

## European Developments



Transmission Workgroup  
4<sup>th</sup> October 2012

# EU CAM Network Code and CMP Guideline – Update



Transmission Workgroup  
4<sup>th</sup> October 2012

## CAM – Resubmission of the Code to ACER

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- A revised second version of the CAM code has been delivered to ACER on the 17<sup>th</sup> September
  - This follows ACER’s reasoned opinion on the original ENTSOG CAM Code and the subsequent seeking of industry views on the proposed ACER changes to the code via a stakeholder ‘engagement’ document in August
  - The revised CAM code is accompanied by an updated Supporting Document detailing the changes made since the original version was delivered
    - Documents @ <http://www.entsog.eu/publications/camnetworkcode.html>
- The revised version is not fully in line with the ACER Opinion provided to ENTSOG on June 5<sup>th</sup>.

## CAM – Resubmission of the Code to ACER

CAM NC submitted to ACER in March 2012

Majority of CAM NC not challenged by ACER



Auction design

Capacity products

Bundling arrangements

ACER opinion focuses on 11 areas

Revised CAM NC addresses most points

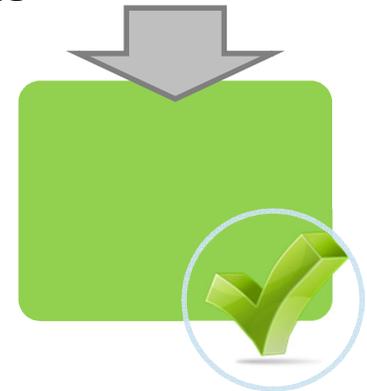
4 areas



## CAM – Resubmission of the Code to ACER

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- **Revisions to the CAM NC fully address 7 of ACER’s points**
- **More details / clarity added to sections:**
  1. Definitions
  3. Standard contracts
  4. TSO co-operation
  7. Amendment of existing contracts
  8. Interruptible capacity
- **Sections removed:**
  10. Incentive regime
  11. Interim period
- **Two of the remaining 4 points are partially addressed:**
  2. New capacity: bundling and standard products now apply
  6. Sale of unbundled firm capacity: restricted to five years ahead in line with investment lead times.



## CAM – High Level - Remaining Differences

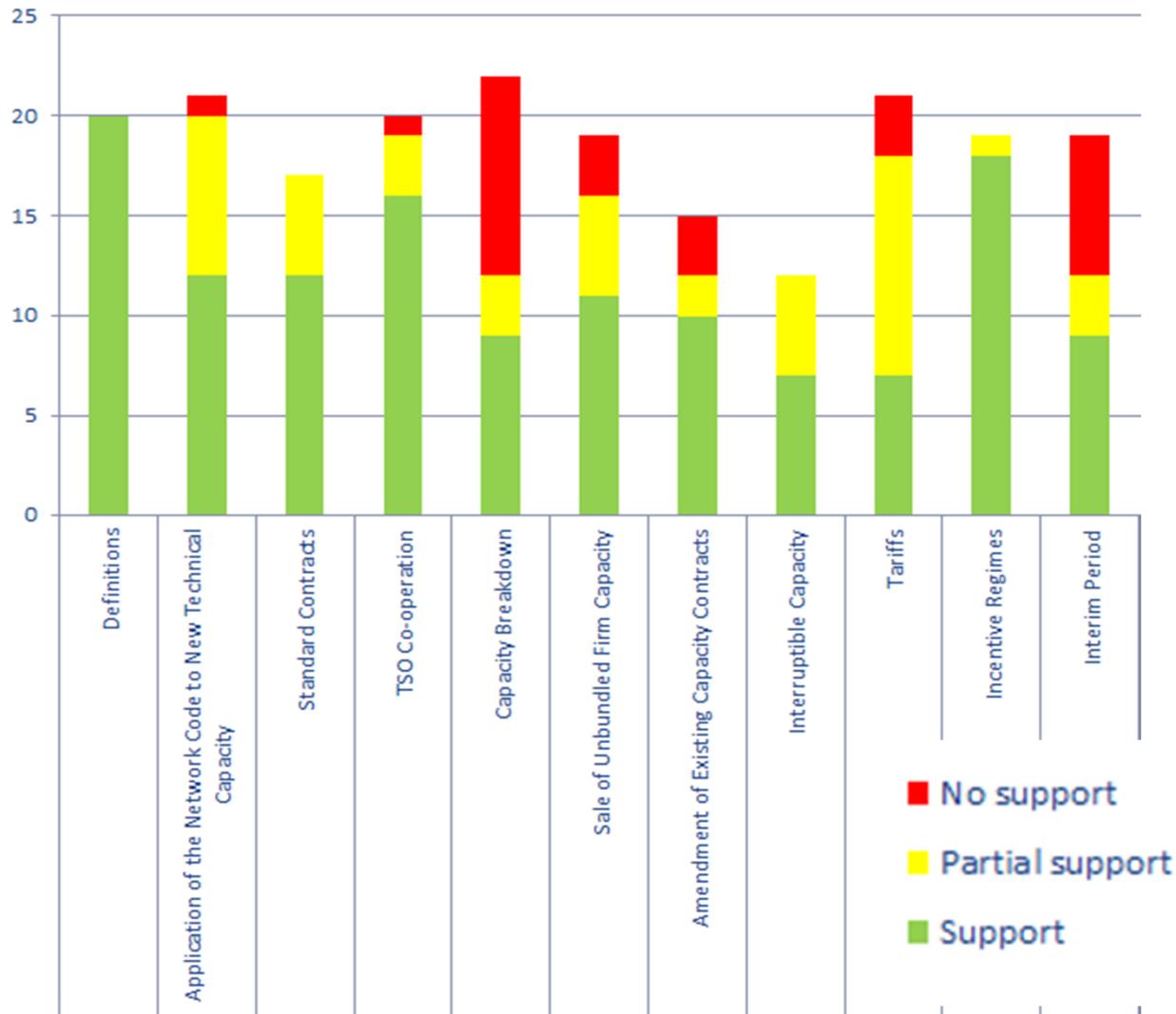
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Issue	ENTSOG position
<b>Application of quotas for <u>new</u> capacity</b>	<ul style="list-style-type: none"> <li>- Not necessary as supply of new capacity is theoretically unlimited</li> <li>- Measure is likely to result in ‘gold plating’ of network...</li> </ul>
<b>Higher quotas for <u>existing</u> capacity</b>	<ul style="list-style-type: none"> <li>- Minimum reservation &gt;10% is inappropriate: creates artificial scarcity and damages operation of auctions</li> <li>- Higher quotas already possible if required on a local IP level</li> </ul>
<b>Mismatched unbundled capacity only offered in the very short term</b>	<ul style="list-style-type: none"> <li>- Correction of mismatches is no easier in the short term than the longer term</li> <li>- Change would conflict with TSOs’ obligation under Reg 715 to maximise capacity offer</li> </ul>
<b>Deletion of tariff provisions from the CAM NC</b>	<ul style="list-style-type: none"> <li>- Some <u>temporary</u> provisions are necessary to enable effective implementation of CAM NC until future TAR NC comes into force</li> </ul>

## Remaining Differences - Detail

Issue	ENTSOG's Position
<b>Application of quotas for <u>new</u> capacity</b>	ACER requested that the rules on reservations applying to existing capacity should also apply to new capacity – implies that at least 20% of any newly built capacity should be reserved for a release after the incremental process, during the regular auctions. Alternatively this would imply that TSOs would need to build an additional 20% of capacity without any evidence of associated demand.
<b>Higher quotas for <u>existing</u> capacity</b>	ACER requested the reservation of at least 10% of technical capacity for release in the medium term (4-5years), in addition to the minimum 10% already reserved for short term (Year ahead).
<b>Mismatched unbundled capacity only offered in the very short term</b>	Acer requested that unbundled capacity arising from a difference in technical capacity at two sides of an interconnection point should only be offered no more than one month ahead.
<b>Deletion of tariff provisions from CAM NC</b>	ACER requested that the “revenue equivalence principle”, which specifies that the average revenue from a flat yearly product should be equal that from a profiled booking of shorter duration products, should be removed from the CAM NC. Forthcoming Tariff Code should include such aspects.

# Market Support for ENTSOG Positions



**Support for ENTSOG positions on most points**

**Network user views on capacity breakdown vary according to the nature of their business**

# Technical Revisions to Code

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## 1. Day-ahead auction timings

- 30 minute bidding and processing windows
- Allows allocation by 17.30h CET
- Earlier DA allocation answers network user request

## 2. Within-day auction timings

- 30 minute bidding and processing windows
- Auctions open 4 hours before gas flow
- Ensures compatibility with 2 hour renomination lead time in BAL NC

## 3. Interruption lead time

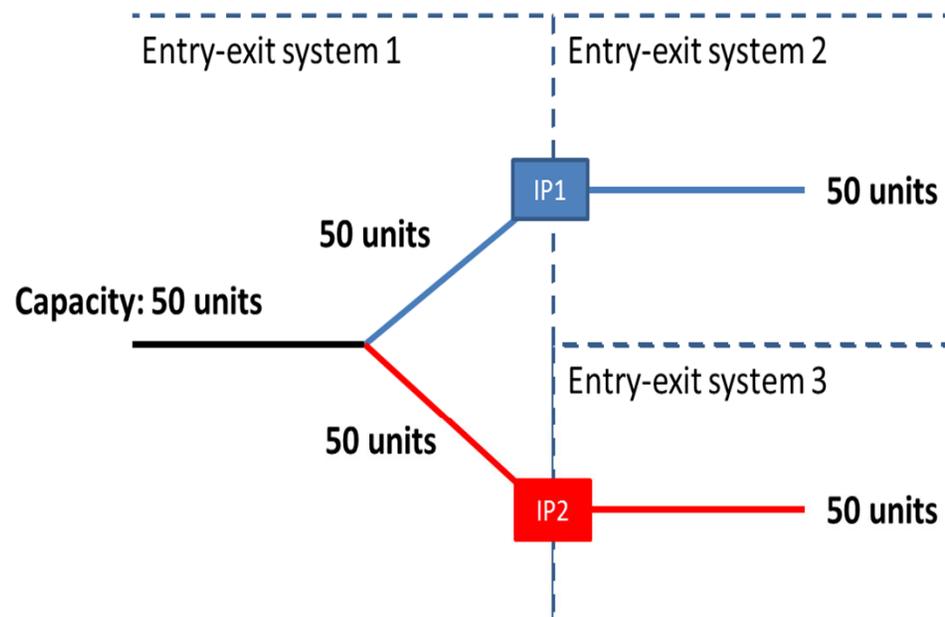
- Default minimum ILT = 75 minutes
- Reduces probability of interruption compared with 2h ILT
- BAL NC includes 30 minute trade notification lead time to address balancing concerns

Improve compatibility with Balancing NC and CMPs while addressing stakeholder comments

## Technical Revisions to Code

### 4. Competing capacities

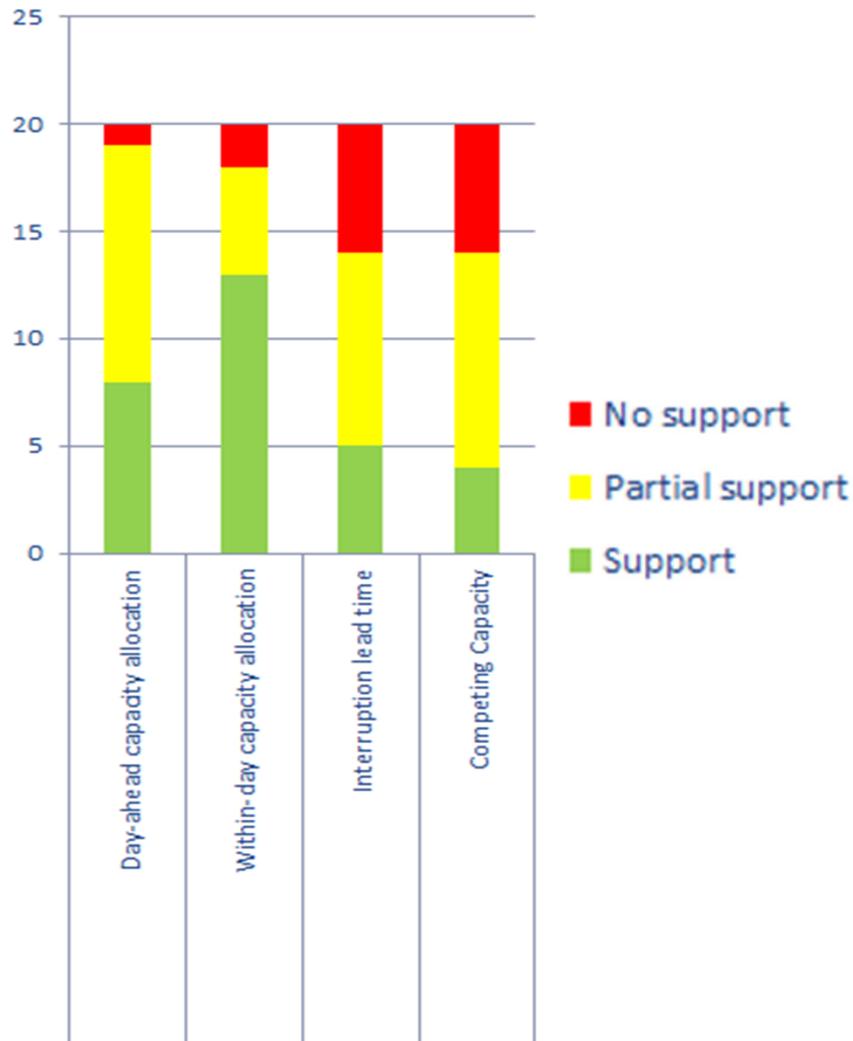
- Exemption from independent auctions allowed for competing capacities
- TSO agreement and NRA approval required



A total of 50 units of cross-border capacity can be offered, either at IP 1 (bundled product A) or at IP 2 (bundled product B), or a mixture of the two.

Avoid that CAM NC rules out viable options for capacity allocation on competing routes

# Market Support for ENTSOG Changes



Changes to DA and WD capacity timings supported, though some users would have liked ENTSOG to go further

Some concerns regarding changes on ILT and competing capacity – now mitigated by further changes to the CAM NC and BAL NC

## CAM – Progress

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- An ACER workshop with industry participants was held on the 19<sup>th</sup> September to discuss the revised CAM NC
  - ACER responded to ENTSOG Code amendments and put forward their views on the four remaining differences
  - Users in ‘general’ were supportive of the ENTSOG position on the issues
  - ACER took note of the comments raised and asked for any further written comments by the 24<sup>th</sup> September. ACER stated these comments would be taken into consideration when formulating their opinion.
  - Material @ <http://www.acer.europa.eu/Media/Events/ACER%20consultation%20workshop%20on%20Gas%20Network%20Code%20amendments/default.aspx?InstanceID=1>

## CAM – Progress and Next Steps

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- The Commission requested that ENTSOG and ACER should work together to agree a resolution on the four differences prior to the Comitology process starting in January 2013
  
- ACER plans to issue a qualified (conditional) opinion prior to / for the Madrid Forum 2<sup>nd</sup> – 3<sup>rd</sup> October
  
- The Commission expect the Comitology timeline follows that of CMP
  - The first Comitology meeting to take place in January 2013 and expect a second meeting to take place in April 2013, with adoption 4-5 months later
  
- Possible start date [March 2015 / 2016]?

## CAM – Progress and Next Steps

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- Further recent developments:
- **A new draft text has been developed by the Commission wrt the Sunset Clause**
- **Capacity Calculation section has been removed from the Interoperability FWG and moved into CAM and will be dealt with via the Comitology process**
- **Commission holding a Stakeholder Pre-Comitology meeting 8<sup>th</sup> Oct in Brussels**
- Further information please contact [matthew.hatch@nationalgrid.com](mailto:matthew.hatch@nationalgrid.com)

# Constraint Management Principles **nationalgrid** (CMP) Update

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- As per September Workgroup update:
- CMP approved by Member States at the Comitology meeting on 20<sup>th</sup> April 2012
  - Now Issued in the Official European Union Journal dated 24<sup>th</sup> Aug 12
- GB has to be compliant by 1<sup>st</sup> October 2013 (July 2016 for Firm Day Ahead UIOLI)
  - Compliance / Impact Assessment continues to be discussed with Ofgem
    - In principle National Grid CMP arrangements already broadly compliant
      - But continue to focus and work with Ofgem in order to recognise areas where further clarification is required
- Ofgem is also discussing compliance with other GB Interconnector Operators.
- Further information please contact [matthew.hatch@nationalgrid.com](mailto:matthew.hatch@nationalgrid.com)

## EU Gas Balancing Code – Update



Transmission Workgroup  
4<sup>th</sup> October 2012

## Gas Balancing

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- Stakeholder support process closed 28 Sept – early indications are that the majority of stakeholders support the revised code
- Another iteration of the code is being drafted to address some of the comments received and will be submitted for ENTSOG Board approval in October
- ENTSOG will submit the final Draft Code and AoD document to ACER on 5 November 2012
- ACER are expected to provide their final formal opinion on the code by the 4<sup>th</sup> February 2013

# EU Interoperability & Data Exchange Network Code



Transmission Workgroup Update  
4<sup>th</sup> October 2012

## Current Position

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- ACER's Framework Guideline has been accepted by the EC
- EC has invited ENTSOG to draft the Network Code and an accompanying Impact Assessment by 11<sup>th</sup> September 2013 covering:
  - Interconnection Agreements
  - Units
  - Gas Quality
  - Odourisation
  - Data Exchange
- ENTSOG hosted a launch event in Brussels on 26<sup>th</sup> September

## Capacity Calculation

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- The EC's preference is for Capacity Calculation to be removed from the scope of Interoperability and included within the CAM Code
- It is considering making a text proposal at the comitology stage for CAM
- EC has provided draft text for ENTSOG to review

## Next Steps

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- ENTSOG's 'Launch Documentation' for the Interoperability Code is scheduled for publication on 10<sup>th</sup> October
- ENTSOG will start to develop draft business rules
- Stakeholder Joint Working Sessions (SJWS) start in November

## EU Updates Timetable

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- Timetable aims to highlight the key items (consultations, workshops, decisions, etc.) National Grid NTS expect to cover via this agenda item in the forthcoming months

Topic	TX Workgroup
<ul style="list-style-type: none"><li>• Balancing</li></ul>	November 2012
<ul style="list-style-type: none"><li>• ENTSOG Winter Outlook report</li></ul>	December 2012