

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.

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Countries in which your organisation operates: Nearly all EU countries.

How would you describe your organisation?

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

Question 1: Do you consider that the network code development process carried out by ENTSOG 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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<p>Comments: E.ON supports the efforts of ENTSOG on the first Network Code and believes the level of stakeholder involvement was very high. We hope that ENTSOG will continue this high level of information and participation throughout the other NC processes.</p> <p>We request ENTSOG to formalise or at a minimum increase transparency and record keeping of the decision making process. Although we recognise that 20 parties will have 21 opinions, we think it would create clarity during and after the process when records are kept of the diverse opinions of the participating stakeholders (anonymous if possible and recorded in a factual manner). In addition, ENTSOG should then mention which decision they have reached and why they have accepted or not accepted certain opinions. This is especially important when ENTSOG follows a minority opinion.</p> <p>Although we believe ENTSOG is very transparent and open, it can improve consistency in recording views and decisions with the relevant explanations. We would like to ask you to provide such a transparent model, as it would allow for a better overview of the support of certain views, even for people that have not attended the workshops, or when the memory of the meetings is faded.</p>	

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 ✓
<p>If no, please give brief reasons and state how to consider this issue:</p> <p>We believe this proposal does not leave sufficient time between the allocation of capacity and the closure of the commodity markets to be enabled to utilise the capacity in an optimum manner. We propose a limited auction window of 30 minutes, nearly instant allocation afterwards, from 16.30-17.00. The time for sending in initial nominations should remain unchanged.</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	✓	✓	See comments	
Do not support				✓

Section	6: Interruptible capacity	7: Tariffs	8: Booking platforms	9-11: Legal provisions
Support			✓	See comments
Do not support	✓	See comments		

Please provide brief reasoning for your responses, if you wish

Point 4.: The use of annual products is not supported by E.ON. The set-up of the auction process and the quarterly products allow for a fully comprehensive and flexible process to obtain the necessary quarterly or even multi-year contracts that are required by the market. It allows for adjustments to the different EU timelines for calendar, gas and storage years. In addition, E.ON advocated for the introduction of both a rolling monthly auction, as well as an annual monthly auction whereby one or more months over an 18 month period can be booked. Although both

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

these elements were taken on board at the start of the process, changes were made further along the process, which came as an unpleasant surprise.

Point 4.: We believe the described process of larger and then smaller price steps (backwardation) makes the process unnecessarily complicated. We support a move to the original plan of equal price steps.

Point 4.: As indicated in the process, we support the use of single round bidding auctions. We acknowledge that this decision was taken based on a majority view and can accept the outcome. However, under the NC multi-round option, it should be ensured by TSOs that it is possible to participate in an auction by sending a single bidding sheet for the entire process, thereby decreasing the administrative burden on market parties (and TSOs).

Point 4.: Again, as mentioned during the process, E.ON strongly supports the inclusion of incremental capacity in the auction process. The long term auction process is far from efficient without this inclusion.

Point 5.: E.ON supports the introduction of the product of bundling cross-border capacity. However, it does not support an obligatory bundling. Although the majority of users share this opinion, this position has not been taken into account accordingly.

In addition, the proposed default rule should not be implemented as currently proposed, as it can/will result in the situation that a market party who originally only has capacity of one TSO, could end up having to pay for unbundled capacity of the neighbouring TSO. This is, for several reasons, an undesired result and we do not understand the reasoning behind this proposal.

Point 6.: The TSO should be obliged to establish a single type of interruptible contract throughout the EU. The product should reflect the nature of interruptible capacity, being less valuable and desirable than firm capacity.

Point 7: Although we trust the tariff discussion will be taken up by the Tariff FG and NC process, we would like to point out that the following principles are of vital importance to capacity allocation:

- Tariffs should enable the discovery of market value
- They should ensure efficient cost recovery for TSOs
- They should ensure avoidance of cross-subsidisation between different Network users

Point 9-11.: At the moment we do not have any specific comments to the legal provisions. However, due to the short time in which this consultation response had to be drafted, we have not had the chance to check these elements fully. Therefore we cannot comment on our support or lack thereof at this time.