EFET comments on
South Gas Regional Initiative - CAM Roadmap
Decisions taken by the regulators on CAM NC early implementation 2014
Regulators’ Paper - ERSE-CNMC-CRE

The European Federation of Energy Traders (EFET)[1] welcomes the progress on the early implementation of the Capacity Allocation Mechanisms Network Code (CAM NC) in the South Gas Regional Initiative (SGRI) Region, as well as the opportunity to comment on the SGRI Regulators' Paper on progress regarding CAM early implementation. To help achieve the objective of efficient cross-border capacity allocation, we would like to share some remaining concerns of importance not only on a regional, but also on a European level.

As we have elaborated on a number of occasions, the *consistency of capacity products* is a pre-requisite for the effective bundling of cross-border capacity and for efficient secondary trading. To avoid the potential locking-in of a wide range of contractual differences or inconsistencies for bundled products, EFET is working in close cooperation with PRISMA to identify and resolve those differences in terms and conditions. In this context, we would encourage Regulators from the SGRI Region to urge TSOs participating in PRISMA to work towards more harmonious trading products, as the current diversity of primary capacity products effectively blocks further standardisation.

We would also like to recall that CAM implementation should go hand in hand with the adoption of efficient mechanisms for tackling contractual congestion at cross-border points. It is essential that oversubscription and buy-back (OSBB) mechanisms are implemented across the whole of European as soon as possible to ensure that the maximum amount of unused available capacity is released back to the market. As required by Section 2.2.2 of the EU Guidelines on Congestion Management Procedures, TSOs shall propose and, after approval by the National Regulatory Authority (NRA), implement an incentive-based OSBB scheme to offer additional capacity on a firm basis. If on one side of the border the rules are based on an OSBB scheme, while on the other they follow the short-term use-it-or-lose-it principle, it will not be possible to sell bundled capacity on more than a day-ahead basis.

One specific issue in the consultation paper on which we have serious concerns is in relation to *Section 5: Users registration for participating in the auctions and shipper codes*, which states that 'the same shipper on both sides of the border will have the same EIC code'. According to this requirement, company groups using different trading entities on each side of the border will have to apply for licenses on the other side of the border, where they are not present. This is not a minor requirement, as it has implications not only for the application of the license, but also for all tax and regulatory obligations attached to it. Therefore, we cannot support it.

If two companies on each side of the border are members of the same company group, they should be able to get bundled capacity under each of their respective names (and EIC codes). This means that there will be two EIC codes for one bundled capacity allocation. In contrast, the unique EIC code proposal in Section 5 of the consultation requires companies present in only one country to get licenses in several neighboring countries where their sister companies are present, which constitutes a major and unnecessary burden.

It seems that the unique EIC code requirement has been put in place purely for the IT convenience of PRISMA/TSOs, which should obviously not be a reason to impose such an unnecessary organisational burden on shippers. More importantly, such a requirement is not founded on any piece of European gas regulation, as admitted publicly by Enagas at a meeting of the South Gas Regional Initiative. At least while there remain different underlying contracts with different TSOs for capacity across an interconnection point, it is essential that shippers who are different legal entities and who contract for capacity from one country to another can have different EIC codes.

EFET Gas Committee **4th December 2013**

[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. EFET currently represents more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org.