

General Project Plan for the CAM Network Code

Executive Summary

This document lays out all key deliverables, general milestones and provides a timetable of all envisaged steps throughout the entire CAM network code development process up to the delivery of a code to ACER. Additionally, stakeholders' continuous involvement and the expected management of the material produced in this process are detailed in this General Project Plan paper.

The project of developing the Pilot Network Code on CAM has a twelve months timeline that ENTOSG needs to undertake whilst considering the process requirements and timeline of the Third Package as well as ENTOSG's intended rules and processes. According the European Commission letter of the 27th of January 2011 the NC development shall be finalised and the final network code will be submitted to ACER by the 27th of January 2012.

The dedicated network code development period is divided into five phases:

1. Project Planning;
2. Launch Documentation Planning;
3. Interactive Draft Network Code Development;
4. Consultation of the Draft Network Code;
5. Network Code Finalisation.

To manage the project ENTOSG has established various internal groups dedicated to support the process but the active participation of stakeholders is crucial for the success of code. Given the short timescale of only twelve months it is essential that those seeking to have a major influence on the outcome participate already at an early stage. This plan was therefore provided to the stakeholders for consultation during the month of February 2011. A wide support on the proposed approach was expressed during this consultation, for which ENTOSG would like to thank all participants. This project plan therefore serves as a baseline for managing the CAM network code development.

Sincerely,



Stephan Kamphues
ENTOSG President

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1. Background

Regulation (EC) No 715/2009¹ defines the process for the development of framework guidelines and network codes (NC).

ERGEG (acting as if it was ACER) has delivered a capacity allocation methodology framework guideline² and the European Commission the 27th of January 2011 has sent an invitation³ to ENTSOG to start work to lead the process of developing the capacity allocation methodology (CAM) network code. The network code proposal shall be sent to ACER within twelve months.

The timescale for delivering the CAM network code is very short with a maximum duration of twelve months. Therefore, it is vital to have a robust and inclusive process to ensure that a well-considered and developed network code can be concluded.

Whilst ENTSOG is responsible for developing the network code it will interact widely with stakeholders. The primary purpose of this document is to explain the process to be followed and indicate some of the key milestones during the development process. The associated consultation had the objective to secure the necessary commitments from stakeholders to participate in the process, which has been captured in the lists of “prime movers” and “SJWSs active participants”, provided in chapter 8. The commitments of all respondents are available on the ENTSOG website.

Thus the document describes the key steps in the process, the ENTSOG vision of how it will interact with wider stakeholders, particularly during the Stakeholder Joint Working Session (SJWS) and formal consultation phases of the network code development.

The key documents supporting the CAM network code process (ERGEG CAM framework guideline, ERGEG initial impact assessment and the European Commission’s invitation letter) are published on our website www.entsog.eu in the Publications & Events section under Capacity, as described in chapter 9.

¹ Link to REGULATION (EC) No 715/2009: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0036:0054:EN:PDF>

² Link to ERGEG CAM Framework Guideline: http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_FWG/Gas/Capacity%20Allocation%20Management/Overview/E10-GWG-71-03_FG-CAM_7-Dec-2010.pdf

³ Link to Commission’s Invitation Letter: http://www.gie.eu.com/adminmod/show.asp?wat=110127_EC_Invitation_Letter.pdf.pdf

2. CAM Network Code Target

The Final CAM framework guideline which was developed by ERGEG, and which was approved by the European Commission, provides the basis for what ENTSOG should reflect in their respective network code. According to the framework guideline which is applicable to Interconnection Points within the EU the key aim for the CAM network code is to:

- Define a standardised auction procedure including the standard capacity products to be offered;
- Describe how cross-border capacity will be allocated in a bundled manner.

3. Interactions with other areas

The CAM network code must be self-contained and scoped to enable such development within the allocated twelve month period and thereafter to be capable of implementation. Inevitably there will be interactions between the CAM network code, the other code areas as defined in Regulation (EC) No 715/2009 and especially in the areas:

- Balancing;
- Tariffication;
- Interoperability;
- Congestion Management Procedures;
- Transparency.

The wider details of the first three are expected to be defined in the later framework guidelines/network codes for each of these areas. The latter two are to be/were addressed in comitology. Therefore, these five areas are considered to be out of scope. However, the CAM network code touches upon elements of those areas, or refers to them. This complicates ENTSOG's task to provide harmonised rules in the CAM network code that are both complete and capable of timely implementation. Interaction between network codes and area's is especially unavoidable because the CAM framework guideline requests the CAM network code to rule on specific aspects of interlinking these areas. The ENTSOG team will work to ensure that necessary elements are identified, included within the network code scoping and that due consideration is given to developing appropriate proposals within the code development process.

Given the detailed process of code development, ENTSOG has had to start its work based on the CAM network code scoping and cannot wait for the outcome of the other areas. However, the CAM network code will not be developed in isolation from them. For that reason ENTSOG has to make assumptions on the content and outcome of the interlinked network codes and areas. Whenever possible, assumptions linked to other areas are based on exchanges with and inputs from the ENTSOG team in charge of the said area. The consequence of this approach is that in case the

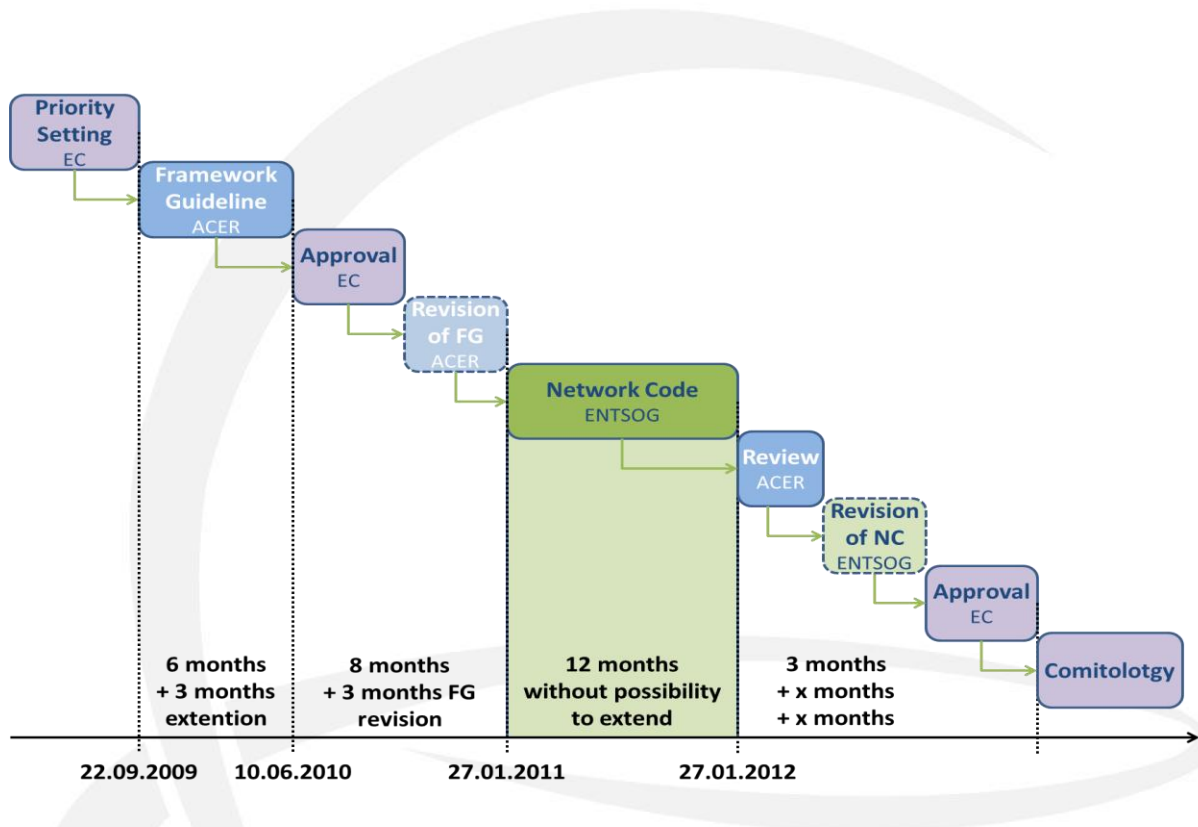
content and outcome of the interlinked network codes and areas turn out to be different that the assumptions made during the CAM network code development, ENTSOG might have to revise its CAM network code proposals and concepts accordingly.

Furthermore, the work on the draft CAM network code – due to the overlapping timing – cannot take into account issues which might be introduced during the ACER CAM framework guideline consultation process. If this process results in the introduction of new or changed content an extension of the available timing beyond the 27th of January 2012 will have to be discussed.

Additionally, the work on the draft CAM network code – due to the overlapping timing – cannot take into account of issues which might be newly introduced or changed during the ACER CAM framework guideline or the CMP guideline consultation process. If these developments result in the introduction of new or changed content an extension of the available timing beyond the 27th of January 2012 will have to be discussed.

4. Overall Network Code Development Procedure

The CAM Network code development is part of the overall process of delivering binding rules to promote the completion and functioning of the internal market in natural gas and cross-border trade. The development process therefore needs to be considered in the context of the overall process⁴ including:



As far as possible in this pilot network code development ERGEG and ENTSOG have tried to adhere to the process aspirations that will apply after Regulation (EC) No 715/2009 becomes applicable on the 3rd of March 2011.

⁴ Defined in Article 6 of Regulation (EC) 715/2009

5. Key Deliverables

During the CAM network code development ENTSG plans to produce the following deliverables:

Project Management

- Draft Project Plan

Launch Documentation

- Final Project Plan to be refined after consultation including initial considerations of the pilot CAM network code

SJWS & Bilateral meetings with Stakeholders

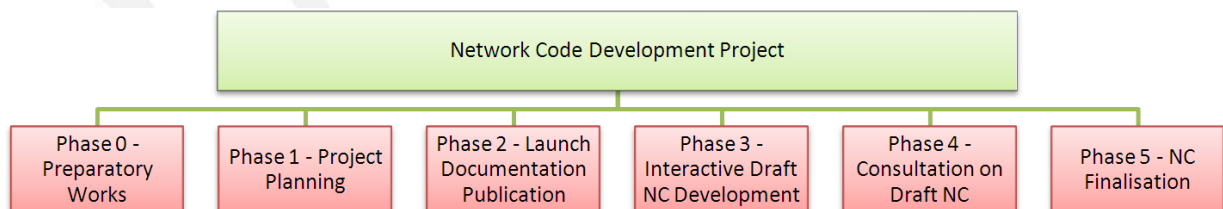
- For each SJWS: invitation, agenda, supporting material and minutes
- Bilateral and group meeting material as agreed between the parties

Network Code

- Draft version submitted for consultation by the market
- Consultation Responses Analysis Report
- Final CAM NC approved by ENTSG for recommendation to ACER

6. Network Code Engagement Process

The dedicated network code development period is divided into different phases as illustrated below. Phase 0 is covering the preparatory works preceding the formal invitation letter from the Commission whereas Phases 1 to 5 are describing the management of the official network code development.



It is essential that stakeholders have an extensive involvement in all phases of the network code development process including:

- Participation in this consultation about the project plan;
- The core interactive development activity associated with stakeholder involvement before and during the Stakeholder Joint Working Session part of the process;
- The primary draft network code consultation period.

To allow maximum opportunity to take account of all views when formulating the network code stakeholders must be involved early in the development process to ensure that their views are well understood. Major changes and proposals late in the process will be difficult to accommodate and so ENTSOG aspires to create a genuine collaborative effort early in the process to identify approaches that deliver on the policy objectives but which also attract the broadest support possible among all actors.

Project Plan Consultation

Feedback from this general project plan consultation will define the key participation in the main network code development period.

Interactive Network Code Development

Whilst ENTSOG is responsible for the development of network codes it is essential that stakeholders participate extensively to support and assist the process.

Key members of the ENTSOG Capacity Working Group have already been involved in extensive dialogue with the European Commission, ERGEG and a wide range of stakeholders during the framework guideline development.

During the network code development activity ENTSOG envisages wide interaction with all actors, and particularly intensive interaction with stakeholders. ENTSOG contemplates a formal interaction with all stakeholders at the SJWS. These sessions will be open to all and will be held at regularly intervals as specified in the CAM Network Code Project Plan section of this document (chapter 7).

Additionally, ENTSOG would envisage extensive interaction with stakeholders both before and during the SJWS period on either a bilateral or group basis depending on their preferences. These meetings will assist the understanding of different perceptions of the issues, challenges and opportunities afforded by the code development and to assist preparation of concepts for further SJWS or subsequent considerations for the draft CAM network code. The stakeholders committing most to actively participate to the process shall form a body to be used by ENTSOG to interactively discuss the content during the development of the code. Such interactions are likely to be intense and time consuming but it is believed that the commitment of at least a small but diverse group of stakeholders will be critical to developing robust projects and therefore assure the success of the project.

This initial development effort will support the draft ENTSOG network code proposal suitable justified in the context of the wider stakeholder engagement.

Draft Network Code Consultation

This proposal will be the subject of a formal consultation. ENTSOG will communicate with any respondent requesting a discussion and will make contact with any respondent where such contact might assist to understand the consultation responses and better inform ENTSOG's final network code proposal.

A more detailed explanation of the stakeholder engagement process is described in the "ENTSOG Guidelines on Stakeholders Interaction during Network Code Development Process" which are published on the ENTSOG website under www.entsog.eu/publications/index_g_proc.html.

Stakeholder Support Determination

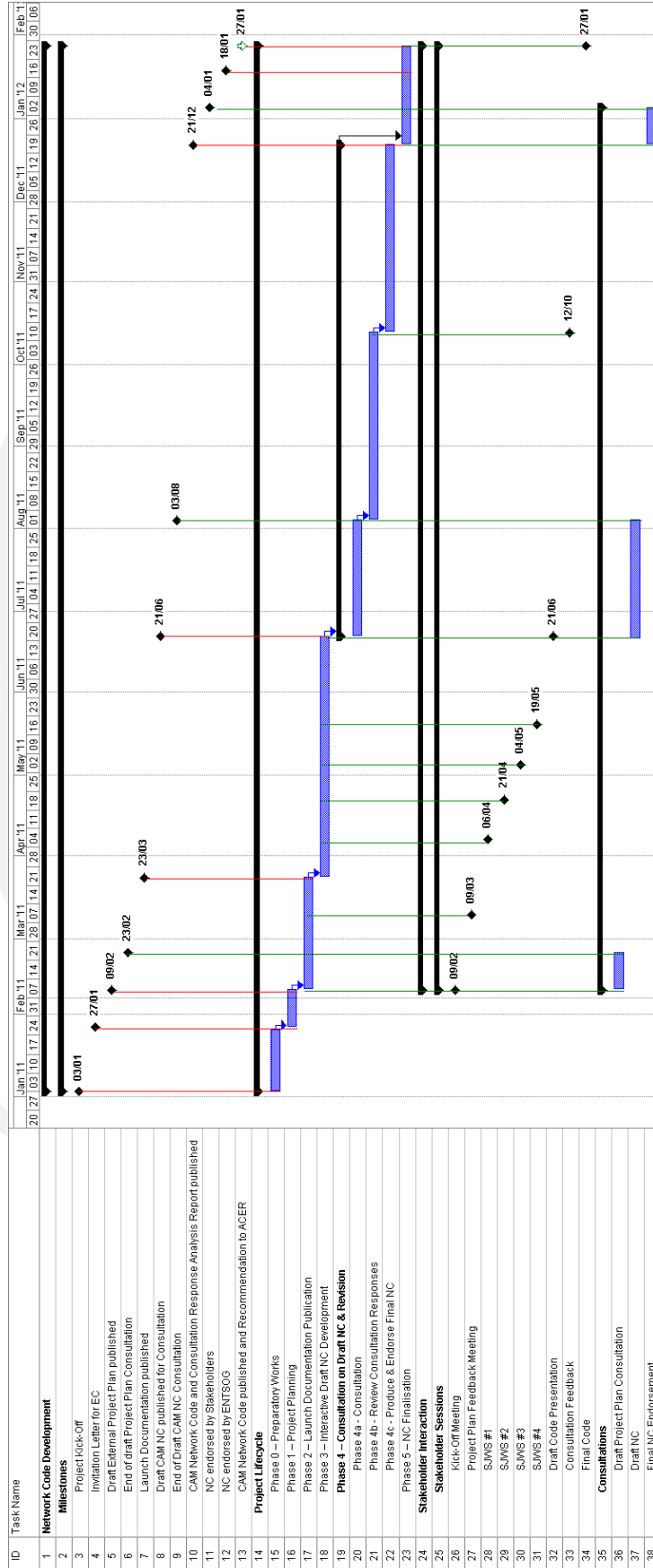
Having taken account of the draft network code consultation feedback ENTSOG will publish an interim conclusion and, if appropriate, a revised code proposal. Stakeholders will be asked whether they believe the interim conclusion and associated code proposal affords an improvement over the current status; in other words can stakeholders support a decision to implement the proposed network code. This step in the process is designed to inform ENTSOG's decision making process. ENTSOG would particularly value the views of associations throughout the process but particularly at this point in the process.

The feedback from this process will inform ENTSOG's final decision whether to recommend the code for implementation.

ENTSOG recognises the significant challenge associated with the communication and the development of mutual understanding of all actors' positions during the entire twelve month process and therefore will ensure that all stakeholders are kept up to date via a combination of direct mailings or via ENTSOG website updates. All formal meetings will be documented and action logs will be maintained, updated and published as appropriate.

7. CAM Network Code Project Plan

The below diagram shows the high level timetable to produce the CAM network code.



8. Project Plan Consultation – Stakeholder Involvement

Producing a network code in twelve months will be a challenge. The task will only be achievable with active support, extensive commitment and substantial engagement from a wide range of stakeholders.

Regulation (EC) 715/2009 requires ENTSG shall “conduct an extensive consultation process, at an early stage and in an open manner, involving all relevant market participants“. ENTSG proposes to go beyond this and invited all stakeholders to indicate their intended level of participation so that ENTSG will be able to manage the logistics of the process.

Respondents to the project plan consultation have therefore indicated their intended level of participation⁵ as described in the table below.

| Level | Description | Comments |
|-------|-------------------------|--|
| 1 | Prime Mover | Committed to work on a bilateral basis and dedicate a lot of resources to assist formulate and evaluate/refine ideas/proposals for SJWS consideration – commitment to be intensive and involving many days during intensive phases of the network code development |
| 2 | Active SJWS Participant | Expected to attend all SJWS and to read and review all material prior to meetings and to be prepared to explore detail within the SJWS – commitment of around 3 days per month during intensive period of activity |
| 3 | Consultation Respondent | Will respond to consultations |
| 4 | Inactive | Expected not to actively contribute to the development effort or to participate in the formal consultations |

Prime movers

The following stakeholders have signalled interest to ENTSG to be engaged in the process as prime movers (as of the 10th of March 2011):

| Participant | Name | Company |
|-------------|------------------------|-------------------------------|
| 1 | Friedrich von Burchard | E.ON Ruhrgas |
| 2 | Claude Mangin | GDF SUEZ |
| 3 | Alex Barnes | Gazprom Marketing and Trading |
| 4 | Helen Stack | Centrica |
| 5 | Kees Bouwens | ExxonMobil |

Active SJWS participants

⁵ For any question on the commitment/participation level please contact Frank Roessler under frank.roessler@entsog.eu or +32 (0) 28945107.

The company representatives who have registered as active SJWS participants are listed hereunder (as of the 10th of March 2011):

| Participant | Name | Company |
|-------------|---------------------------------------|---------------------|
| 1 | Ralf Presse | RWE S&T |
| 2 | Mathieu Lanéelle | Total |
| 3 | Peter J. Zehetner | Tauerogasleitung |
| 4 | Valentin Höhn | VIK / IFIEC |
| 5 | Steinar Solheim | Yara / IFIEC |
| 6 | A.J. Algra | Gasterra |
| 7 | Francesca Zanella | Eni S.p.A |
| 8 | Andrew Pearce | BP |
| 9 | Mark Dalton | BG group |
| 10 | Dirk-Christof Stüdemann | EnBW |
| 11 | Bernardo RANGONI, Giuseppe Lorubio | Eurelectric |
| 12 | Margot Loudon | Eurogas |
| 13 | Martina Beitke | CEFIC |
| 14 | Lieven Stalmans | Borealis |
| 15 | Christian Thole, Carmen Gimeno | Geode |
| 16 | Gunnar Steck | E.ON Energy Trading |
| 17 | Christiane Sykes | Statoil |
| 18 | Manuel Coxe | EuroPEX |

Interactive CAM network code development (SJWSs)

As detailed in the chapter 7, ENTSG plans to have several Stakeholder Joint Working Sessions in which the concepts outlined in this document are discussed with the market in depth. The following table provides a list of the session foreseen during the respective project phase:

| # | Date | Remarks | Place |
|---|-----------------------------|---------------------------------|----------|
| 1 | 6 th April 2011 | SJWS 1 | Brussels |
| 2 | 21 st April 2011 | SJWS 2 | Brussels |
| 3 | 4 th May 2011 | SJWS 3 | Brussels |
| 4 | 19 th May 2011 | SJWS 4 | Brussels |
| 5 | 21 st June 2011 | Draft network code presentation | Brussels |

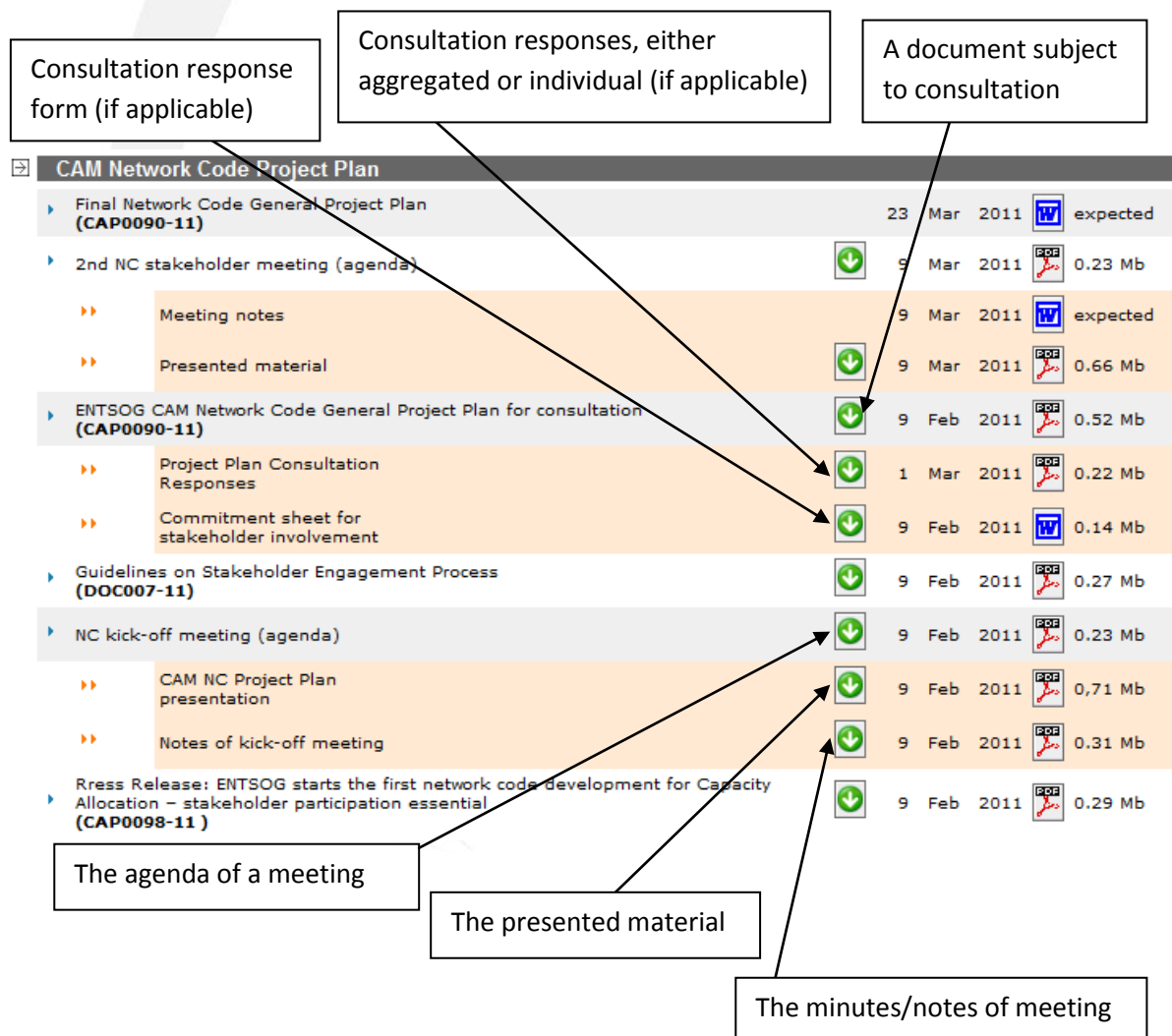
Unless otherwise publically announced, all meetings will be held in Brussels. ENTSG will inform the participants on the exact venue and will publish meeting material in due time prior to such meetings.

9. Document management

According to this plan and the Guidelines on Stakeholder Engagement Process⁶, ENTSG conducts the network code development project in a fully open and transparent manner. Stakeholders' involvement in the process both during the interactive design phase and the formal consultation phases is one element guaranteeing this openness. Another one is the comprehensive publication of all relevant material developed and discussed throughout the process.

As confirmed during the consultation on this project plan, ENTSG has and will continue to extensively make use its website to make available all CAM network code relevant material, at the following location: http://www.entsog.eu/publications/index_g_capacity.html.

The website is structured according to the different phases of the process, all documents remaining available at all time, but the most relevant ones at a given point in time being put forward. The following picture illustrates the organisation of a given section and the different documents relating to it, with their corresponding status (published or expected).



| CAM Network Code Project Plan | | | | | | |
|---|--|----|-----|------|--|----------|
| Final Network Code General Project Plan (CAP0090-11) | | 23 | Mar | 2011 | | expected |
| 2nd NC stakeholder meeting (agenda) | | 9 | Mar | 2011 | | 0.23 Mb |
| Meeting notes | | 9 | Mar | 2011 | | expected |
| Presented material | | 9 | Mar | 2011 | | 0.66 Mb |
| ENTSG CAM Network Code General Project Plan for consultation (CAP0090-11) | | 9 | Feb | 2011 | | 0.52 Mb |
| Project Plan Consultation Responses | | 1 | Mar | 2011 | | 0.22 Mb |
| Commitment sheet for stakeholder involvement | | 9 | Feb | 2011 | | 0.14 Mb |
| Guidelines on Stakeholder Engagement Process (DOC007-11) | | 9 | Feb | 2011 | | 0.27 Mb |
| NC kick-off meeting (agenda) | | 9 | Feb | 2011 | | 0.23 Mb |
| CAM NC Project Plan presentation | | 9 | Feb | 2011 | | 0,71 Mb |
| Notes of kick-off meeting | | 9 | Feb | 2011 | | 0.31 Mb |
| Press Release: ENTSG starts the first network code development for Capacity Allocation – stakeholder participation essential (CAP0098-11) | | 9 | Feb | 2011 | | 0.29 Mb |

⁶ Available at http://www.entsog.eu/publications/index_g_proc.html