

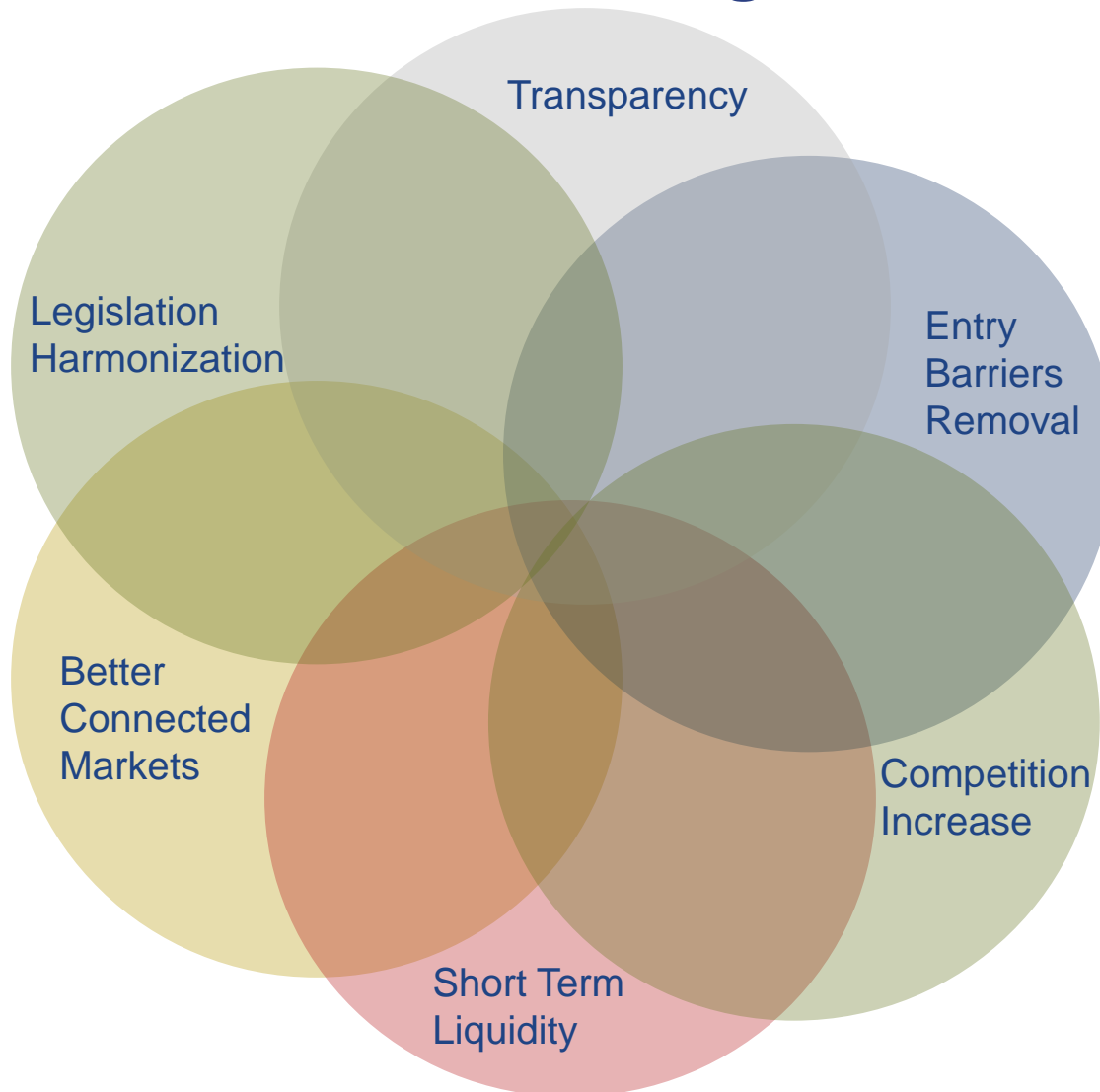
# **CAM Network Code CMP Guidelines**

## **Stakeholders Engagement Workshop**

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**Adviser, Market, ENTSOG**



# Network Codes are looking to achieve





# **Capacity Allocation Mechanism Network Code (EU) 2017/459**



# Capacity Allocation Mechanisms NC

## Objective

Harmonized auction procedures and bundled products enhance transparent and equal access

Standard set of Bundled capacity products

Auctions via booking platform

Short term reservations

Virtual Interconnection Points

## IEM Contribution

Simplify allocation procedures

Establish one-stop shop for booking

Ensures availability of short term capacity

Facilitate hub-to-hub booking

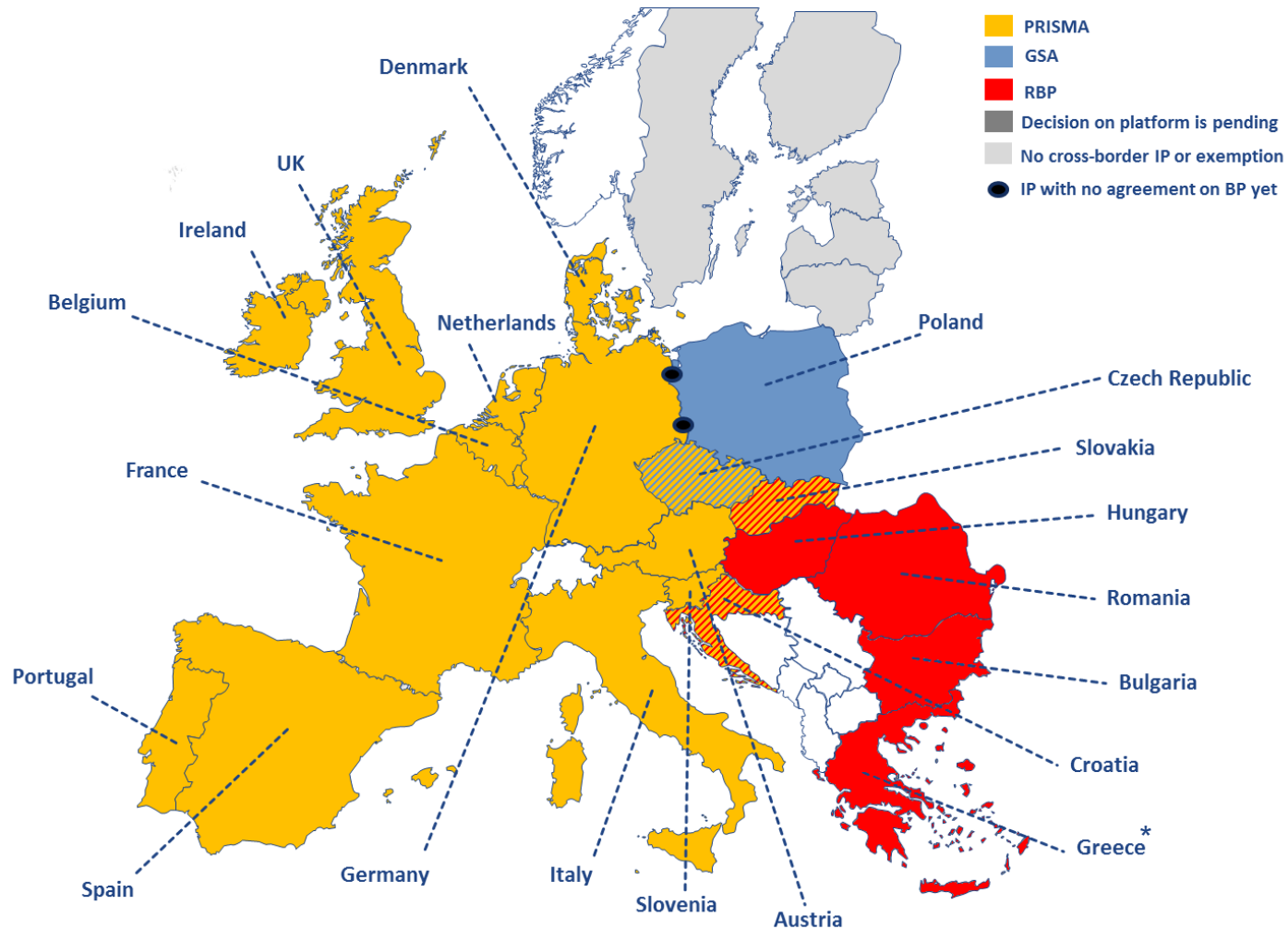


# Key concepts in the CAM NC

- *Auctions as the mechanism for capacity allocation*
- *Standardised product set*
- *Short term capacity reservation of at least 10%*
- *Bundled cross border contracts*
- *Merging of IPs connecting the same TSO systems into a “Virtual Interconnection Point”*
- *Capacity offered via joint booking platform(s)*



# Booking platforms in EU





# Changes introduced in CAM NC amendment entry into force in March 2017

## Changes in comparison to Regulation (EC) 984/2013:

- Article 11 – In the auction process for annual yearly capacity auctions shall cover the **period for at least the upcoming 5 gas years**
- Article 11 – Default auction date for **yearly capacity products in July from year 2018**
- Article 12 – Default auction date for **quarterly capacity products in August from year 2017 + additional three quarterly auctions in November, February and May**
- Article 20 – Alignment of main terms and conditions
- Article 21 – Bundling of existing transport contracts – capacity conversion service to be offered from January 2018 by all TSOs





# Changes introduced in CAM NC amendment



## Changes in comparison to Regulation (EC) 984/2013:

- Article 22 to 31 – Incremental capacity process
- Article 32 – From 1 January 2018 **yearly, quarterly and monthly interruptible capacity products** may be offered **only if corresponding firm capacity product was sold** at an auction premium, was sold out, or was not offered
- Article 37 – **Booking platforms** – Obligations for adjacent TSOs, NRAs and ACER to agree on a booking platform to be used for offer bundled capacity products + fall-back provisions if no agreement by TSOs
- old Article 26 – Tariffs – has been deleted from CAM NC

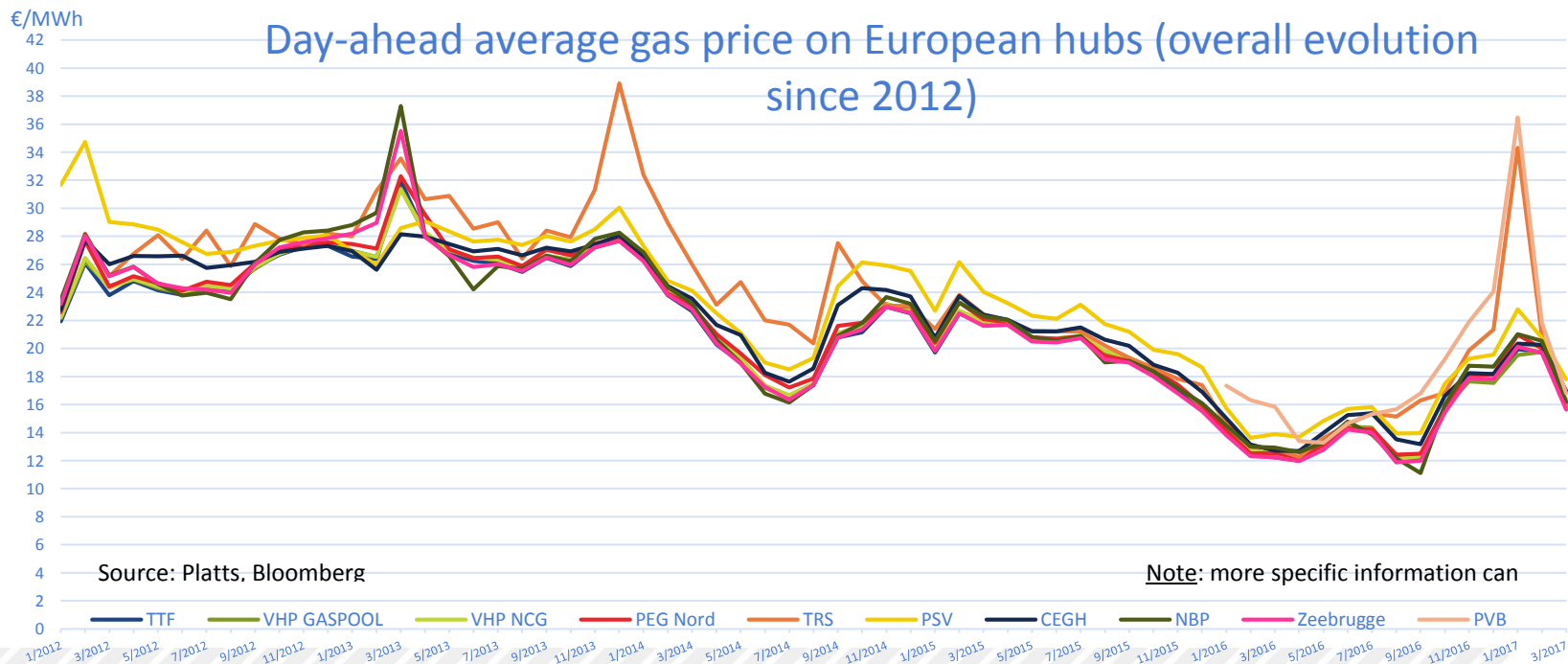




# Impact on the Internal Market

## Measurable impact

- Improved transparency
- Decreased congestion (cont. /physical)
- Capacity booking platforms and auctions
- Standard products
- Hub price convergence
- Increased market liquidity
- European TYNDP / Outlooks
- Joint view on needed infrastructure projects





# Implementation Monitoring results 2016

## *41 TSOs monitored*

- *32 implemented all mandatory provisions of CAM NC*
- *9 partially implemented the NC*

5 TSOs granted derogation under article 49 of Gas Directive

4 TSOs has implemented CAM NC partially



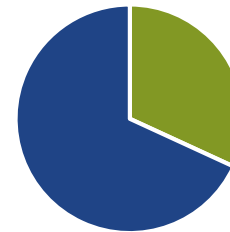
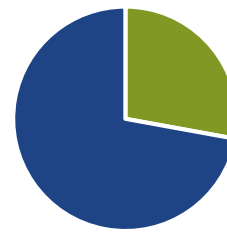
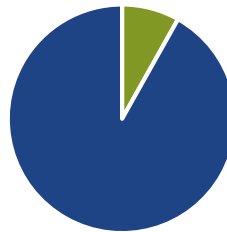
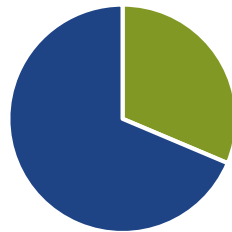
# CAM Effect Monitoring Report

## *CAM.1: Share of bundled capacity to sold capacity*

### Results

MWh/h/y	Yearly	Quarterly	Monthly	Daily
Bundled Cap.	25.369,2	1.054,1	6.408,7	9.056
Firm Cap.	80.892,4	12.937,9	22.999,9	28.425,6
Ratio	31,36%	8,15%	27,86%	31,86%

 bundled  
 unbundled





# CAM Effect Monitoring Report

## *CAM 1: Share of bundled capacity to sold capacity*

### ***Improvements being considered for 2017 report:***

- Improved granularity (e.g. for MS or TSO or IP or Balancing zone)
- New indicator CAM 1.1 where CAM relevant on one side only
- Can we recalculate the CAM 1.1 for the previous year?
- Look at IPs to see the level of bundled CAP offered
- How to quantify the “reason for unbundled”?
- Quarterly volumes – explanation why they are so low?
- Use the same granularity as Balancing indicators



# CAM Effect Monitoring Report

*CAM.2: Share of secondary market-traded bundled capacity to secondary market traded unbundled capacity*

## Results

MWh/h/y	Secondary Market
Bundled Cap.	511,4
Firm Cap.	135.329,1
Ratio	0,38%

*Improvements being considered for 2017 report:*

- Volumes per TSO/Member state



# CAM Effect Monitoring Report



## *CAM.3: Increase of market participants in a system*

### Results

Participants	All	Active
Sep 2015	1.892	494
Sep 2016	2.233	714

### *Improvements being considered for 2017 report:*

- Consider numbers per TSOs / MS / Market area
- Potential new indicator – number of VIPs created / in use per market area / per boundary



# **Congestion Management Procedures Guidelines Annex I, (EC) 715/2009**





# Capacity Allocation Mechanisms NC

## Objective

Enhance markets access and thereby competitiveness by effectively targeting contractual congestion

**Oversubscription and Buy-Back**  
or  
**Day ahead UIOLI:**  
renomination restriction

**Surrender of Capacity**

**Long Term UIOLI:**  
withdrawal of  
systematically  
underutilized capacity

## IEM Contribution

To relief contractual congestion

To enable shippers to re-offer unused capacity

To avoid capacity hoarding



# Impact on the Internal Market

According ACER Congestion Report 2016

- **Congestion** was **present at 9%** of monitored IPs
  - **Decrease from 17%** a year before;
  - The report identified congestion at 6% of the same IPs
- More than half of the contractual congestion occurred at cross-border and in country IPs in Germany
- Around 10 IP sides were congested in the South and South-East Europe



# CMP Suggested Improvements



- Revise the CMP Guidelines to enhance the effectiveness of the measures.
- Offer more flexibility with regards to the application of the FDA UIOLI.
- Review the fourth criterion of the CMP Guidelines with regard to the Firm day-ahead use-it-or-lose-it mechanism (where no firm capacity product with a duration of one month or more has been offered) to align it with the other congestion criteria.
- Define contractual congestion for the day-ahead timeframes between hubs.
- Establish a deadline by which the Agency shall produce congestion reports in the future.



# Implementation Monitoring results 2016

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# CMP Effect Monitoring Report

***CMP.1: Additional capacity volumes made available through each CMP***

**Result**

MWh/h/y	Offered	Allocated
OS & BB	16.395,68	-
FDA UIOLI	679.346,10	2.344,21
Surrender	100.541,20	93.040,82
LT UIOLI	-	-

***Improvements being considered for 2017 report:***

- How to consider volumes offered at non-congested IPs (to provide a fuller picture)?
- How to better indicate whether a “few” trades overly influence the results?
- To provide information on an IP basis
- An overview of what is offered at each IP

# CMP Effect Monitoring Report



***CMP.2: Part of the capacity reallocated through CMP among total capacity reallocated***

## Result

	Additional Capacity	
MWh/h/y	Offered	Allocated
CMP Mechanisms	260.698,47	94.048,06
Secondary Market	105.117,59	104.967,59

***Improvements being considered for 2017 report:***

- How many trades per measure
- Include units on the graphs
- How do the 2ndary market numbers for CMP2 and CAM2 tie together



# What might be next?



- Network code implementation is key to ensure the Internal Gas Market – and should have highest priority
- Functionality of Network codes to be ensured

**<http://www.gasfuncnc.eu>**

- ENTSG transparency platform - technical and commercial data on transmission points

**<http://transparency.entsog.eu>**





# Thank You for Your Attention

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