

CAM, CMP and anti-hoarding mechanisms applying in European Terminals

***Findings from CEER study on congestion
management procedures & anti-hoarding
mechanisms in the European LNG terminals***

Rocío Prieto – Comisión Nacional de Energía
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Introduction to the CEER study on CMP & anti-hoarding

- At the XV Madrid Forum the **EC called for analysis** of the need for **harmonisation of anti-hoarding** rules in the **European LNG terminals**.
- **CEER** elaborated in 2010 a **specific study on the issue: *ERGEG study on congestion management procedures & anti-hoarding mechanisms in the European LNG terminals***

http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Gas/Tab/E10-LNG-11-03b_CMP%20in%20LNG_%2012_Apr_2011.pdf

- The study contains a **comprehensive overview of the CAM and CMP** mechanisms applied in **European LNG importing countries**.
- The **different operations** that users need to follow for unloading, storing, and regasifying a spot cargo are also **described**.
- CEER launched also a **public consultation** on the study to **build** on the input provided by the shippers, **and raise conclusions and recommendations**.

Study Learnings: *CAMs in LNG terminals*

- A **variety of CAMs** are currently applied to access primary capacity in **European LNG terminals**

Open Seasons

Belgium: OS for long-term contracts + FCFS for not sold capacity
Portugal: OS for contracting short term individual slots allocations
Italy: In regulated TPA terminals



FCFS

France: Except the OS for capacity development
Spain: 75% long-term 25% short term
Greece



Exempted

UK: Different process for each terminal - OS
Italy: 20% of Rovigo terminal capacity - OS







- Secondary capacity** markets are developing progressively
- CAM normally provide **bundled rights** for **unloading** of vessels, temporary **storage** and **send-out** capacity

Common **objectives** when setting a CAM: **optimise** terminal **access** for all shippers, optimise terminal's **operation** by LSOs and prevent hoarding

Study Learnings: *CMPs in LNG terminals*

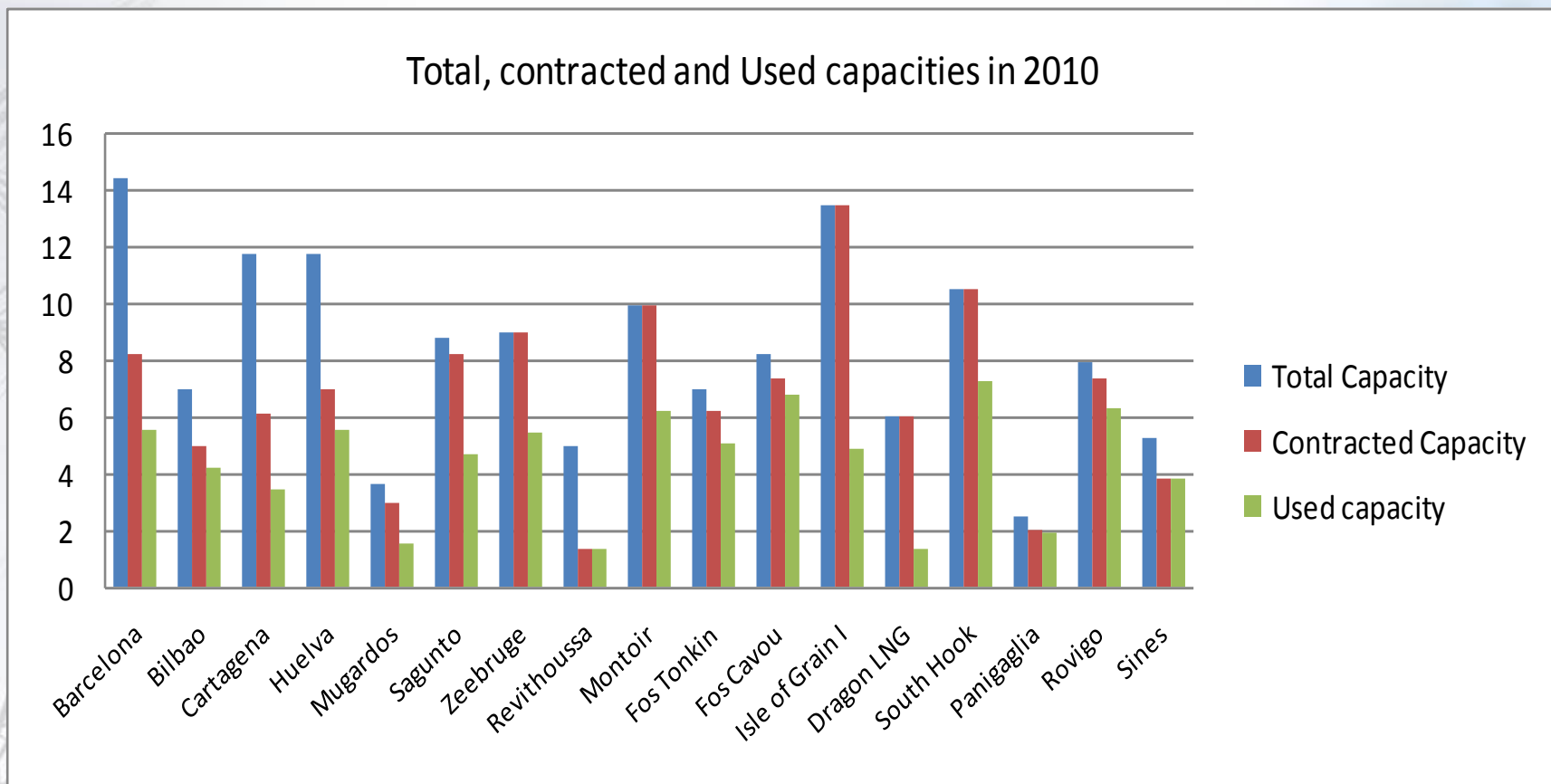
- Different CMPs apply in European LNG terminals

<p>Ex-ante UIOLI</p>	<p>Reserved capacity, not used by the capacity holder is systematically brought back to the market ➔ Transparency and information availability fundamental</p>	
<p>Ex-post UIOLI</p>	<p>Effective use of capacity is supervised afterwards ➔ Definition of thresholds, shippers' request for capacity could be the trigger. Capacity back to the market</p>	
<p>Penalties</p>	<p>Economical penalty for late cancellation of cargo unloading, exceeding allocated storage, capacity underuse... ➔ Preserve notification periods and users rights</p>	
<p>Secondary markets</p>	<p>Re-marketing of regasification capacity/slots through platforms ➔ Developing progressively</p>	

According to the public consultation, **shippers** have a strong preference for secondary capacity markets

Study Learnings: *Capacity utilisation*

- Capacity is almost **fully booked** but the **rates of utilisation are low**



The average rate of use of LNG terminals in Europe is around 50%. This has to be taken into consideration when defining congestion.

Shipper's views from public consultation:

- Overall satisfaction with the CAM/CMP applied;
- Certain concerns regarding slot availability, level of tariffs and short term capacity access conditions;
- Shippers not often asking for short term capacity-**services offered often do not suit market needs**;
- Strong support for **secondary capacity markets** as preferred CMP;
- Setting an **obligation to resell unused capacity** often considered necessary for developing secondary trade;
- Lack of information in some countries and **diverse understanding** of services and CMPs/CAMs.

CEER conclusions from the Study and the Public Consultation

- **Access:** Shipper's generally consider that CAMs applied in their systems foster the use of capacity.
- However **some requirements** to be fulfilled by shippers when booking capacity **could lead to access barriers.**
- Progress may be achieved in facilitating **slots** contracting for **spot markets** operations and in facilitating **access to small shippers** in certain systems.
- **CMPs:** Regulations governing CMPs in the European LNG terminals **are different.**
 - Most common CMP is **ex-post UIOLI** although **secondary markets start to develop** in many places following market demands.
 - There is **no clear definition of capacity underutilisation** or the consequences in many countries.
 - **No sufficient experience.** Effectiveness of anti-hoarding measures in Europe is difficult to measure.
- **Transparency: LSOs publish** in general the necessary **information** for accessing the terminal, but **occasionally** information is either disseminated or **difficult to find.**

CEER way forward

- **Transparency:** Agreement with **GLE** to work together on a **template (Panel 3)**.
- **CMPs:** CEER LNG TF will prepare a short list of **indicators** in order to facilitate the **assessment of capacity underutilisation**, spot contracting, secondary markets functioning and application of CMPs.
- It is important to **work on** aspects as the role of **LNG regarding the gas target model** organisation for the EU market and the relation of **network codes and LNG**.
- Reinforce CAM and CMP **harmonisation** at European level is **not a priority in the short term** – will depend on market developments.

The background of the slide is a light blue gradient. On the left side, there is a faint, semi-transparent image of a high-voltage electricity pylon. On the right side, there is a faint, semi-transparent image of a gas burner with blue flames.

Thank you for your attention!

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