ENTSOG CAM Network Code

Presentation of the ACER CAM framework guideline
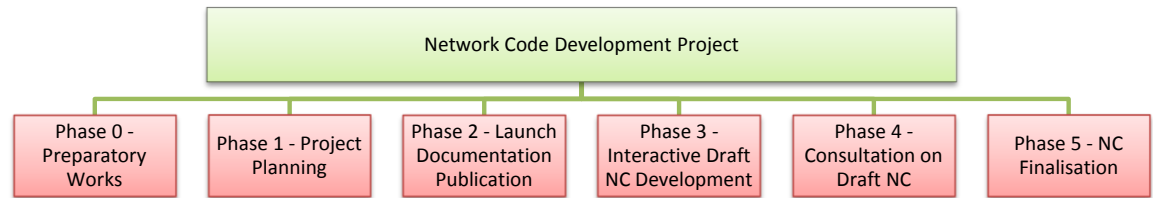
Frank Roessler
Subject Manager

ACER CAM FG presentation – Ljubljana – 7th March 2011

Content

1. **ENTSOG view on the ACER CAM framework guideline**

2. **CAM framework guideline process**

3. **ENTSOG work on the CAM framework guideline**

4. **Requirements to propose a straight-forward code**

5. **Conclusions**

1. ACER CAM framework guideline

- ENTSOG welcomes the aspiration for harmonised conditions

- Work on the NC has started on the basis of ERGEG's FG

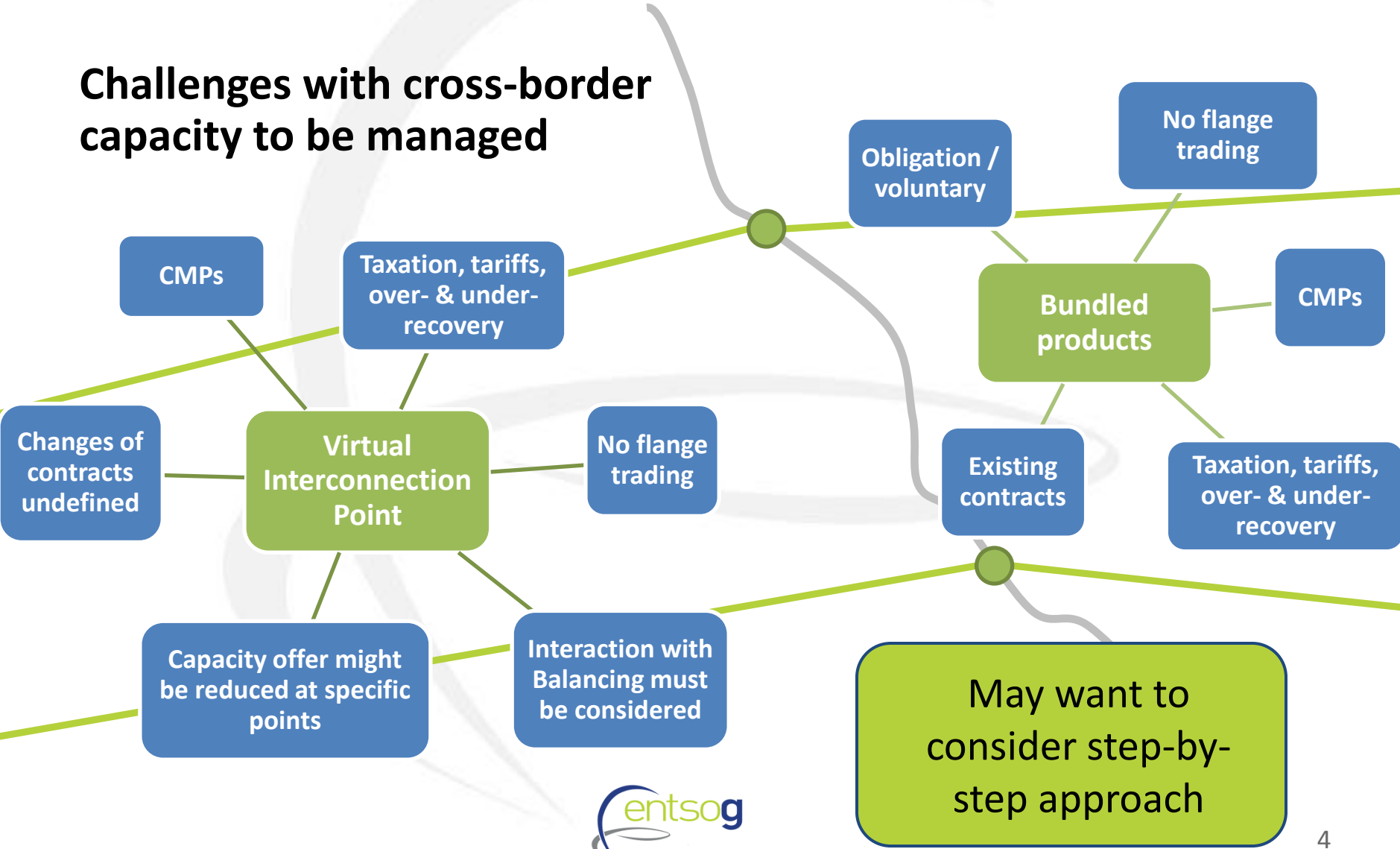| Network Code Development Project					
Phase 0 - Preparatory Works	Phase 1 - Project Planning	Phase 2 - Launch Documentation Publication	Phase 3 - Interactive Draft NC Development	Phase 4 - Consultation on Draft NC	Phase 5 - NC Finalisation

Existing contracts

- Pilot CAM NC should improve National Codes/Access Conditions and foster EU harmonization

- No party should be exposed to financial risks or legal challenges

ENTSOG sees auctions as the core element of CAM

- Interruptible capacity, operational aspects and other indirectly linked areas to be seen as complementary

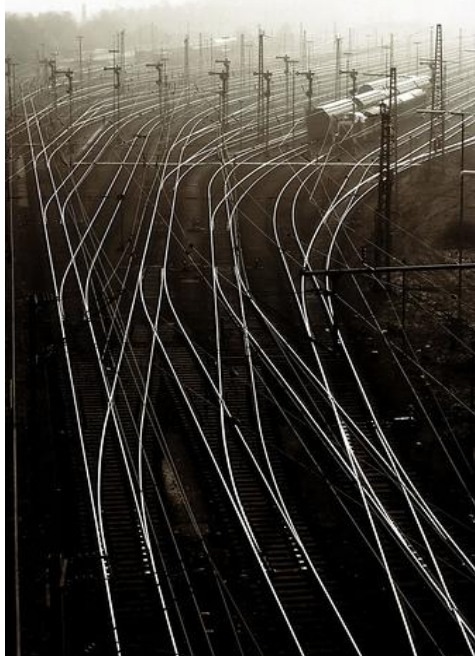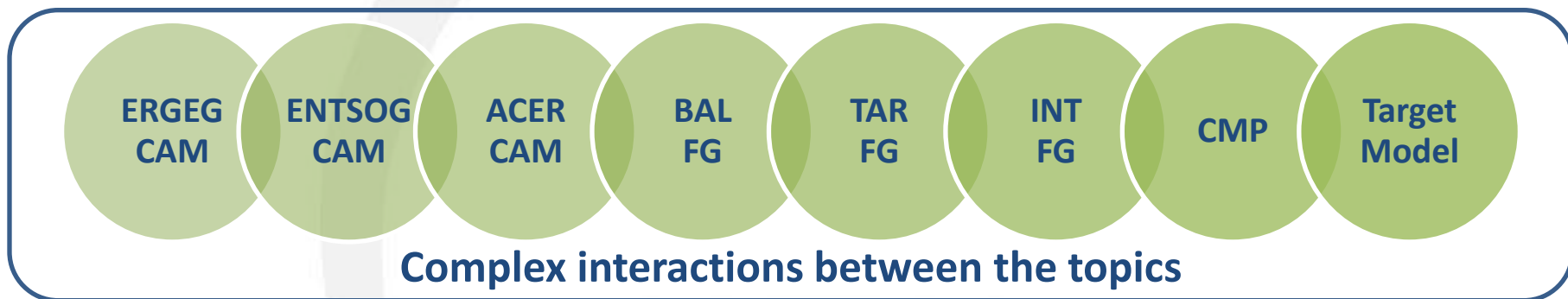- Need to consider work on BAL, TAR and the CMP comitology proposal

1. ACER CAM framework guideline

Challenges with cross-border capacity to be managed

- Obligation / voluntary
- No flange trading
- CMPs
- Taxation, tariffs, over- & under-recovery
- **Bundled products**
- Changes of contracts undefined
- **Virtual Interconnection Point**
- No flange trading
- Existing contracts
- Capacity offer might be reduced at specific points
- Interaction with Balancing must be considered

May want to consider step-by-step approach

entso**g**

2. Framework guideline process

Handling of parallel streams

| ERGEG CAM | ENTSOG CAM | ACER CAM | BAL FG | TAR FG | INT FG | CMP | Target Model |

Complex interactions between the topics

- Outcome of ACER CAM FG process highly important to the TSOs' work on the code

- Direction and evolution must be known

- Early understanding of amendments essential

- Close working relationship with ACER essential

- ACER, Commission and ENTSOG to liaise closely

3. ENTSOG work on the CAM network code
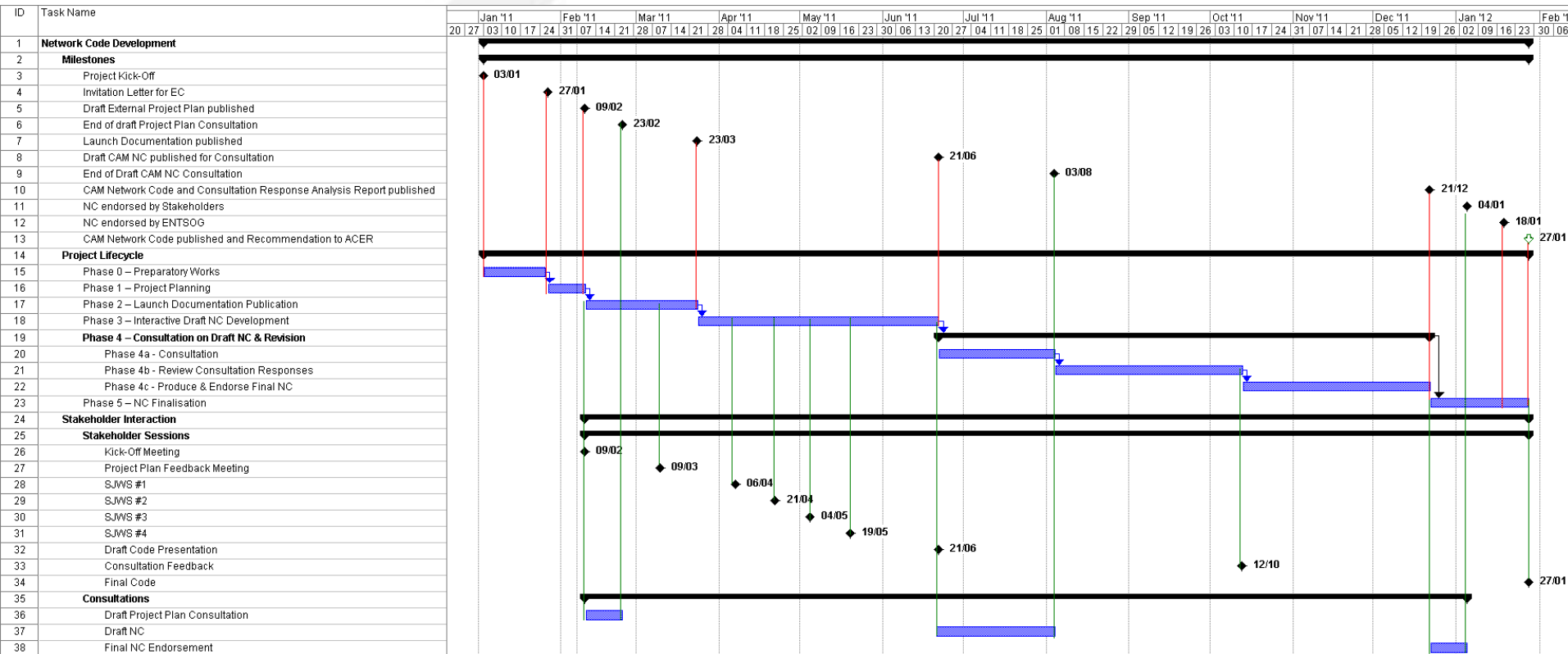
- Process characterised by interactive engagement of market parties
- 9 + [x] meetings and 3 consultations / written procedures planned

3. ENTSOG work on the CAM network code

Project phase 1 – review

- Early reparation work completed ✔

- Bilateral and common meetings with stakeholders held ✔

- CAM NC project plan published less than two weeks after invitation ✔

- Stakeholder interaction guidelines published ✔

- Kick-off meeting with users organised on publication day ✔

- Consultation until the 23rd of February 2011 ✔
  - Seeking views on planning
    and stakeholder commitments

	Green (Controlled)	Yellow (Caution)	Red (Critical)
Schedule[1]	X		
Content	X		

3. ENTSOG work on the CAM network code

Project plan consultation feedback

- Preparatory work allowed two weeks consultation

- 34 stakeholder reactions received:
  - Strong emphasis on stakeholder involvement is appreciated
  - Organisations welcome additional bilateral meetings
  - Proposed balance between interactive code development and formal consultation supported
  - Planning considered credible given the tight time-scale
  - Permanently updated website to be used for communication
  - **To be clarified how the ACER process influences the 12 months**

- Six "Prime Movers"

> Stakeholders expressed support of the project plan

3. ENTSOG work on the CAM network code

Project phase 2 – outlook

- Finalisation of project plan

- Early stakeholder meeting on the 9th of March 2011

- Preparation of "launch documentation"
    - Key concepts for Stakeholder Joint Working Session" (SJWS)
    - Publication on 23rd March 2011

Project phase 3 – outlook

- Interactive network code development – SJWS

- Drafting of the network code until June 2011

3. ENTSOG work on the CAM network code

Key concepts of the launch documentation

Interruption Procedures

Auction Design for existing capacity

Concept for cross-border capacity

...

...

Alignment of interr. services

entsog

3. ENTSOG work on the CAM network code

3. ENTSOG work on the CAM network code

4. Requirements to produce network code

ENTSOG assumptions to define the code

- Proposed concepts should not be financially undermined

- Tariff design to encourage appropriate user bookings
  - Long-term commitments to fairly apportion costs and risks
  - Rules to provide business opportunities for suppliers, whole sale, traders, importers, etc.

- Arrangements must allow TSOs to generate their revenues

- Should be understood that associated costs are acknowledged
  - Human resources and related expenses
  - Sophisticated (real-time) IT systems need to support regime

5. Conclusions

> ACER, Commission and ENTSOG to coordinate the parallel processes

> Take account of the interlinks of other areas

> Definition of straight-forward rules require a common understanding on pre-conditions to generate confidence

> Implementation is the key (economical viability and timelines)

- ENTSOG welcomes the work on the network code

- All parties must be fully engaged in the processes

Thank You for Your Attention

Frank Roessler, Subject Manager
ENTSOG -- European Network of Transmission System Operators for Gas
Rue Ducale 83, B-1000 Brussels

T: + 32 2 894 5107
M: + 32 496 121 684

EML: Frank.Roessler@entsog.eu
WWW: www.entsog.eu