



# **Initial response Pilot Framework Guideline Capacity Allocation**

Frank Roessler  
Subject Manager Capacity

# Development process

## *Market invited to provide its views*

Oct – Dec 2009  
GTE+ and Expert  
Group discussions

Dec 2009  
Market consultation  
launched by ERGEG

Summer 2010  
Stakeholder Joint  
Working Session

Sep 2009  
EC invited ERGEG to  
provide Pilot CAM  
FG

Jan 2010  
***MF XVII***  
***Presentation of***  
***Pilot CAM FG***

May 2010  
ENTSOG to start developing  
Pilot NC on CAM

April 2010  
Final FG and  
approval by EC

## *Impact assessment*



# General

- Pilot CAM FG as basis for EU wide harmonisation
- Well-balanced degree of harmonisation to be ensured
  - o Rules must provide flexibility to reflect specific market situations
- Support of Commission's view that Pilot Framework Guideline should include:
  - o Clear objectives and practical goals
  - o Impact assessment of policy options
  - o Clear criteria for assessment of the Code

# 1. Scope /

## 2. Existing contracts

### Scope

- Supportive of the scope description

### Existing contracts

- No party should be exposed to unnecessary financial or legal risks
- Network Code on CAM should rule on what network Access Conditions will cover
- Amending TSOs Access Conditions will require significantly more than six months
- Pilot focus is on allocating, not re-allocating capacity

# 3. TSO Cooperation



▶ **Pilot Framework Guideline on CAM should not define aspects of other Codes**

▶ **ENTSOG would have preferred to apply the Framework Guideline / Network Code process for CMP in conjunction with CAM**

# 4. Contracts, codes, communication ... / 5. Capacity products

## Contracts, codes and communication procedures

- Efforts towards harmonised content welcome
- Standardised communication procedures / data publication to be defined in separate Network Code

## Capacity products

- Standardisation of products supported
- Value and role of future interruptible products is unclear when effective CMPs are established
- Focus should be on firm capacity

## 6. Interruptible capacity /

# 7. Breakdown and offer of capacity products

### Interruptible capacity

- Paramount to define concept of interruptible capacity
- Interruptible products are calculated, used and offered diversely + CMP will change their value/characteristic
- Harmonisation of procedures suggested
- Nominations on interruptible basis
  - o To be detailed (day-ahead, overrun/usage charge, etc.)

### Breakdown and offer of capacity products

- Quotas to be agreed for each Interconnection Point
- Adjacent TSOs to agree with NRAs

# 8. Cross-border products

## Cross-border products

- Combined products
  - o ERGEG wants to prohibit flange trading / gas should be traded on Hubs only
  - o Should both flange and Hub trading be possible?
  - o Adjacent NRAs need to agree between themselves on ONE allocation method at an Interconnection Point
  - o ERGEG to clearly describe how combining works
  
- Bundled product
  - o Capacity offer might be reduced at specific points
  - o For network operation point specific nominations are needed to coordinate flows



# 9. Capacity Allocation / 10. Remarketing capacity

## Capacity allocation

- Pilot FG leads to different allocation methods for Interconnection Points
- Auctions and pro-rata supported by ERGEG
  - o Auction is long-term goal (congested and uncongested)
  - o NRAs to agree on one single method at every IP
- Applying different allocation methods for long and short term periods not allowed

## Remarketing booked capacity

- TSOs can facilitate but not act as TSOs on the secondary capacity market

# CONCLUSIONS

- ☑ ***Pilot Code should test process***
- ☑ ***Pilot Code on CAM should avoid interference with other Code areas***
- ☑ ***Pilot Code to find clear EU improvements***
- ☑ ***Economical benefit should be the driver***
- ☑ ***The implementation is key (viability and timelines)***
- ☑ ***Consultation - view of the market is crucial***