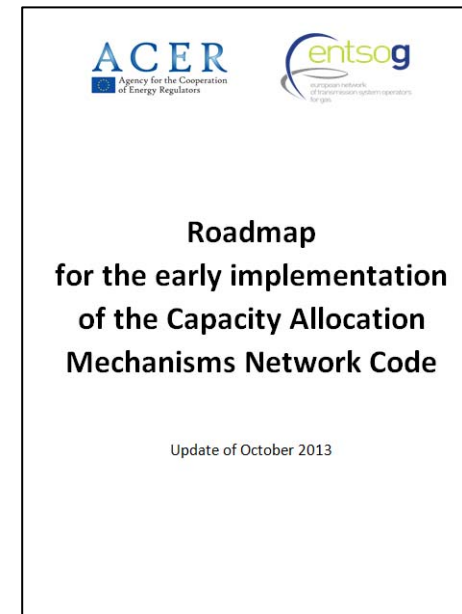




Capacity Allocation Mechanisms (CAM)

Roadmap for early implementation of CAM Network Code via pilot projects

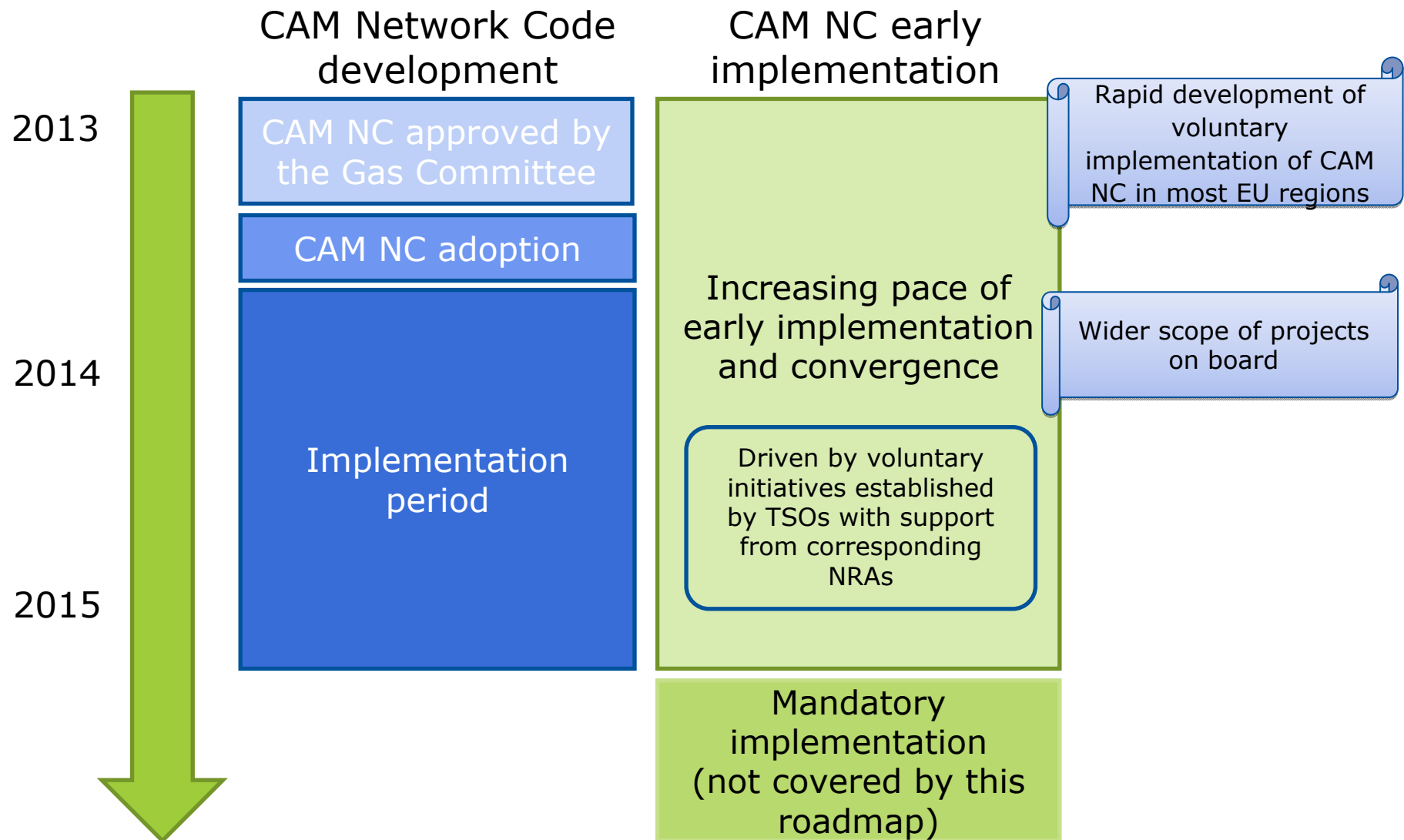
- New version of CAM Roadmap published on 9 October, including:
 - Up-to-date information on all pilot projects for the early implementation of the CAM NC
 - New list showing status of early implementation per IP
 - List of issues being tackled as part of early implementation
- Available on ENTSOG and ACER websites
- This presentation highlights:
 - Recent progress in pilot projects
 - Issues being addressed during early implementation



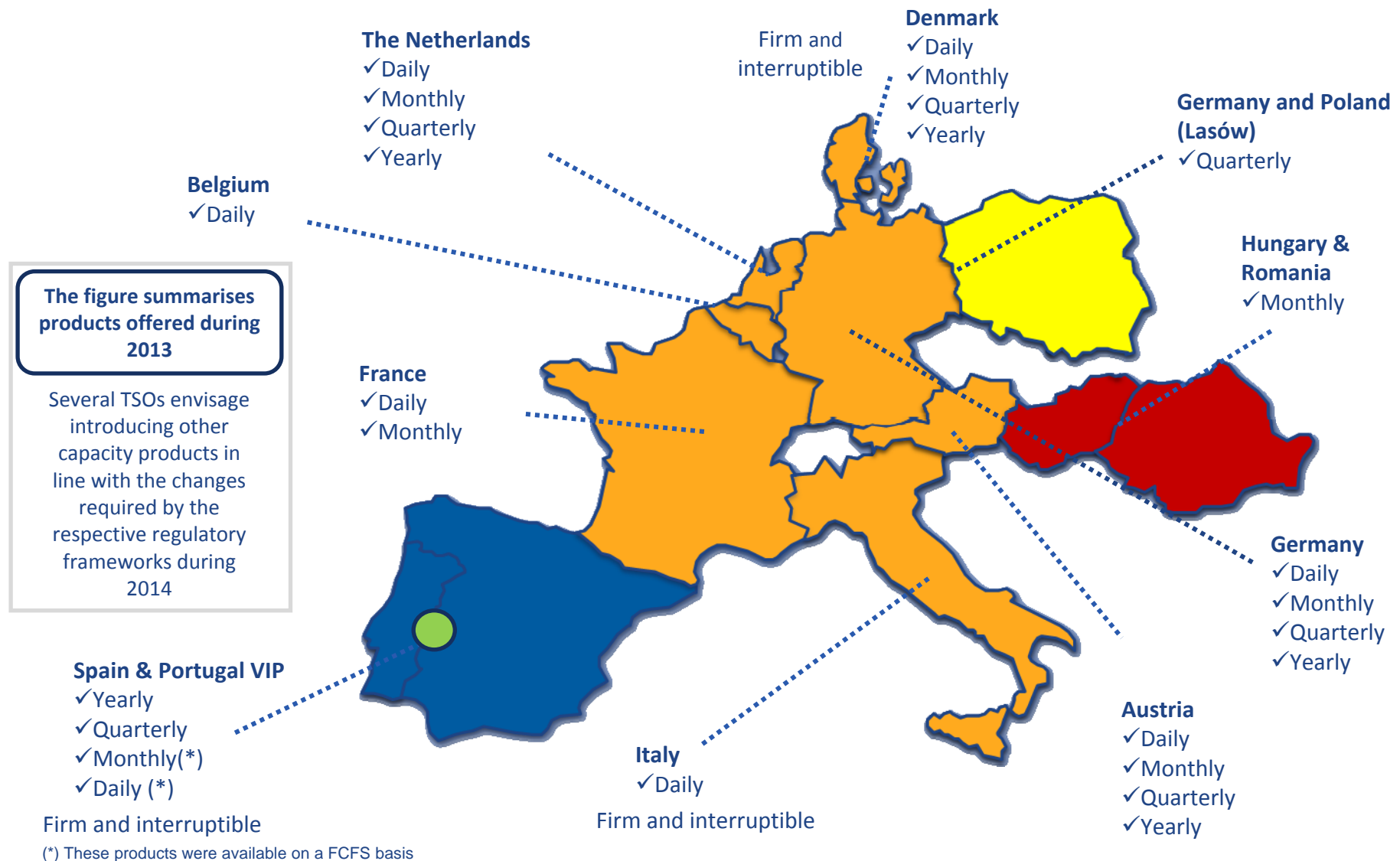


Progress of early implementation of the CAM NC

Pilot projects - progress so far



Projects in the CAM Roadmap





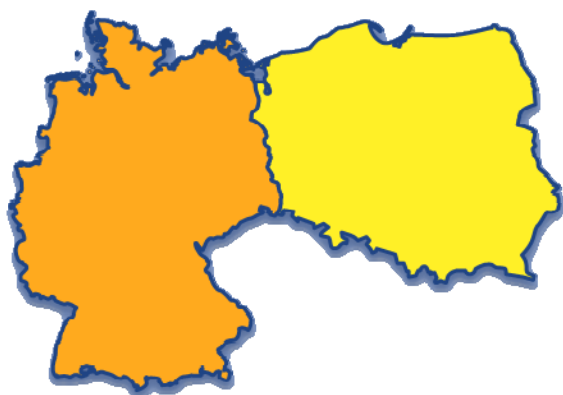
The project

- PRISMA serves for booking primary capacity products on all IPs of adjacent E/E systems in accordance with CAM NC
- Initiative aims to merge existing capacity platforms, using their benefits and collective experience
- Open cooperation that allows all EU TSOs to participate

Recent progress and future milestones

- Platform started operations on 1st April 2013. The initiative connects important EU Gas Hubs.
- Currently 285 shippers and more than 850 users on the platform
- Go-live of the new functionalities for the secondary market as of 1st January 2014

Bundled product at Lasów



The project

- Allocation of bundled capacity according to CAM NC rules.
- Pilot phase during 2013 that allows the allocation of bundled quarterly products.

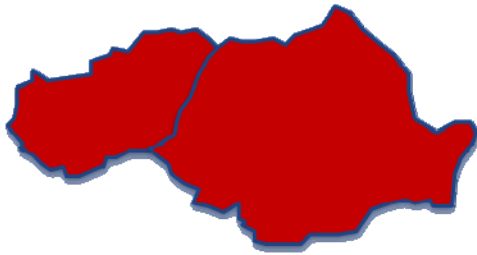
Recent progress and future milestones

- The first auctions took place on the 3rd and 4th of June 2013, when the first three quarters of 2014 were auctioned.
- The platform PRISMA is being used for the pilot project.
- All the other CAM NC products will be implemented during 2014.
- Both TSOs have committed to implement the provisions of the CAM NC prior to the EU schedule.

Bundled product and capacity platform HU-RO

The project

- The Regional Booking Platform is a web-based booking platform for the offer of primary and secondary capacity.
- The platform is designed to be CAM NC compliant and to fit within the European regulatory diversity and with different TSOs' and network users' expectations.
- The aim is to provide a flexible solution for TSOs and network users to book capacities, potentially accessible on any IP and any capacity product across Europe.



Recent progress and future milestones

- The first monthly capacity auctions will take place in November 2013.
- Progressive introduction of further standard capacity products during 2014.
- Secondary capacity will be tested by the 2nd half of 2013 and will go live by 1st quarter of 2014.

South GRI CAM Roadmap

The project

Roadmap establishing the main goals to be reached in the coming years to fully implement the CAM NC in the Region.

Recent progress and future milestones



- Enagas and REN developed a joint allocation procedure to allocate bundled products in a VIP through a coordinated mechanism by 2012 to allocate both firm and interruptible products.

- In 2013, auctions for yearly and quarterly products have taken place.
- The allocation of bundled monthly and daily capacity products is on a FCFS basis (first come first served).
- In 2014 capacity will be offered via a joint platform; auctions will be extended to include monthly products

- Implementation of a VIP by Enagas & TIGF at the ES/FR border. First yearly, quarterly and monthly capacity products to be offered during 2014, using PRISMA platform.
- GRTgaz North-GRTgaz South: progressive auctioning of capacity products according to CAM calendar during 2014 (still under discussion at national level).

Supporting projects

ENTSOG, with the support of ACER where needed, is leading a number of projects designed to support the timely implementation of the CAM NC and ensure transparency towards stakeholders:

IP-by-IP reporting

- List of all IPs where CAM NC expected to apply or may apply – available on ENTSOG and ACER websites
- IP-level reporting on early implementation – included in CAM Roadmap

Pilot auction calendar

- Calendar showing timings for auctions following CAM NC rules
- ENTSOG intends to publish in January 2014, two years before deadline

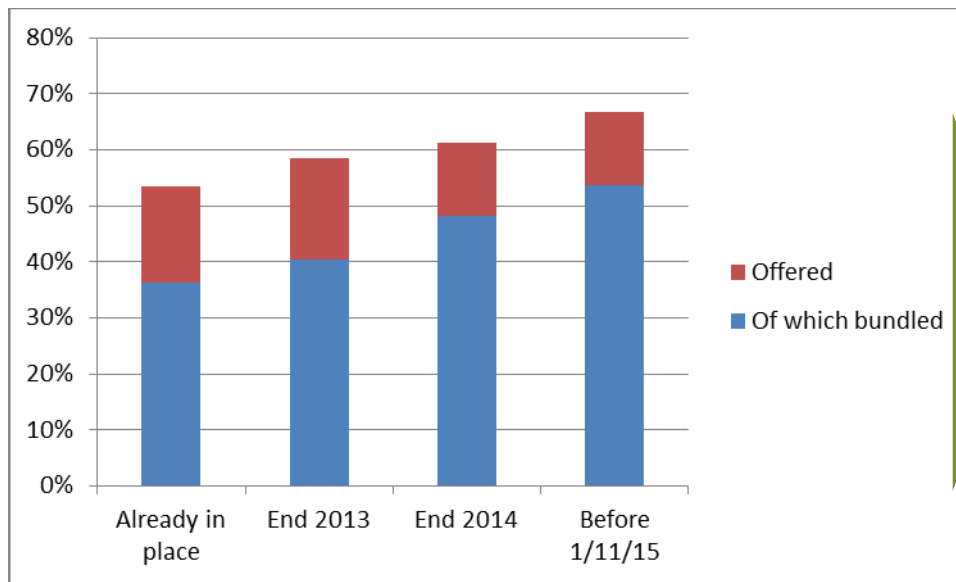
Booking platform report

- Analysis of costs, timings and market needs regarding booking platforms
- Due by autumn 2014

Progress of early implementation

Daily product

Data on yearly, monthly and quarterly capacity offer tell a similar story



Source: IP list in Annex 2 of the CAM Roadmap

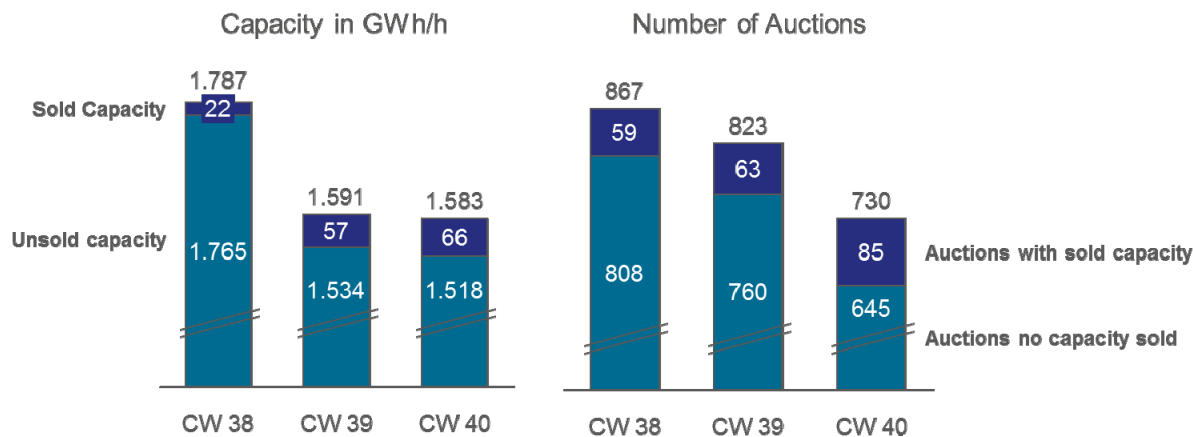
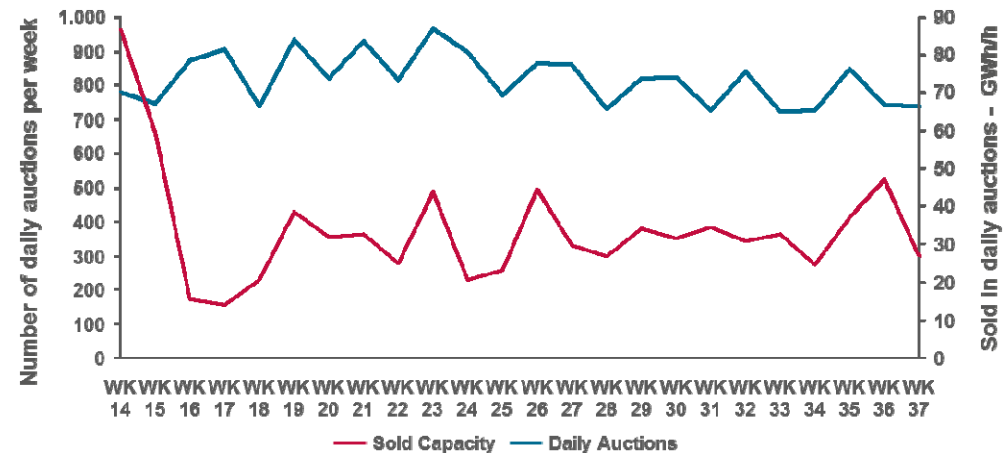
100% = full implementation at IPs where CAM NC applies at both sides

- Within pilot projects identified and reported upon:
 - The range of the standard capacity products offered will increase over time
 - Bundling is nascent but will increase over time
- Other TSOs are working toward the CAM NC implementation deadline of 1 November 2015; additional pilot projects may emerge over time
- ACER/ENTSOG aspire to increase number of IPs reported with the next update of the CAM Roadmap

Insights from early implementation

Allocation of capacity via PRISMA: Example of daily auction

- More than 20,000 auctions have taken place since the platform start
- PRISMA is already able to handle a significant amount of daily auctions in which Shippers can buy daily capacity



- PRISMA provides all the auction data on the platform. This information is available for all interested parties¹
- Other pilot projects have also made data fully available

Note 1 - Information is available for download on PRISMA website:

<https://primary.prisma-capacity.eu/center/about.xhtml?jsessionid=6A57E085D3190D62E0E9400574A6FCA3.node02?conversationContext=1>

<https://primary.prisma-capacity.eu/center/download.xhtml?conversationContext=1>



Issues and open questions faced

Issues and open questions being faced

Issues addressed



Auction features

Interrelation between
CAM and CMP

Other national
features interfering
with CAM

Outstanding issues



Costs of
booking
platforms

Requirements
for trading
and licensing

Need for information
on booking
platforms' activities

Harmonisation
of capacity
contracts

Examples of issues already tackled

Auction features

Definition of the price steps pursuant to art. 17 of CAM NC

Prisma platform allows any whole-number ratio between small/large price steps with no limitation of the number of price steps

At the ES-PT VIP, price steps are defined based on a proportional incremental premium equal to 3% of the tariff in each country with 30 price steps per MS

In the HU-RO pilot, RBP enables TSOs to set any small/large price step ratio before each auction. If TSOs do not set a value, the default is 1:10

Split and destination of auction revenues pursuant to art. 26 of CAM NC

At IPs where Prisma is used the default rule of equal split (50:50) applies unless otherwise justified by the case at stake and approved by the NRAs, if necessary

At the ES-PT VIP the default rule is applied

In the HU-RO pilot, any split ratio can be applied but the default is a proportional split

Examples of issues already tackled

Interrelation between CAM and CMP

Harmonised decisions in some areas are required in order to implement the CMP guidelines consistently with the CAM NC, notably with respect to bundled capacity

ACER Issues paper on CAM and CMP
coordinated implementation

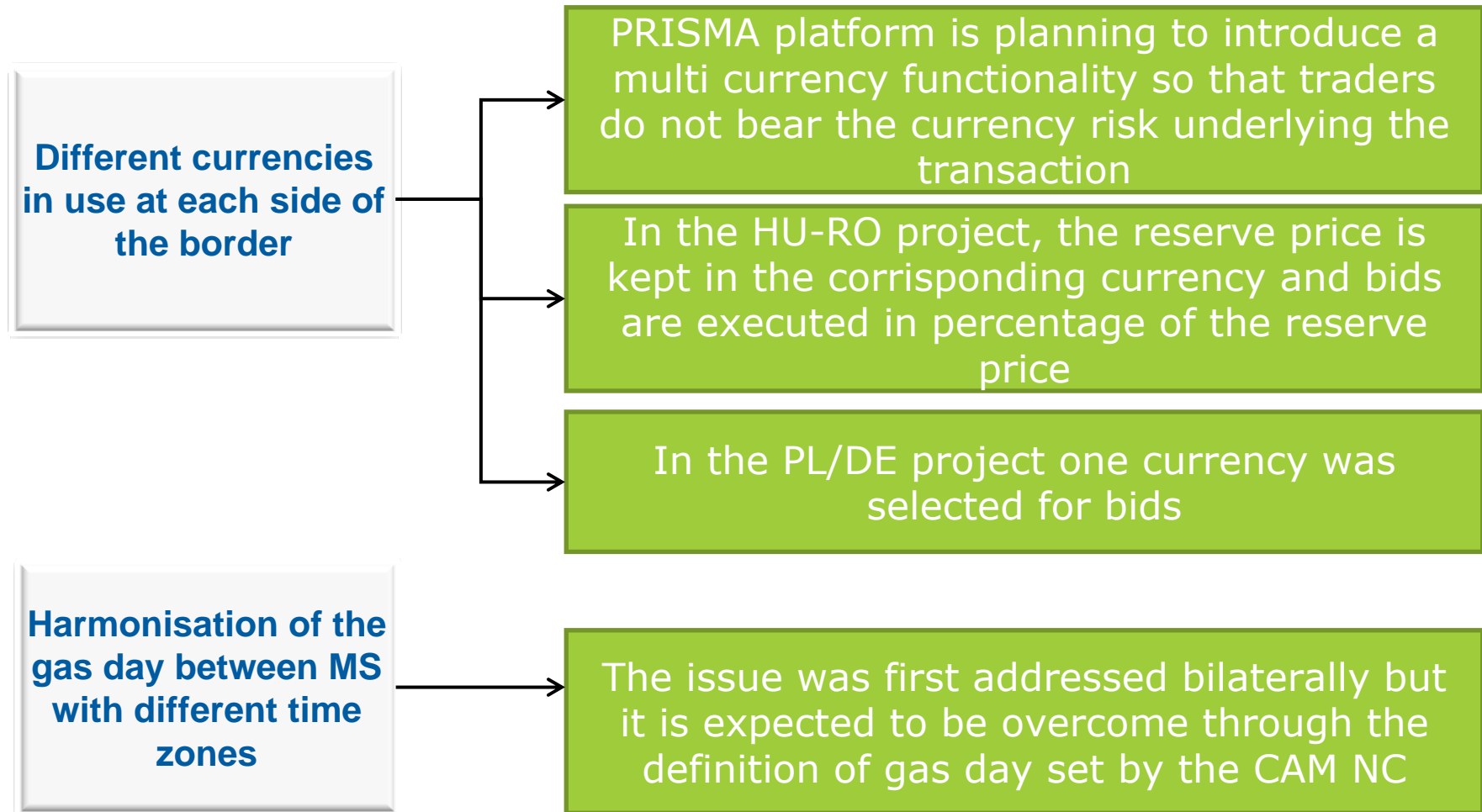


Examples of Issues addressed

1. Bundled products and capacity surrender
2. Methods for reallocating the surrendered capacity
3. Combined interpretation of CAM and CMP requirements

Examples of issues already tackled

Other national features interfering with CAM



Outstanding issues for further discussion

Costs of booking platforms	Requirements for trading and licensing	Need for exchange of information on the booking platforms' activities	Harmonisation of capacity contracts
<ol style="list-style-type: none"> 1. In a number of MS the recognition of costs incurred by TSOs in relation to booking platforms is still pending 2. Costs to join booking platforms are a concern for small and medium size TSOs 	<p>The existence of different requirements to trade across MS such as the obligation to obtain a licence can create obstacles when accessing bundled capacity at certain IPs</p>	<p>TSOs should ensure that CAM implementation activities which take place via joint platforms are transparent to the market and NRAs, allowing for an appropriate exchange of information</p>	<p>Existing differences among the contractual terms applied by TSOs at both sides of the IP might create inefficiencies or additional costs</p>

- **Strong progress towards early implementation** of the CAM NC at a large proportion of interconnection points continues, thanks to the efforts of TSOs and NRAs working on and supporting pilot projects
- NRAs and TSOs, with the involvement of ACER and ENTSOG when needed, are working together in order to **address open issues, reach a common understanding and find satisfactory solutions**
- The **different types of issues may require discussion at different levels** (at national, bilateral or project level) and in some cases a common approach at EU level may be required (e.g. scoping phase of potential future FG-NC on Rules for Trading which will consider whether further harmonisation of contracts is required)