

Director Alberto Pototschnig

Agency for the Cooperation of Energy Regulators
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2nd May 2012

RE: Draft EU Network Code on Capacity Allocation

Dear Alberto

The EFET¹ Gas Committee met last week and discussed the reports that ACER are considering some small changes to ENTSOG proposed EU Network Code on Capacity Allocation. The EFET Gas Committee does not wish to delay the process of adoption of the CAM Network Code, but we would like to express our agreement with the reported ACER view that at least two issues could, and should, be slightly revised, preferably before the Comitology process begins.

Firstly the combination of long-term capacity being sold as flat annual strips and at the same time that 90% of the capacity must be offered on this basis is not conducive to the development of a competitive market. Greater flexibility must be offered to shippers, not least to new entrants, to profile capacity. We had previously suggested that longer-term allocation should use quarterly products and that not more than 80% of capacity should be allocated on a long-term basis. This was a balanced proposal, and is still our overall preference.

Secondly the current version of the Capacity Allocation Network Code includes statements about tariffs, for example a requirement for revenue equivalence. Leaving aside the variety of views on this issue, we feel strongly that any mention of tariffs in the Capacity Allocation Network Code should only refer to the forthcoming Tariff Network Code. Indeed, the simplest approach to avoid prejudicing or compromising ACER's work on the Tariff Framework Guideline for the EU Gas Tariff Network Code would be to delete the paragraphs dealing with tariffication from the Capacity Allocation Network Code.

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.

I hope that these two issues can be dealt with smoothly and quickly to ensure that we have an improved EU Capacity Allocation Network Code in place without undue delay.

Best regards,



Dr Colin Lyle
EFET Gas Committee

CC:

Jan van Aken, *Secretary General, EFET*

Lord Mogg, *Chair of ACER Board of Regulators*

Walter Boltz, *Vice-chair of ACER Board of Regulators*

Jean-Arnold Vinois, *Acting Director, DG Energy*

Inge Bernaerts, *Head of Department, DG Energy*

Vittorio Musazzi, *General Manager, ENTSOG*