



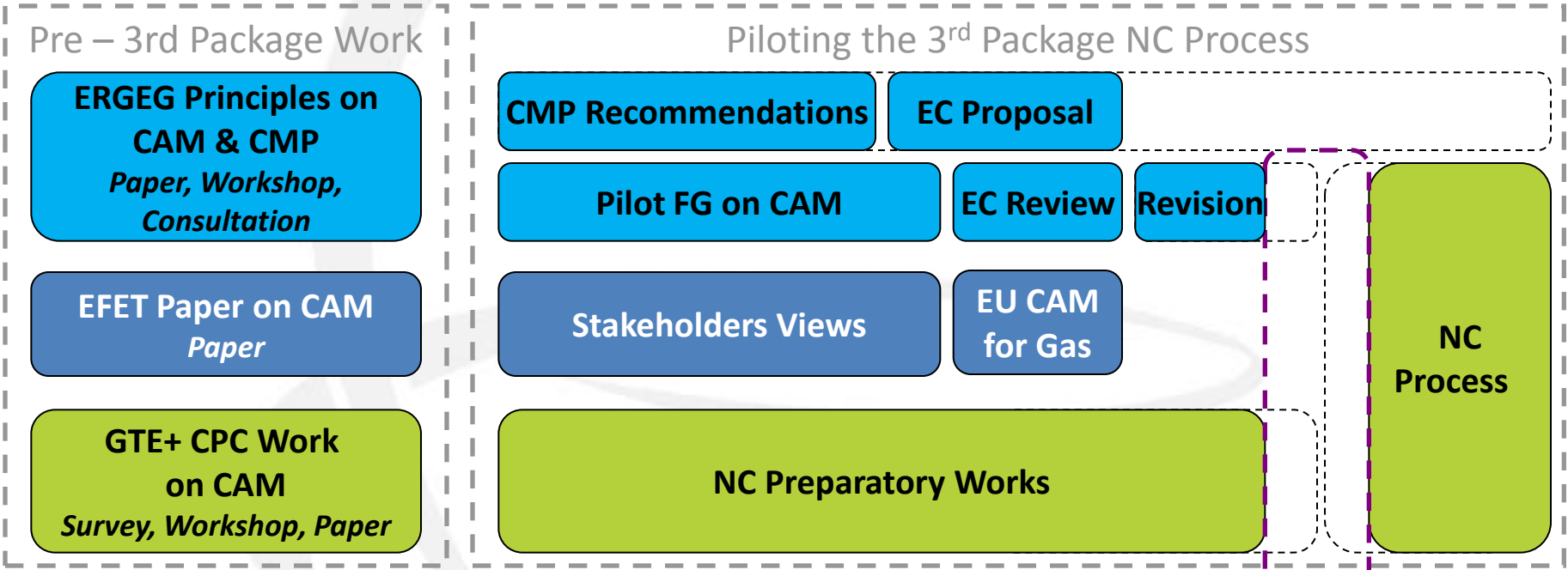
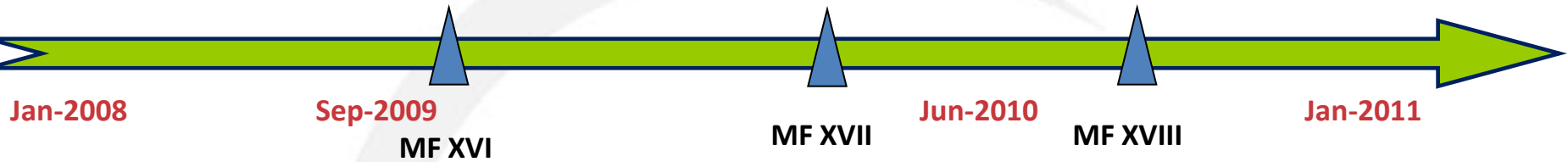
ENTSOOG Capacity

Network Code on Capacity Allocation

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1. History of Capacity Process



**Long and Complex process, started before 2008
Network Codes need to be developed within 12 months**

2. TSOs Views on Capacity Allocation

ENTSOG welcomes the intention for harmonised rules across Europe

Existing contracts

- Pilot CAM NC should
 - focus on allocating, not re-allocating capacity
 - improve National Codes/Access Conditions and foster EU harmonization
- No party should be exposed to financial or legal risks

Capacity allocation

- EC asks for FG revision with a harmonised method based on auctions
- Auctions require adapted tariff designs, ensuring specific, stable and efficient revenue recovery mechanisms

Auctions should be seen as Standard Allocation Method

2. TSOs Views on Capacity Allocation

Cross-border products

- Bundled products
 - Bundled products could be offered as an additional service by TSOs
 - Flange trading should remain possible (no limitation of trading points)
 - Allocation of bundled product implies a single allocation method
- Virtual Interconnection Point (only one IP between borders)
 - Capacity offer might be reduced at specific points
 - IP specific nominations are needed to coordinate flows
 - Tariff arrangements will have to be reviewed
 - Interaction with Balancing must be considered

Exclusive Bundling bears risks and reduces User's flexibility

2. TSOs Views on Capacity Allocation

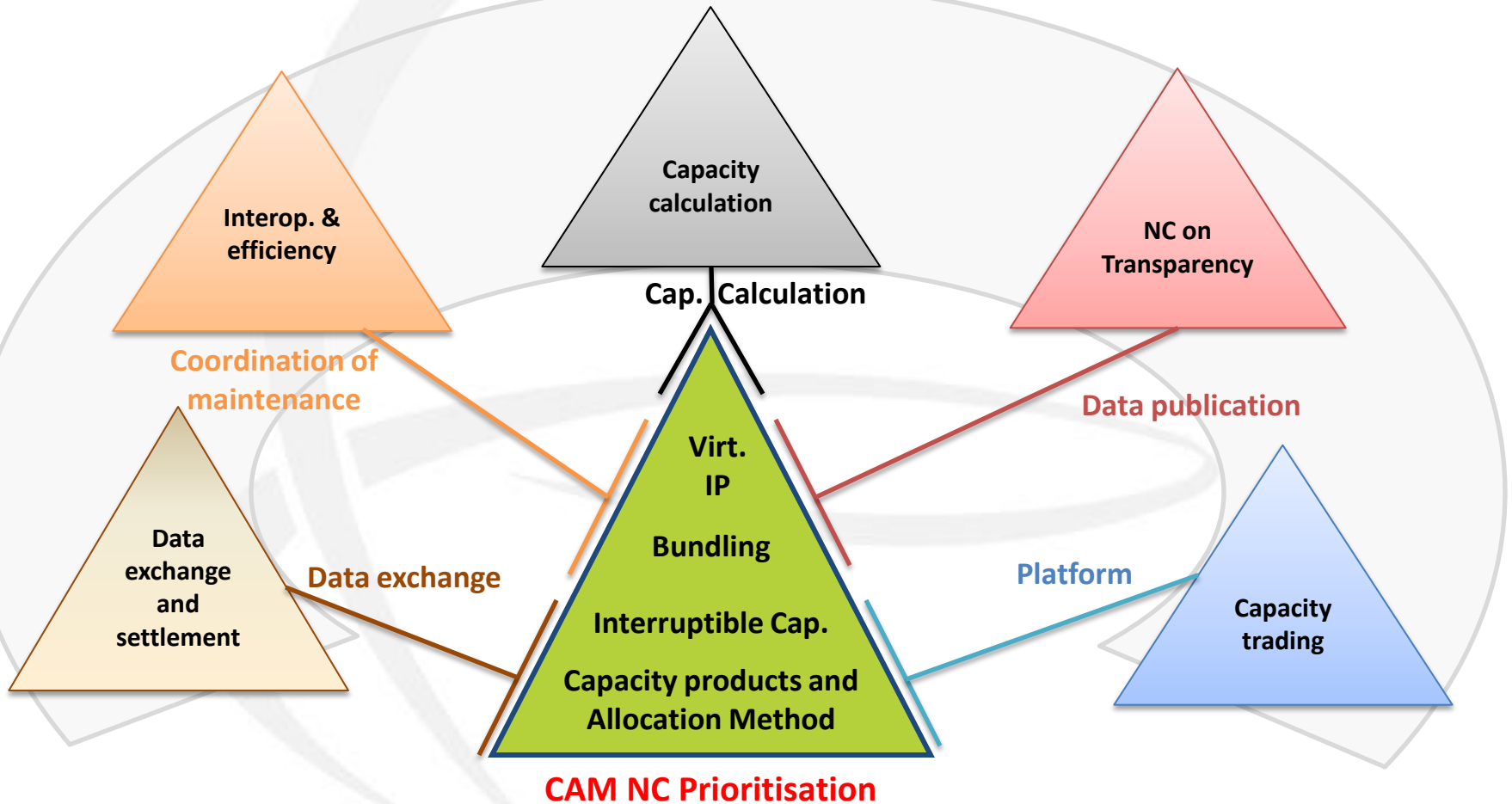
Interruptible Capacity

- Initial focus of FG should be on firm
 - Interruptible products are calculated, used and offered diversely
→ Concept of interruptible capacity must be defined
 - CMPs will change their value/characteristic
→ The role of interruptible capacity needs to be reconsidered



2. TSOs Views on Capacity Allocation

Interaction of NCs – Prioritisation necessary



△: NCs as included in Reg. (EC) 715/2009 or in the Discussion Paper issued by the EC on 18 Sept 2009

3. ENTSOG Preparations Towards CAM NC

Work towards NC content

- Coordinated products and offer process
- Allocation Methods Test Case
- Investigations on firm and interruptible capacity characteristics
- Proposal for coordinated TSO interruption procedure
- Possibilities to establish Bundling / Virtual Interconnection Point / Booking Platform as complementary services
- CAM Network Code Project Plan and AWP 2011

3. ENTSOG Preparations Towards CAM NC

Network Code Development	2010				2011				2012																			
	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N
Pilot NC Development																												
Project Plan and consultation	Y	Y	Y	Y	Y	R																						
Finalise Project Plan and Launch Documentation					Y	R																						
SJWS preparation						Y	R																					
SJWS and drafting of Pilot NC								Y	Y	R																		
Draft Pilot NC Consultation										Y	Y																	
Analyse consultation feedback												Y	Y	R														
Refine Pilot Code Proposal														Y	Y	R												
Stakeholder Opinion / Support																Y	Y											
ENTSOG NC Recommendation																	Y	Y										
EREG and EC																												
EREG opinion on draft NC																	Y	Y	R									
Start of Comitology																												

Subject to external timelines and ENTSOG approval



4. Conclusions

- > Pilot Code should test the process
- > Avoid overlap with other envisaged Network Codes
- > Implementation is the key (economical viability and timelines)

- **ENTSOG looks forward to the Code development process**
- **Multiple challenging interactions need to be considered**
 - **ENTSOG therefore needs support and commitment by all**



Thank you!