



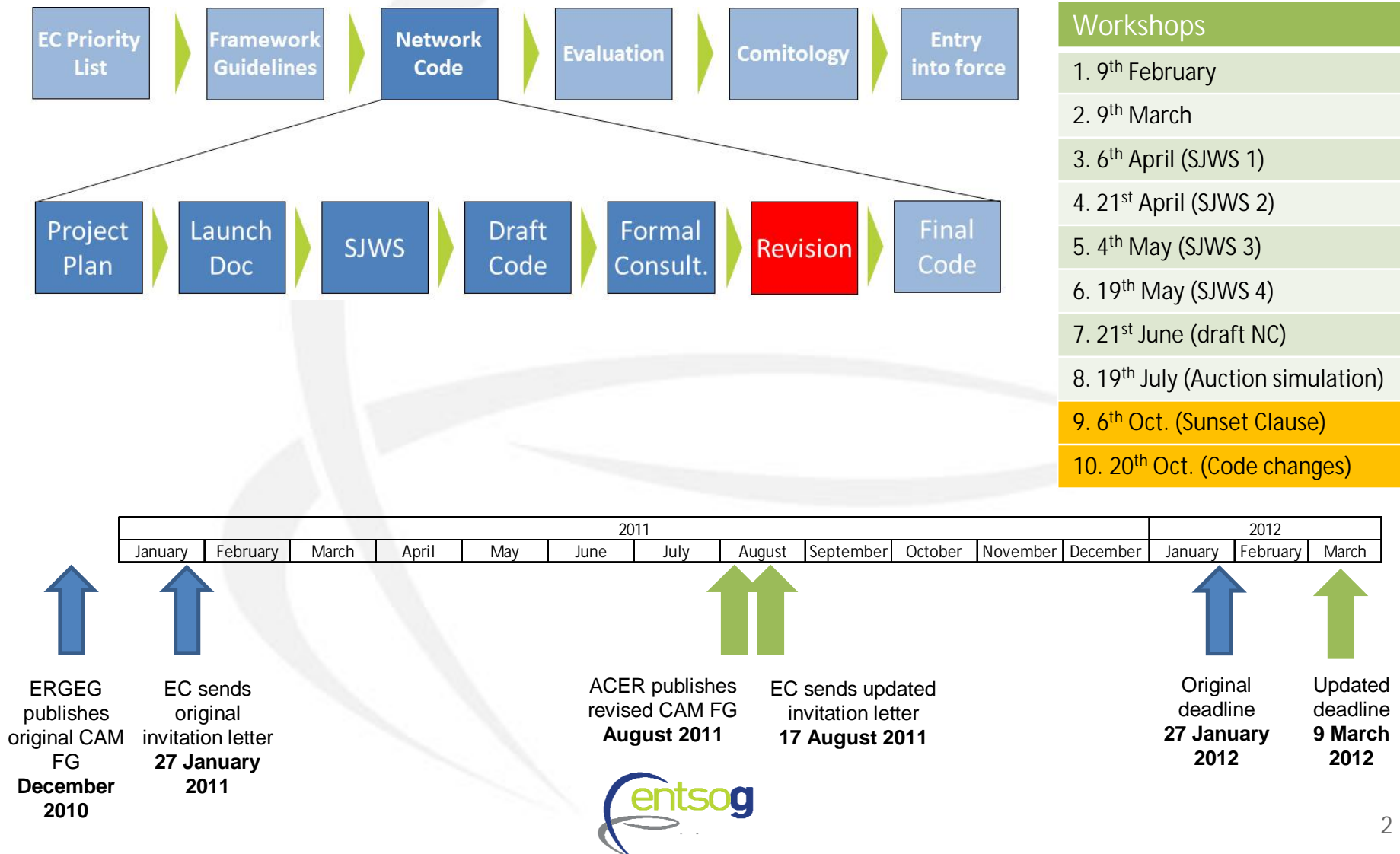
# ENTSO-G Capacity

## Development of the CAM Network Code

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# 1. CAM Network Code Development



## 2. CAM NC Consultation and ENTSOG actions

Overall responses received	56
European associations	8
National associations	6
Network users	37
End users	5

- Responses published on ENTSOG website
- 1 confidential response not published

## 2. CAM NC Consultation and ENTSOG actions

### Code change process

- Detailed code is needed to ensure harmonisation
  - à Level of detail in draft NC is considered broadly appropriate
- Users invited to comment if handbook could be considered to describe volatile details
- Strong support for handbook concept, if changes are subject to appropriate stakeholder consultation + assessments of evidence
  - Cover 'technical aspects' including details of auction design and IT issues
  - Specification of code/handbook content areas to be formulated

Handbook concept fully supported

## 2. CAM NC Consultation and ENTSOG actions

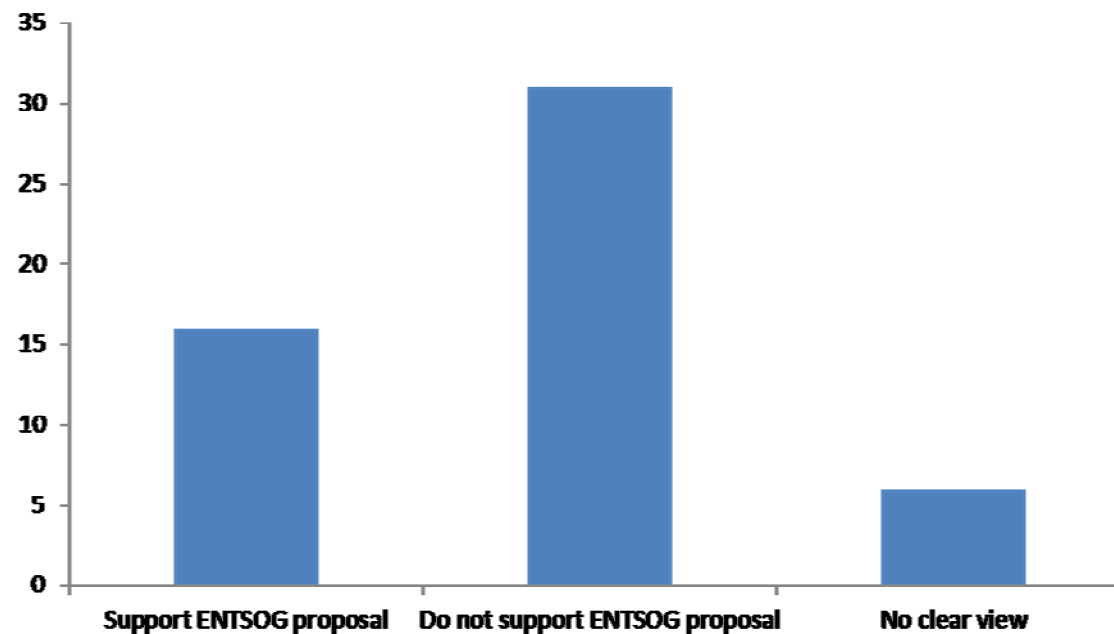
### ENTSOG actions on Code change process

- Elaboration of principles to consider possible allocation of rules between codes and handbooks
- ENTSOG is discussing with EC and ACER how to accommodate a lighter change process
  - Outcome has to be that all rules developed are implemented
- Legal viability being explored by the Commission

## 2. CAM NC Consultation and ENTSOG actions

Responses on LT Capacity Products (building blocks for harmonised auction)

Responses to ENTSOG proposal for quarterly product only

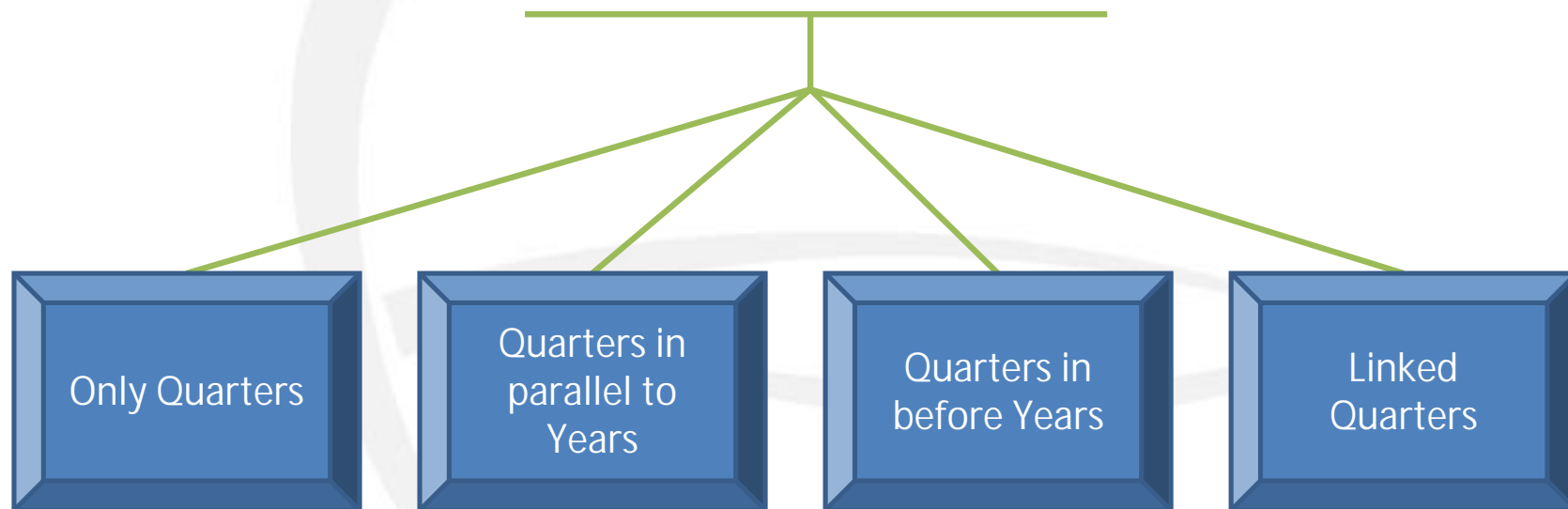


Users signalled that annual product should be considered

## 2. CAM NC Consultation and ENTSOG actions

ENTSOG work on Standard Capacity Products

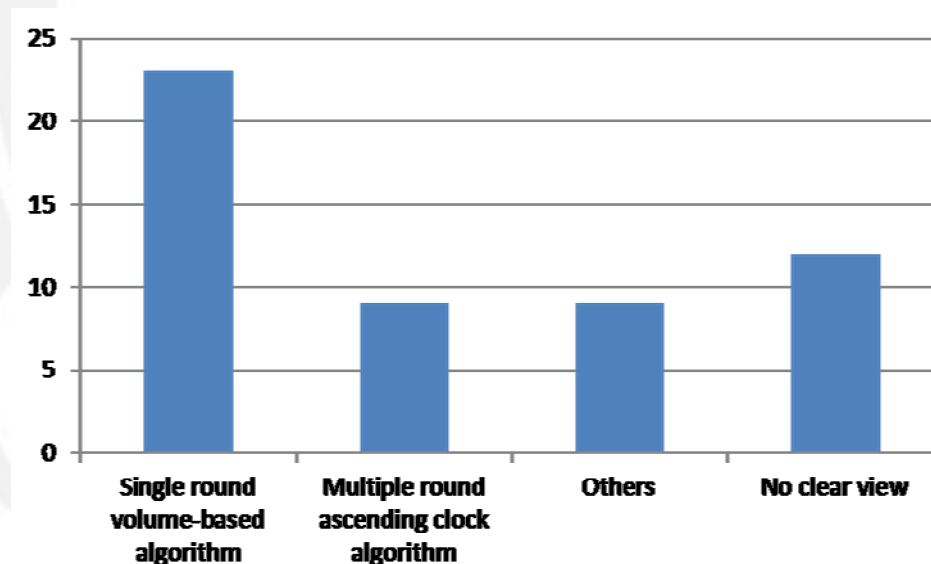
Options suggested by consultation respondents



## 2. CAM NC Consultation and ENTSOG actions

### Auction design

- Almost all agree that auction design for longer durations needs modification (long term, annual monthly, rolling monthly)
- Respondents divided on most appropriate design





## 2. CAM NC Consultation and ENTSOG actions

### ENTSOG actions on Auction design

*Single Round*

Price Steps	Ship
P30	0
...	...
P6	0
P5	0
P4	50
...	...
P3	100
P2	100
P1	100
P0	100

Price Steps	Ship1	Ship2	Ship3	Ship4	Ship5	Total
P30	0	0	200	0	0	200
...	...	...	...	...	...	...
P6	0	0	200	0	0	200
P5	0	0	200	10	0	210
P4	50	0	200	25	0	275
P3	100	0	200	35	0	335
P2	100	0	200	50	250	600
P1	100	100	200	50	500	950
P0	100	100	200	50	500	950

*Multi Round*

Price Steps	Ship
P30	
...	...
P6	
P5	
P4	
P3	
P2	
P1	
P0	

Price Steps	Ship1	Ship2	Ship3	Ship4	Ship5	Total
P30						
...	...	...	...	...	...	...
P6						
P5						
P4						
P3	100	0	200	35	0	335
P2	100	0	200	50	250	600
P1	100	100	200	50	500	950
P0	100	100	200	50	500	950

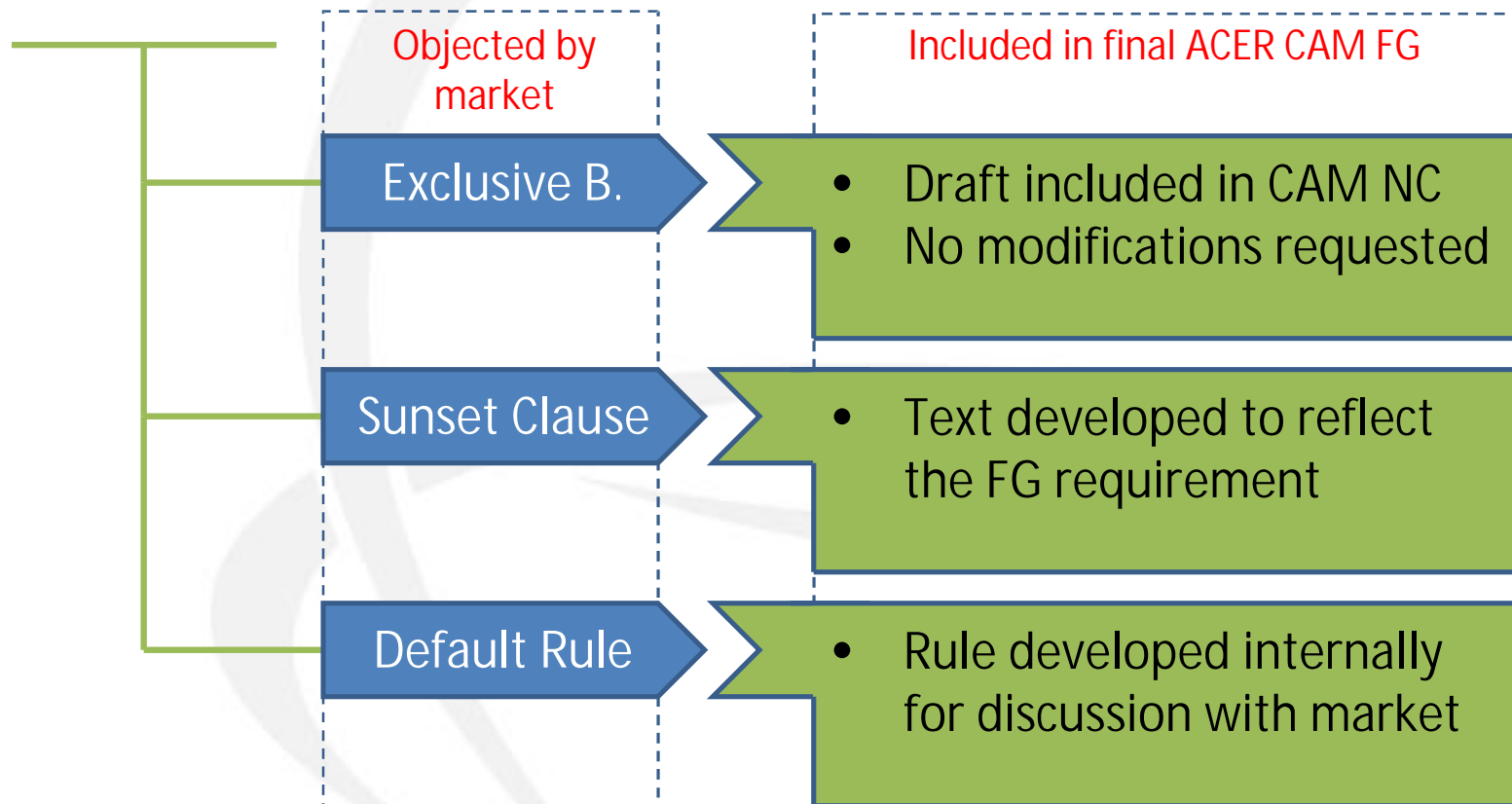
## 2. CAM NC Consultation and ENTSOG actions

Bundling (only hub-to-hub capacity – no flange trading allowed)

- If ACER requires mandatory bundling then the ENTSOG concept is broadly supported
- Network users and TSOs do not support the restriction on trading points/opportunities and mandatory bundling
- Sunset Clause
  - Most respondents decline to offer a view on how the clause should be implemented as they do not believe such a clause should be in the network code
  - But as clause is in FG, ACER and EC are urging ENTSOG to develop text proposal within short timescale

## 2. CAM NC Consultation and ENTSOG actions

### ENTSOG actions on Bundling



## 2. CAM NC Consultation and ENTSOG actions

### Within-day

- General support for within-day (WD) auction proposal, though minority (around 1/3) would prefer FCFS
- No support for suspending DA/WD auctions if low demand

Stakeholder preference for within-day auctions

### Interruptible capacity

- No clear steer on preferred interruption sequence: proposed 'time stamp' interruption sequence and pro rata equally supported, and other methods also proposed
- No clear preference on how interruptible should be allocated

## 2. CAM NC Consultation and ENTSOG actions

### Tariffs

- Tariffs should be dealt with in parallel to the CAM FG and NC process  
à call upon Commission/ACER to start work soon
- ENTSOG identified right issues, but more discussions needed
- Variety of views on reserve prices, bundled revenue split and over and under recovery. For example on reserve prices:
  - ... some agreement with proposal of “revenue equivalence principle”;
  - ... some agree with the aims, mainly the avoidance of cross-subsidies, but call for a simplified reserve price structure;
  - ... but also some disagreement, i.e. calls for short term marginal pricing , however, without saying how fixed costs be recovered alternatively.

## 2. CAM NC Consultation and ENTSOG actions

### ENTSOG actions on Tariffs

- CAM NC is to be seen as a package – the tariff provisions, particularly on reserve prices, are necessary for working of the mechanism and minimal distortion of market outcomes
- Some improvement in wording needed, including some opening for simplified and fitting approaches

More discussion needed on tariffs

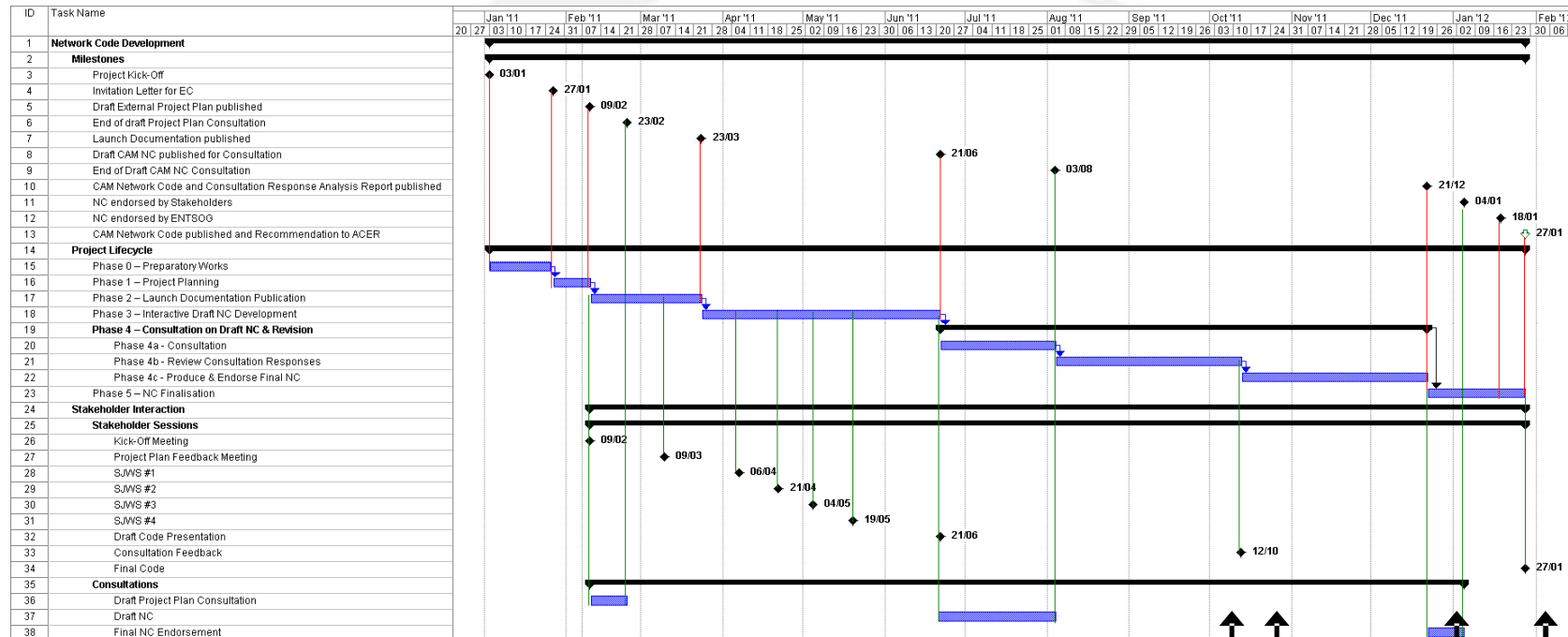
## 2. CAM NC Consultation and ENTSOG actions

### CAM NC Development process

- Great satisfaction with transparency and inclusiveness of process
- Criticism on issues that ENTSOG is not accountable for:
  - Parallel ACER FG consultation and Target Model process were not helpful;
  - Parallel process challenges arising from CAM, CMP and Target Model
- Many valuable suggestions for future code processes
- ENTSOG considers for CAM: e.g. email alerts for docs and events, and other suggestions

CAM NC process considered a good model for future codes

# 3. Next Steps



6<sup>th</sup> Oct 2011: Workshop on Sunset Clause and Default Rule

20<sup>th</sup> Oct 2011: Consultation Outcome & ENTSG recommendations

Late 2011/early 2012: Stakeholder Support

2012: Presentation of final CAM Network Code

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Timings of final code stages under review



## 4. Conclusions

- > The active involvement of ACER better facilitates work on codes
- > Support of ENTSOG's stakeholder engagement process
- > Market gave some steers on standard products and auction design, but strong arguments made for different options
- > Sunset Clause may generate unacceptable risk to contract parties
- > ENTSOG CAM NC development process progresses as planned
- > ENTSOG is confident of delivering the Network Code in early 2012

# Thank You for Your Attention

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