

PRESS RELEASE

ENTSOG sets out views on the modification of Congestion Management Procedures in the gas sector

The European Network of Transmission System Operators for Gas (ENTSOG) reacted this week to the EC's proposals for the modification of gas congestion management procedures (CMPs), and outlined potential improvements in a number of areas.

Responding to the Commission's consultation on CMP modification, for which direct Comitology is foreseen, ENTSOG welcomed the proposed introduction of harmonised, market-based CMPs. A consistent regime including aspects such as interruptible services, secondary capacity markets, capacity surrender, voluntary overbooking and last resort day ahead interruptible use-it-or-lose-it measures will, according to ENTSOG, mean that a significant proportion of capacity will always be available on a short term basis.

These measures will complement the efficient capacity allocation mechanisms that will be included in the CAM network code currently being developed by ENTSOG. The introduction of capacity auctions, the coordination of these auctions across the EU and the mandatory reservation of a proportion of capacity for short term bookings will all help to improve the short term market and to address congestion issues.

ENTSOG warned however that some aspects of the Commission's proposals, if implemented, could in fact harm the market. In particular, the organisation believes that the proposed restriction of re-nomination rights would be likely to lead to a number of undesirable consequences. The loss of flexibility could create extra costs that would ultimately be passed on to end consumers. It would also be likely to interfere with the workings of the market, for instance by encouraging shippers to make counterproductive strategic nominations in order to ensure they have sufficient re-nomination rights, and could have implications for security of supply.

In light of the implications for the market, the impact on existing contracts and the significant concerns raised by a range of market participants regarding the proposed restrictions, ENTSOG believes that it would not be desirable for the Commission to implement this measure. The market-based measures set out above may, in any case, make the restriction of re-nomination rights unnecessary.

ENTSOG has conducted a comprehensive review of the Commission's proposals and has published alternative proposals, which aim to achieve the same end result while avoiding the potential negative side effects that it has identified.

Notes to Editors

ENTSOG's response to the EC's consultation on CMP can be found at http://www.gie.eu.com/adminmod/show.asp?wat=110112_CMP_Questionnaire_final_submitted.pdf. Its alternative proposal can be found at http://www.gie.eu.com/adminmod/show.asp?wat=101119_CAP0071-10_ENTSOG_CMP_Comitology_proposal_final.pdf.

ENTSOG was founded on 1 December 2009 ahead of the applicability of Regulation (EC) 715/2009 which foresees its establishment. ENTSOG is based in Brussels and comprises 32 members from 22 EU countries.

ENTSOG is required to define rules, the network codes, which will define the manner in which system users gain access to the European gas grid so as to develop a single European gas market.

ENTSOG maintains a register and will pro-actively notify those on the register about developments in this and other areas of ENTSOG's work. Please write to info@entsog.eu if you would like to be included in this e-mail list.

Details of all ENTSOG's work can be found at www.entsog.eu.

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