

## Response Sheet for Stakeholder Engagement Document: Potential Modifications to the CAM NC Following Receipt of ACER Opinion

Please complete the fields below and send via email using the subject title, “Response to the CAM NC stakeholder engagement document” to [info@entsog.eu](mailto:info@entsog.eu) by 10 August 2012.<sup>1</sup>

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<sup>1</sup> If you would like any part of your response to be treated as confidential, **please mark these sections clearly and explain why it is not possible for the information to be made public.** Notwithstanding any confidentiality undertaking upon request, ENTSOG indicates that this cannot prevent ENTSOG from disclosing all or part of the response that would be requested by a competent authority or judicial body.

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How would you describe your organisation?

<input type="checkbox"/>	Association (please specify type)
<input checked="" type="checkbox"/>	End user
<input checked="" type="checkbox"/>	Network user
<input checked="" type="checkbox"/>	Trader
<input checked="" type="checkbox"/>	Other (please specify) Supplier & Producer

In the questions below, ENTSOG would be grateful if respondents could clearly indicate their view and provide a brief justification.

### Question 1

A number of changes to the CAM NC submitted to ACER in March 2012 are proposed in sections C.1 – C.11 above. Please indicate whether you support these changes. If you do not support some changes, please indicate which changes you do not support, and why.

C1 Definitions - We support the changes proposed in sections C1.

C2 Application of the Network Code to New Technical Capacity.

- We agree that incremental capacity in the EU gas transmission should generally be offered in standard capacity products that are consistent with the CAM Network Code.
- However, the proposed amendment on bundling needs to be changed to allow network users to buy unbundled new technical capacity for the purposes of bundling unmatched capacity in the adjacent network. For the avoidance of doubt, it should be solely a business decision for network users to decide they want to request new capacity. Network users should not be forced to buy new capacity that they do not need.
- Capacity breakdown (quotas) – we agree with ENTSOG’s approach at this time. It is important to avoid stranded assets, the cost of which would ultimately be borne by consumers.

C3 Standard Contracts – we agree that this should be considered outside of the work on the CAM Network Code.

C4 TSO Cooperation – We agree that a new article may not be necessary provided the principles are covered in other binding codes or existing legislation. Maintenance information and auction results should be published so that all market participants can analyse the data and respond to any market impact.

C5 – We believe that quarters should be offered beyond 1 year ahead. The final paragraph at the end of section C5 fails to recognise that a significant proportion of stakeholders preferred quarterly over annual products for the long-term allocation of capacity.

C6 – We support ENTSOG’s proposal, provided that this means that unmatched capacity (where available) is offered in all standard products up to 5 years ahead. We are concerned that the potential extent of unmatched capacity and the wide range of different circumstances leading to

unmatched capacity at IPs has not been properly analysed by ACER, the European Commission or ENTSOG. Limiting the way in which TSOs can offer unmatched capacity could actually prevent network users from efficiently bundling their existing capacity holdings.

A further comment on C6, is that ACER’s opinion refers to “unbundled capacity resulting from a mismatch in technical capacity”. We suggest that any amendment should be made to Article 5.1(6), which refers to a mismatch in “Technical Capacity”, rather than Article 5.1(5) on the more general “mismatch in available firm capacity”. There can be a situation where technical capacities are matched, but existing bookings mean that available capacities are different.

C7 – Amendment of Existing Capacity Contracts. We support ENTSOG’s response. We are concerned that impact assessments on the CAM Framework Guidelines have, to date, failed to consider the structure of actual capacity holdings at EU TSO IPs, and have therefore over simplified the forecast implementation of the Sunset Clause.

C8 – We support the comments made by EFET.

C9 Tariffs – We also support the approach by EFET that subjects such as revenue splitting should now be addressed in the ACER Framework Guideline consultation and subsequent Tariff Network Code development. Like Eurogas, we could have accepted the general reference to tariff equivalence on the understanding that the exact structure of “tariff equivalence” would have been further discussed in the Tariff Network Code process. Centrica share’s ENTSOG’s opposition to the use of short-run marginal cost pricing and/or 0 reserve pricing for daily products, due to the cross-subsidies and market distortions SRMC has caused in the GB regime. Nevertheless, tariff equivalence should not result in disproportionately high short term prices for transmission capacity.

C10 – We can accept the modification, although we supported the original ENTSOG approach.

C11 – We share EFET’s view that it would be useful to include network users in the discussion of the use and timing or interim periods. This would be difficult to achieve if it is left to the comitology process.

## Question 2

Do you support the proposed changes to the day ahead auction timing set out in section D.1? If not, why not?

Yes we support the shortening of the processing time for day-ahead auctions.

### Question 3

Do you support the proposed changes to the within-day auction timing set out in section D.2? If not, why not?

In particular, do you believe that a 30 minute bidding window and 60 minute nomination window are sufficient for a within-day process?

Yes in principle

### Question 4

Do you support the proposed changes to the drafting on default interruption lead times set out in section D.3? If not, why not?

Yes in principle

### Question 5

Do you support the proposed changes to article 4.1(2) of the CAM NC, in relation to competing capacities? If not, why not?

This example of competing capacity is likely to be one of several implementation issues that have not been identified in the impact assessments because it appears that actual capacity holdings have not been looked at.

We support the proposed ENTSG text, providing “competitive capacity” is defined or a better term to describe the situation of competing capacity is found.