



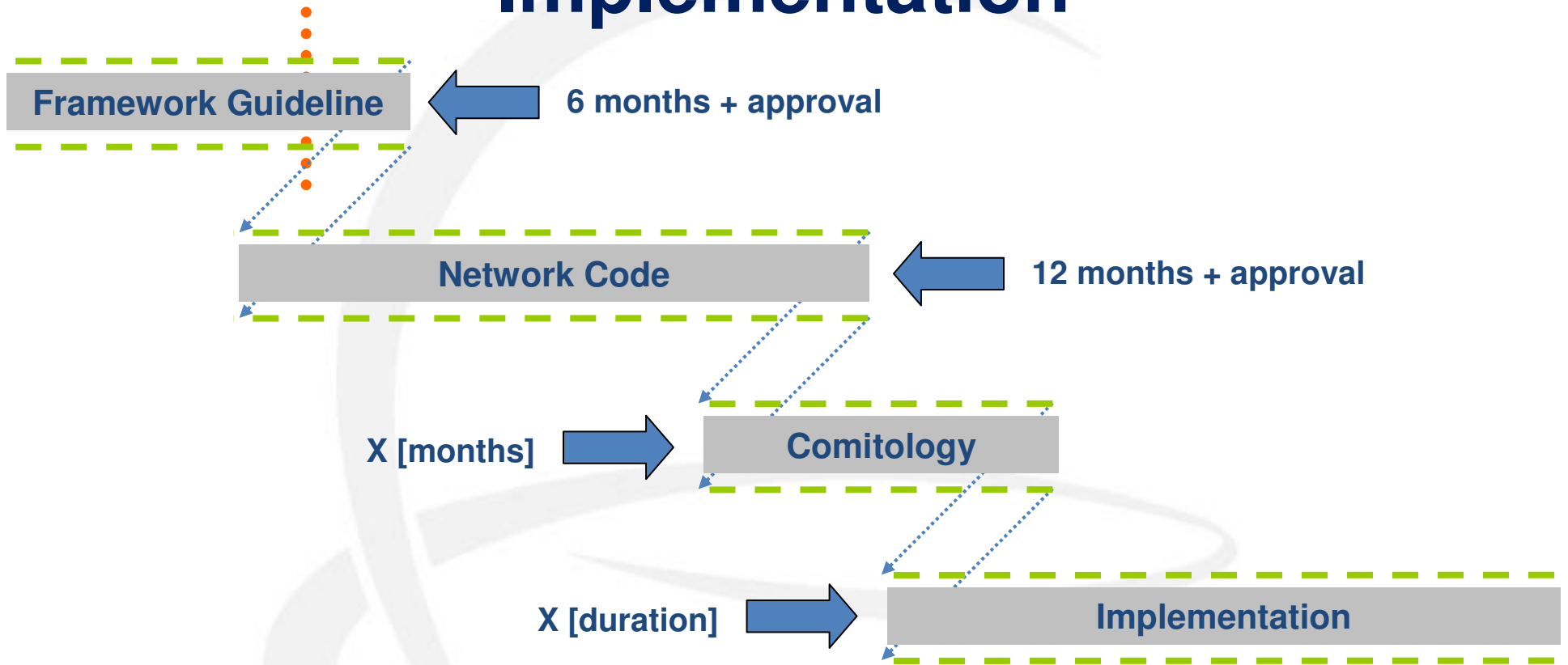
# **ENTSOG Position on CAM and CMP Guidelines**

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# Main Points

- Guidelines as a basis for EU wide harmonisation
  - One common approach instead of different measures developed by national regulators
  - Well balanced degree of harmonisation to be ensured
  - Road map to “target model”
- Testing the process
- Market consultation and consideration of feedback crucial
- Impact Assessment should take into account a cost benefit analysis through the entire supply chain to the end consumers

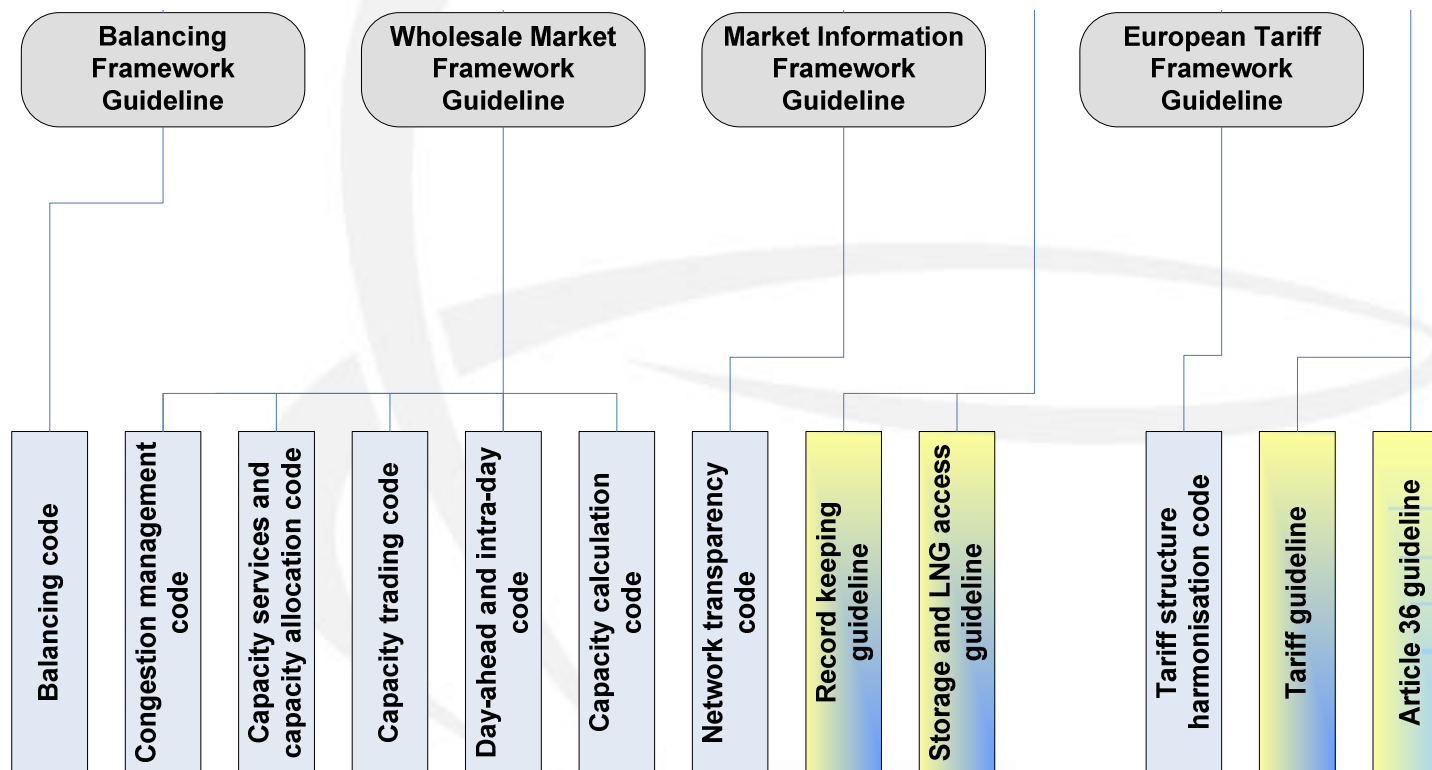
# Implementation



- Appropriate and sufficient implementation timeline essential
- IT and other developments can only start after Member States and NRAs underwrite costs

# Code Areas

- Guidelines should not interfere with other Code areas (i.e. manage scope)



Source: EU Commission's Discussion paper on Third package guidelines and codes

# Challenging Existing Contracts

- Existing contracts underpin investments
- Stable conditions required for network planning
- No party should be exposed to unnecessary financial or legal risks (infringement of commercial property rights)

ENTSOG's view that:

- Network Code on CAM should rule on what network Access Conditions will cover
- Amending the TSOs' Access Conditions will require more than six months



# **Pilot Framework Guideline Capacity Allocation**

# Firm and Interruptible Capacity

## Capacity products

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

## Interruptible capacity

- Uniform definition of interruptible capacity required
- Interruptible capacity is calculated, used & offered diversely
- CMP changes the value/characteristic of interruptible products
- ENTSOG suggests harmonisation of procedures
- Nominations on interruptible basis to be detailed



# Cross-border Products

## Combined products

- ERGEG wants to prohibit flange trading – ENTSOG is interested in the market's view
- Adjacent NRAs need to agree between themselves on ONE allocation method at an Interconnection Point
- Further elaboration on such a product required

## Bundled product

- Capacity offered might be reduced as a consequence at specific points
- For efficient network operation point specific nominations are needed to coordinate flows



# Primary and Secondary Allocation

## 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 (or combination) at every IP

## Remarketing booked capacity

- Scope for inclusion in a “Capacity trading code” as defined by the EU Commission
- TSOs can facilitate but do not have influence on the re-selling and the definition of products on the secondary capacity market

# CAM conclusions

- ✓ ***Pilot Code should test process including how appropriate timeline is***
- ✓ ***The implementation is key (viability and timelines)***
- ✓ ***Pilot Code on CAM should avoid interference with other Code areas***



# **Guideline Congestion Management**

# Selling Additional Capacity

## **Oversubscription and buy-back**

- Adequate incentives need to be agreed
- TSOs face clear financial risks which must be appropriately covered
- Extra capacity is to be offered on an IP specific basis
- General approach cannot reflect grid specific characteristics
  - o e.g. application of flow commitments to increase capacities

## **Increase of capacity through system energy**

- What is the priority for system energy
  - o Balancing or capacity offer?

# Charges and Surrender of Capacity

## Capacity charges

- As suggested by EU Commission: to be ruled in separate Network Code to ensure a consistent policy
- Under-recovery of TSO costs to be avoided

## Re-marketing booked capacity (surrender)

- Further elaboration on procedure required
  - After all other firm and interruptible capacity was sold
  - Only if new buyer is demanding capacity
  - What is the price of surrendered capacity?
  - Proportion and interaction between surrender and secondary capacity?

# Use-It-Or-Loose-It

## Limitation of re-nomination rights

- Stakeholder views to be taken into account
- Aim should be general EU rules, not individual obligations by national regulators
- Improvement of day-ahead interruptible as possibility
- Experience suggests that liquid markets do not require a restriction of re-nomination rights

## Long-term UIOLI

- TSOs should not be subject to legal challenges
- Analysis of infringement of commercial property rights needed

# CMP conclusions

- ✓ ***Options for NRAs to implement individual solutions should be limited***
- ✓ ***CMP provisions should avoid interference with other Code areas***
- ✓ ***Realistic implementation timeline***



**Thank you very much!**