

Madrid Forum  
Madrid, 28/09/2010

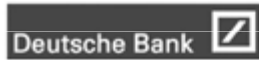


**European Federation of Energy Traders**

**Pipeline  
Capacity  
Allocation**

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# Pipeline Capacity Allocation

## Evaluation of Framework Guideline (1)

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- Capacity allocation at all EU interconnection points exclusively through auctions
  - Stable, but flexible method to ensure supply and demand of capacity come together (Pro rata and FCFS not necessary) ✓
  
- Network Code should specify a small number of standard capacity products, to be combined in longer-term capacity contracts ✓
  
- Auctions should include all primary capacity
  - Consistency with investment process ✓?

# Pipeline Capacity Allocation Evaluation of Framework Guideline (2)

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Two missing elements:

- Capacity calculation – coordinated, maximised and transparent **?**
  - In CMP guidelines, but is needed for Capacity Allocation
  
- Should be a single class of interruptible capacity, to facilitate firm capacity maximisation **x**

# Pipeline Capacity Allocation

## Bundled products

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- We support a vision of enhanced hub-to-hub trading
- Care should be taken not to prevent trading at physical locations, but to create the conditions that encourage trading at virtual points
- TSOs must remove barriers that hinder market development
- Essential prerequisites for bundled capacity products:
  - Entry-exit system, with trading hub, standardised operating rules and products
  - Maximisation of the offered capacity
  - Harmonisation of allocation and nomination procedures
  - Eliminate duplicate administration (licensing, reporting, etc)
- Implementation of prerequisites promotes hub liquidity
- Timeline should be connected to prerequisites, rather than the introduction of a bundled capacity product

- Timely, regular and transparent market consultation by ENTSOG is necessary throughout the 12 month drafting period
- **Capacity allocation process characteristics<sup>1</sup> – EFET paper proposing views on the European Capacity Auction design**

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<sup>1</sup>Capacity allocation process characteristics, initial follow up of EFET 'Capacity Allocation Framework Guideline Essentials' - July 2010

# Thanks for your attention

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