

Minutes of Meeting

CAM Network Code: Stakeholder Joint Working Session 1

6 April 2011, Diamant Conference Centre, Brussels, 10.00-16.00

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1. Introduction

ENTSOG welcomed participants and introduced the session, explaining the process for drafting the network code and the role of stakeholders in this process, and outlining the agenda for this meeting.

2. Bundling

ACER explained how the framework guideline had been developed and the rationale for bundling. ACER is currently developing a study and an impact assessment on the sunset clause, taking into account legal, economic and strategic considerations. An outcome on this issue is not expected until after the summer.

ENTSOG presented the bundling concept. The key aim of the concept is to enable users to book identical capacity (quantity, duration at the same time) on two sides of a border via a single allocation process (one auction across the border). The concept describes how such a “one-stop-shop” can be defined on the basis of two contracts to be able to propose a practicable solution. This avoids legal and tax issues, reduces complexity and costs as well as liability considerations.

Participants queried what would happen to unbundled capacity during the transition phase.

- The network code and ENTSOG’s model focus on the sale of capacity available on both sides.
- The treatment of differences in capacity levels on the two sides of the IP is still under discussion but might for example involve: smearing forward to short term / recycling as interruptible / re-allocating to other IPs or selling as unbundled.

Some shippers expressed a preference for one single nomination managed by one of the two involved TSOs (recognising existing unbundled products during transition) to avoid the mismatch risks associated with making two nominations and to make it as simple as possible for the users.

Some participants queried whether two contracts were necessary. ENTSOG explained that two-contract model allows for progressive implementation while limiting complexity associated with a single contractual framework.

Shippers expressed a preference for moving towards harmonised contracts and standardised invoices but recognised that the key priority should be a harmonisation / standardisation of the commercial rules and allocation procedures.

Participants believed that the number of possible VIPs may be relatively low and asked ENTSOG to prepare a map or a list of potential cases where VIPs could be considered.

Shippers argued strongly towards ACER that the market should be allowed to choose where to trade gas (with bundling as an option). They raised significant concerns regarding the proposed obligation to offer exclusive bundled products, which they considered would hinder the market. The benefits of mandatory over voluntary bundling are not clear.

There was some discussion regarding the ACER consultation process and the target model debate, and how that would impact ENTSOG's work on the network code. The Commission acknowledged that if changes were introduced to the framework guideline after ENTSOG's draft network code is published, a possible extension of the timeline could not be avoided. ENTSOG is working to a very tight timescale to finalise the network code. In order to meet this timescale there will be a need to make assumptions on various issues that have not yet been finalised.

3. Platforms

ENTSOG presented its approach to platforms describing several possibilities from national or IP-specific platforms to a single European platform. It was outlined that a step-wise approach may have to be considered during the interim period, as clearly a single European platform would require many years to be established.

The participants recognised the high level of complexity, the required time and significant challenge to set up a pan-European Platform.

- An EU platform was preferred over managing numerous IP-specific solutions (though cost and IT challenges were recognised)
- There is a trade-off to be solved between early implementation of harmonised auctions / bundling and pan-European platform development

Shippers highlighted that standardised procedures and front-office (booking interface) are a must-have. It was pointed out that the network code focuses on standardisation of commercial aspects. The interest indicated by some participants in the harmonisation of back-office matters could be discussed as a subsequent step.

4. Next steps

ENTSOG will carefully consider all views raised at this session. Where feasible, ENTSOG will provide information requested by stakeholders and will take account of stakeholder feedback when drafting the network code.

It may be valuable to discuss particular issues further with stakeholders before the draft network code is finalised. Such issues will be discussed at the final Stakeholder Joint Working Session on the 19th of May.

Next SJWS: 21st April 2011.