitate trades. Regarding this topic, the most efficient solution would be the introduction of an anonymous and cleared secondary market.

Issue 4: Aligned procedures for the surrender of capacity

Do you find that the proposed solutions of identified issue no.4 are efficient to resolve the described issue? (Yes/Partly/No) Please elaborate. Are there any other solutions you would like to propose? Please elaborate.

Yes, EFET finds the proposed solutions for issue 4 efficient. Time stamp should be applied across the EU over pro rata allocation of surrendered capacity. EFET would welcome conditional surrender for monthly or longer products, i.e. the ability for a shipper to recall his surrendered capacity after an auction in case it was not successfully sold by the TSO.

Participation in the organising expert group *In order to organize the workshops on 20 May and 30 June 2015 some ENTSOG and EFET members formed an expert group. Stakeholders who would like to contribute to the organisation of the workshops are invited to join the expert group. The organising expert group will meet 11 May and 11 June 2015. Telco's may be scheduled in addition. Do you wish to participate in the expert group? (Yes/No). In case yes, please provide contact details.*

Yes, EFET wishes to participate in the expert group.