

Responses to CAM Network Code – stakeholder support process

Consultation Response Sheet

Please complete the fields below and send via email using the subject title, “Response to the CAM NC consultation” to info@entsog.eu by 13 February 2012.

Name

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Countries in which your organisation operates: Predominantly UK but members active in NW Europe

How would you describe your organisation?

<input checked="" type="checkbox"/>	Association	(please specify type) 12 UK based Gas Shippers
<input type="checkbox"/>	End user	
<input type="checkbox"/>	Network user	
<input type="checkbox"/>	Trader	
<input type="checkbox"/>	Other	(please specify)

Question 1: Do you consider that the network code development process carried out by ENTSG was appropriate, given the boundaries of the framework guideline? In particular, was the level of stakeholder engagement appropriate? If there is room for improvement, please inform us about possible suggestions for improvement.

Yes YES	No
Comments: ENTSG have done well engaging with industry, and we have benefitted from bilateral meetings with ENTSG on CAM / CMP.	

Question 2: Following the EC request to shift the day-ahead auction to the afternoon D-1, please indicate whether a day-ahead auction held from 16.30-18.00 local time in central Europe can be supported (see section 4.7 of the CAM NC).

Yes	No NO
<p>If no, please give brief reasons and state how to consider this issue:</p> <p>We do not understand the logic for Day ahead capacity released under CMP being offered before the TSO has offered surplus capacity that it has available.</p>	

Question 3: Please complete the table below, indicating whether you support the relevant sections of the CAM NC, having regard to the process carried out and ENTSG's aim to reflect the views of the majority of users during the development process.

Section	1-2: Rationale and Application	3: Principles of co-operation	4: Allocation of firm capacity ¹	5: Cross-border capacity
Support	YES	YES	QUALIFIED YES	
Do not support				NO

Section	6: Interruptible capacity	7: Tariffs	8: Booking platforms	9-11: Legal provisions
Support	QUALIFIED	QUALIFIED	YES	YES
Do not support				

Please provide brief reasoning for your responses, if you wish

(4) Gas Forum members support the use of auctions for capacity allocation but do not support the offering of Annual capacity products and consider that ENTSG's adoption is based upon popularity rather than sound principles. There should be a specific workshop held in Q2 2012 to discuss the auction approach and dispel some of the fear that many seem to have of quarterly products – this fear is misplaced and will lead to a suboptimal approach to capacity allocation.

Furthermore, the current proposal of Annual products and 10% reserved for short term capacity will mean that in many instances, the capacity is fully allocated in the annual auction and the subsequent quarterly auction - there would not be any capacity available for the monthly or daily auctions.

We would therefore strongly recommend QUARTERLY AUCTIONS for 15 years out and then MONTHLY AUCTIONS for the year (with 10% reserved here). However, ENTSG also need to ensure that prices are not overly inflated due to the lack of an integrated incremental capacity release approach. This is something that the Commission need to address and include as a matter of urgency.

IF annual products are retained, then the capacity holders are likely to fall foul of the Long Term UIOLI approach under CMP.

¹ Please consider article 4 except the day-ahead suggestion which is tackled already above.

(5) Gas Forum members do not support mandatory bundling of capacity nor the sunset clause making this compulsory on existing capacity by Q1 2018. There are legitimate reasons for “flange” trading and Hub-Hub should be optional (although we’d also expect this to become the market norm in most instances).

(7) Tariff design needs to come under the Tariff NC and we reserve our position on Revenue equivalence until discussion in that workstream.

