

Notes of Meeting

2nd ENTSOG CAM Network Code Stakeholder meeting 9th March 2011, Hotel Bloom, Brussels, 11.00-15.00

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Maximiliano Miglio	TIGF (ENTSOG)	Alex Barnes	Gazprom M & T (EFET)
Matthew Hatch	National Grid (ENTSOG)	Helen Stack	Centrica (EFET)
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Giuseppe Lorubio	Eurelectric	Chrisitan Sidak	EconGas GmbH
Hein-Bert Schrink	Energie-Nederland		

1. Intro and Agenda

Frank Roessler, the ENTSOG Capacity Subject Manager, welcomed the participants to the second CAM Network Code Stakeholder Meeting. He explained that the purpose of the meeting was to discuss the feedback received from stakeholders to the CAM NC Project plan published on the 9th of February 2011 and to start the early discussion on some content options relevant for the NC development.

2. CAM NC Project Plan

ENTSOG thanked all stakeholders who answered the CAM NC Project plan consultation. ENTSOG presented the feedback submitted. 34 stakeholders' responses were received showing a strong support from the market to the suggested project planning and to their involvement in the

process. Six formal meetings with stakeholders are already planned and additional bilateral meetings can be foreseen to allow for a best possible dialogue and to ensure that all parties understand the rationale of other participants.

Users made reference to the potential impact on the process and timing of the ACER CAM framework guideline consultation which takes place in parallel to ENTSOG's network code work.

Stakeholders emphasised that the ENTSOG website should be used for communication in addition to circulating material via email. ENTSOG explained that all relevant documents are already published (and also will be in the future) on the ENTSOG website and that the Project Plan will be amended to include a section on document management to detail this policy explicitly.

ENTSOG presented the different roles and level of commitment/engagement which the market players have signaled regarding the CAM NC process (5 Prime Movers; 18 Active SJWS participants). The envisaged roles of the groupings were illustrated with the help of separate slides (uploaded on the website). The meeting participants supported the way how ENTSOG has defined the planning process.

3. CAM NC Launch Documentation

ENTSOG explained that the purpose of the launch documentation is to describe possibilities how concepts could be designed which will be discussed with the market during the Stakeholder Joint Working Sessions.

ENTSOG further presented work-in-progress slides which were not internally validated (therefore not published) with a brief description of the general approach on auction principles and how a respective process could be defined. Long term durations are auctioned first; followed by shorter duration services. The standard auction proposal covers the all relevant durations from within-day to multi-year contracts.

Meeting participants expressed their support on the approach presented. However, many considered it necessary discussing if incremental capacity should be included in order to trigger investments. Although it is fully acknowledged that this has not been foreseen according to ERGEG's CAM framework guideline; in the view of various stakeholders an auction design should include incremental capacity. Otherwise an auction would lead to very high prices but at the same time not have an impact on any investment decision to resolve such an issue if capacity is scarce. Several however noted that the straightforward copy of the UK regime is this regard might perhaps not be possible for other systems as the marginal cost of incremental capacity in highly interconnected systems, with significant transit might be challenging to calculate without upfront knowledge of the anticipated upcoming flow patterns.

Subsequently, ENTSOG presented the proposal for a stakeholder debate on bundled capacity services. An example was shown how a bundling concept could be designed including benefits

and challenges. The ENTSOG bundling model covers all the requirements from the CAM framework guideline. The core element of the proposal is a very close coordination of the involved TSOs to offer a bundled service between their networks. This avoids a lot of the complexity which may be introduced if other solutions were to be considered.

The present stakeholders questioned if the bundling requirement on the CAM framework guideline will be in line with the Target Model discussions. ENTSOG explained the complexity of having only one contract and invoice from a balancing, invoicing, taxation and a tariff perspective (redistribution of over/under-recovery between TSOs from different countries).

Some stakeholders underlined their willingness to continue the flange trading. It was pointed out that flange trading is not detrimental to hub trading and both can operate together. It was mentioned that bundling available capacity is supported; however, it was stated that there is no need to change the existing contracts not eliminating flange trading.

Stakeholders are able to express their views on this subject in the ACER CAM framework guideline consultation ending on the 2nd of May 2011.

4. ACER CAM FG Consultation

ENTSOG provided an overview of all capacity related processes currently taking place in parallel including the ACER consultation on the new CAM framework guideline. Meeting participants highlighted their concerns on the timing of those processes and the way they might impact the development of each other. ENTSOG responded that this was already addressed to ACER and the EC and that they assumed the work on the other topics would not lead to any changes in the process where content and planning are concerned. As for the ACER CAM framework guideline, the regulators have announced in Ljubljana (during the CAM FG presentation) that they do not expect that the consultation would lead to any change on the issues already outline within the ERGEG framework guideline.

ENTSOG pointed out that an early understanding of any possible amendment considered by ACER is essential. The meeting participants were informed that ACER has started work on a study and an impact assessment on the sunset clause for bundling. This study is to be presented in June 2011. There will be an impact assessment developed on the basis of this study but it is unknown when that will be finalised.

Regarding the general CAM network code process, ENTSOG restated some of its assumptions to develop straight forward proposals to the market. In principle it is important to the TSOs to have confidence in the development of other related regulatory regimes (e.g. the tariff design should encourage timely user bookings and infrastructure owners should have confidence in its long term revenue streams).

5. A.O.B. and Close

Regarding the next steps, ENTSOG informed that stakeholders are invited to send feedback on issues discussed during the meeting by the 16th of March.

ENTSOG highlighted that all (official) material used during the meeting will be available on the website and reminded that the launch documentation will be published on the 23rd of March followed by the first Stakeholder Working Session to be held on the 6th of April.