



Workshop

Capacity Allocation and Congestion Management for Gas Storages

Brussels
30 September 2010

Outline of the presentation

- Programme of the day and goal of the workshop
- Drafting process of the consultation document
- Most important CAM and CMP proposals
- Next steps by ERGEG



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Programme of the day

■ Thursday 30 September

09:30 – 10:00

Registration and coffee

10:00 – 10:10

Opening and welcome

10:10 – 12:00

Presentations by different stakeholders

12:00 – 13:00

Lunch

13:00 – 14:45

Plenary discussion and conclusions



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Goal of the workshop



Understand most important feedback of different stakeholders



Plenary discuss a number of strategic issues/ proposals



~~Get into an argument who is “wrong or right”~~



- **What are the fundamental problems regarding CAM and CMP according to Status Review?**
- **What rules does the third package provide for CAM and CMP of storage?**
- **What proposals can enhance GGPSSO for CAM and CMP in storage?**

**Based on status reviews
and ...**

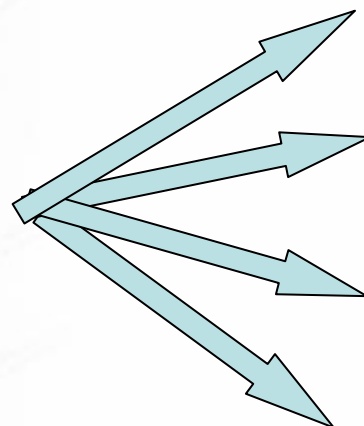


**.... discussions in
Task Force meetings**



**... ERGEG has drafted the
document**

**Findings in
status reviews**

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- 1 **Lack of availability of storage capacity (short and mid term) in some countries**
 - 2 **Preferential treatment of different customer groups**
 - 3 **Lack of economic efficiency in capacity allocation and incentives for investments**
 - 4 **Information regarding allocation is not transparent**

- Article 15, 17 and 19 of gas regulation 715/2009 provides basis

Article 17: Implement and publish non-discriminatory and transparent capacity-allocation mechanisms which shall:

- Provide appropriate economic signals for efficient and maximum use of capacity
- Be compatible with market mechanism while being flexible and capable of adapting to evolving market circumstances
- Be compatible with connected network access systems

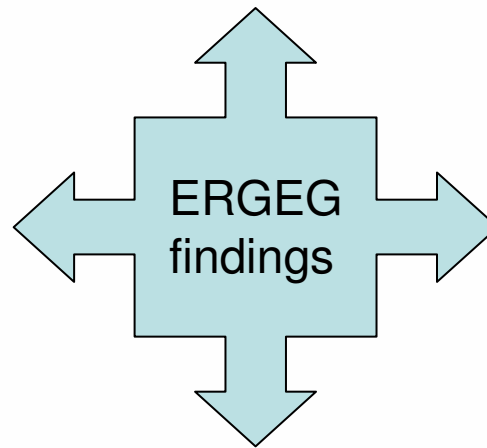
	Non-discriminatory/ transparent	Provide economic signal	Compatibility with market mechanism
Auction	Strong	Strong	Strong
FCFS	Weak	Weak	Must be seen in combination with product
Pro rata	Weak	Weak	Not applicable as trading tool at hubs
CGWC	Weak	Weak	Not applicable as trading tool at hubs

Main aim: improve transparency and economic efficiency

- 1 Detailed publication of timing, organisation and result of applied mechanisms
- 2 Regular consultation concerning actual design of allocation mechanism
- 3 Ensure compatibility with transport capacity allocation mechanism
- 4 Allow/ endorse development of combined storage/ transport capacities as “one”
- 5 Start with an open subscription period and implement auction (demand > supply)
- 6 Be subject to review and ex-ante definition/ approval by NRA's if necessary

Interruptible products are offered (but not favoured)

UIOLI is not widely used and seen as difficult to apply



Secondary markets are preferred (but are not transparent or liquid)

Information on actual use of contracted capacity is not real time

- Article 15, 17 and 19 of gas regulation 715/2009 provides basis

Article 17: LNG and storage facility contracts include measures to prevent capacity-hoarding, by taking into account the following principles, which shall apply in cases of contractual congestion:

- The system operator must offer unused LNG facility and storage capacity on the primary market without delay; for storage facilities this must be at least on a day-ahead and interruptible basis
- LNG and storage facility users who wish to re-sell their contracted capacity on the secondary market must be entitled to do so

What is needed for a secondary market

- 1 (A method to determine) available storage capacity (*also for UIOLI*)
- 2 A platform where available storage capacity can be anonymously offered
- 3 Standardised terms & conditions and master agreements
- 4 Information on amount of non-nominated storage capacity

Main aim: secondary market trading and avoiding hoarding

- 1 Organise implementation and standardisation of secondary markets
- 2 Standardize terms & conditions (access to storage, operation of the site)
- 3 Timely nomination by primary customer and request for selling back capacity
- 4 Calculation of available capacity to maximise interruptible products
- 5 Offering of reasonable amount of interruptible capacity (mixed contract duration)
- 6 Provide information on amount of non-nominated capacity on day-ahead basis
- 7 SSO's efforts to facilitate transfer of working gas
- 8 Price of interruptible capacity reflects probability of interruption

Next steps by ERGEG

Publication of
revised GGPSSO
and results
of consultation

Evaluate feedback
of stakeholders and
change proposals

Next step:
Madrid Forum



Information on consultation period

<http://www.energy-regulators.eu>

9 October: ending of consultation period

[CAM CMP storage@ergeg.org](mailto:CAM_CMP_storage@ergeg.org)



Workshop

– Plenary discussion –

- **Thursday 30 September (afternoon)**

13:00 – 13:30

Plenary discussion: Allocation mechanism and Standardization (of products)

13:30 – 14:00

Plenary discussion: secondary market and UIOLI

14:00 – 14:30

Plenary discussion: Market conditions

14:30 – 14:45

Conclusions and closing