

EFET-proposed answer to the ACER survey

Suggested reply in terms of level of support for each proposal is underlined.

Note: while the online form does not mention any outright word limit, **ACER stresses the request for succinct answers, warning that lengthy ones may not be processed.**

D CAM NC Preamble



CAM NC Preamble - point (x) (new)

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>ACER Special Report on addressing congestion in North-West European gas markets</u>	<ul style="list-style-type: none"> To maximise technical capacity as well as (bundled) firm capacity (cf. p.15-17) A further strengthening of coordination between neighbouring system operators and regulatory authorities is needed, for instance, by harmonising calculation methodologies (cf. p. 16) 	yes
N/A	<p>Clear recital or New article on CAM principles</p> <ul style="list-style-type: none"> The core principles of capacity allocation mechanism must be explicitly defined in the NC. Allocation capacity mechanisms must guarantee the well-functioning of the internal market (GTM, guarantee the gas flows, not bottlenecks, bundled offer, cascading principle, market-based allocation, etc.). 	yes

6

* 8 Do you agree with ACER's review of the CAM NC Preamble and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 9 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

The proposed recital largely reflects the spirit in which the CAM NC should be interpreted, although a lot of emphasis is placed on bundling, which, in itself, does not always result in the maximization of capacity offered to the market. Unbundled capacity should equally be offered wherever it promotes efficient network utilization, for instance, where legacy capacity contracts are still in place at either side of an IP. Maximisation of capacity on offer should be the stated goal of the Code and this should be made explicit in the preamble. This principle should equally apply to firm and interruptible capacities to ensure efficient network use.

We also note that points 11 and 12 refer to the incremental process and these should be deleted alongside the

corresponding chapter in the Code if such decision is taken.

E CAM NC, Chapter I,

General provisions (Articles 1-3)



CAM NC Article 1 – Subject matter

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

* 10 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 11 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

N/C

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
N/A	<p><i>“When implicit allocation methods are applied, NRAs may decide not to apply article 8 to 37.” (Article 5(2) of CAM NC)</i></p> <ul style="list-style-type: none"> • Make sure mechanisms of implicit allocation (IA) are consistent with the key principles of the CAM NC, in particular the principle of capacity bundling. • To avoid distortions in the functioning of the Internal Market, CNMC considers that all capacity allocation mechanisms must respect the core principles of CAM. Consequently, the CAM NC should be revised article by article (in particular, art.8 to art.37) to analyse the consequences of not applying those articles when implicit allocation is in place. • Coordination when deciding and bundling as two key principles also for IA <p>(CAM TF)</p>	yes

* 12 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 13 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

We agree with the overall need for all allocation methodologies to respect the core CAM principles and we appreciate that the need to coordinate is emphasised.

Implicit capacity allocation is used in the Baltic States and Finland, where capacity is allocated via the regional gas exchange GET Baltic, as part of the Baltic market integration project. It is also used by merchant interconnectors IUK and BBL to flexibly offer capacity between the UK and the continent, via brokerage houses. In both cases, it works broadly well and is supported. Particularly for the merchant TSOs managing the interconnections with the United Kingdom, unbundled implicit allocation mechanisms should be viewed as helpful and needed.

However, apart from such specific cases, more universal use of implicit capacity allocation in the gas sector would bring little benefits, while adding complexity and posing significant challenges for TSOs, booking platforms, exchanges, brokers and shippers. In particular we caution against its use by regulated TSOs who have regulated allowed revenues or unilaterally by regulated TSOs at either side of an EU interconnection point.

We note that, with the decision to cross out the chapter on incremental capacity, references to the corresponding articles (e.g. under Art. 2 point 2) need to be disposed of, unless they have tangible impact on any existing alternative allocation mechanisms.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
ACER Special Report on addressing congestion in North-West European gas markets	<ul style="list-style-type: none"> “Introduce the concept of ‘technical capacity’, which refers to the (non-static) maximum-flow capacity at a (virtual) interconnection point considering the network that is optimised for a most likely flow scenario, as opposed to ‘firm technical capacity’, which is the capacity that can be guaranteed in all flow scenarios. Both indicators shall be reported and updated by TSOs regularly;” (p. 17) Time elements to be considered in these dynamic definitions; (CAM TF) <p><i>Relation with Transparency annex – publication requirement</i></p>	yes*
FUNC 01/2020 “Greater flexibility to book firm capacity at IPs” - Issue Solution and Issue Solutions Supporting Note	<ul style="list-style-type: none"> Realign auction calendar dates to span July-June 	yes

* Alignment with definitions provided by hydrogen and decarbonised gas markets package

10

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
N/A	<p>Review definition of implicit allocation (alignment with the key principles, in particular bundling) (CAM TF)</p> <ul style="list-style-type: none"> “‘implicit allocation method’ means a capacity allocation method where, possibly by means of an auction, both transmission capacity > <u>on both sides of the border</u> < and a corresponding quantity of gas are allocated at the same time;” (Article 3(6) of CAM NC, with textual clarification) 	yes

* Alignment with definitions provided by hydrogen and decarbonised gas markets package

11

* 14 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 15 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

We support the realignment of the auction calendar as proposed.

We are concerned that the concept of an aligned, but non-static, definition of technical capacity to be applied consistently across Europe may prove to be problematic in practice. In case a better, common definition of technical

capacity can be established, we support it, as it can result in more firm capacity being offered to the market. However, Article 6 already includes measures that TSOs are required to take collaboratively to optimise technical capacity at either side of an interconnection point ,however, we do not know to what extent TSOs currently apply these to offer technical capacity in a consistent way. ENTSOG should demonstrate how its members are meeting these requirements and encourage them to do more where specific problems have been identified. A too dynamic approach, however, would be problematic, as this data serves as a basis for establishing booking strategies by the shippers. Shippers bidding in auctions will calculate the price they are prepared to pay for capacity (including any auction premium, seasonal factor and multiplier) based on an assumed amount of technical capacity being available over the period they are bidding for, so regular changes in the technical capacity TSOs make available risks distorting capacity valuation to the detriment of efficient capacity optimisation. Dynamic adjustments to the technical capacity levels may also cause problems when establishing the amount of capacity that can be bundled, as well as ensuring compliance with the set-aside rules by the TSOs, as spelled out under Art. 8.

When it comes to alterations to the definition of implicit allocation, we do not see the need to change the existing text that serves its purpose. Experience of IUK and BBL has also shown that there may be good reasons not to forcibly bundle capacities on the respective borders (see our response to question 13). We therefore believe that these changes should be discarded.

We note that definitions 9-11 relate to the incremental process that may be deleted.

F CAM NC, Chapter II

Principles of cooperation (Articles 4-7)



CAM NC Article 4 – Coordination of maintenance

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

* 16 Do you agree with ACER’s review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 17 Please elaborate on why do you agree or disagree with ACER’s review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

N/C

Article 5 – Standardisation of communication

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

* 18 Do you agree with ACER’s review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 19 Please elaborate on why do you agree or disagree with ACER’s review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

EFET has previously suggested exploring the use of open communication protocols for communication with the booking platforms that would simplify communication between the shipper and the different existing service providers, preventing a possible lock-in effect. Article 5 calls for standard communication procedures when it comes to auction system access, but nothing beyond that.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
ACER Special Report on addressing congestion in North-West European gas markets	<ul style="list-style-type: none"> • "Introduce the concept of 'technical capacity', which refers to the (non-static) maximum-flow capacity at a (virtual) interconnection point considering the network that is optimised for a most likely flow scenario, as opposed to 'firm technical-capacity', which is the capacity that can be guaranteed in all flow scenarios. Both indicators shall be reported and updated by TSOs regularly;" (p.17) • Time element to be considered (CAM TF) <p><i>Relation with Transparency annex – publication requirement</i></p>	yes*
ACER Special Report on addressing congestion in North-West European gas markets	<ul style="list-style-type: none"> • "Promote further harmonisation in the offering of interruptible capacities considering 'technical capacity';" (p. 17) 	yes

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
ACER Report on the Conditionalities Stipulated in Contracts for Standard Capacity Products for Firm Capacity	<p>Integrate conditional capacity products</p> <ul style="list-style-type: none"> • "The Agency would welcome a set of harmonised rules, to provide for an effective and well-functioning gas and capacity trading in the EU in line with the competition, environmental and societal goals of the Union." (p. 10) 	maybe
Implementation Monitoring Report on the Capacity Allocation Mechanisms Network Code – 2016	<p>Introducing a process or methodology:</p> <ul style="list-style-type: none"> • "As the NC CAM does not specify what "dynamic recalculation" exactly means and what frequency would be an appropriate one, the Agency requests NRAs and TSOs to discuss and clarify this term. Depending on the outcome, the Commission may need legally to define this term later on." (p. 6) 	maybe

* 20 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 21 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

As per our response to question 15, we note that the concept of dynamic determination of technical capacity may have disadvantages and we believe that the scope for having a common definition of this sort should be studied further.

We do not support the introduction of conditional capacity products, as it adds an additional layer of complexity that neither supports harmonisation of rules across borders nor helps market participants to book and trade capacities they need. While we understand that they are currently used and are meant to help manage internal congestions, we do not wish to see them proliferate, which they would likely do if they are defined in the CAM NC. We believe that there are other measures that may remedy the situation in a market-friendly manner. One solution would be extended use of interruptible capacity which should be made available any time this becomes possible and up to the technical limits of the network. The only constraint to offering interruptible capacity in such a manner should be prior sell-out of the

corresponding firm product. This would be particularly important at those IPs where physical reserve flow is not in place. Furthermore, potential network constraints could be managed through oversell and buy-back (OSBB). Any capacity that cannot be treated as firm should be deemed interruptible. We further note that the distinction between firm and conditional products could result in additional issues when it comes to more flexible approach to capacity bookings, as discussed in this consultation – different (ACA and UPA) auctions for firm and conditional products at the same IP running concurrently would create distortions and confusion that needs to be avoided.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

* 22 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 23 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

N/C

G CAM NC, Chapter III

Allocation of firm capacity products (Articles 8-18)

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u>	<p>Possibly revisit the set-aside rules of points (6) and (7)</p> <ul style="list-style-type: none"> • "ACER and ENTSOG did consider whether there would be a need to revise also the set-aside rules, in order to avoid capacity for the shorter-term products from being sold-out. No concrete proposal has been put forward as the current wording of the Article already allows for greater shares to be set aside. It can however be considered for the official amendment process whether higher volumes of capacity should be set aside, and/or if a dedicated set-aside rule should be applied to each short-term product" <p><small>(Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 16)</small></p>	maybe

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>FUNC 04/2019 "Auction restrictions NCG"</u>	<p>Relevance to be re-assessed</p> <p>"Given the auction-based capacity allocation according to CAM NC at IPs and the deviating capacity allocation process at DEPs based on national law, capacity cannot be allocated in a straightforward manner as competing capacities. Based on that, a reallocation of capacities from IP to DEP might be appropriate as an interim measure for such exceptional cases, if TSOs are guided by a number of predefined criteria:</p> <ul style="list-style-type: none"> • This procedure does not endanger security of supply both for customers supplied via the IP or the DEP • There is no competitive reasons that there is indeed potential for competing demand for capacity at both IP and DEP and. In the absence of appropriate network expansion, the level of demand at the DEP cannot be met without allocating capacity from the IP to the DEP • Capacity may be reallocated to the DEP and will be re-allocated again to the IP if it is no longer needed at the DEP • The relevant network operator offering the capacity seeks cost-efficient measures to meet the overall capacity demand and render the re-allocation redundant. • A reallocation of available capacity is the efficient result of an alignment between the involved network operators of the market areas impacted by the reallocation • The highest level of transparency is ensured, which involve a yearly alignment meeting between relevant parties, in particular the national regulatory authorities (NRAs) and network operators of the market areas impacted by the reallocation. Furthermore, shippers are informed of possible reallocation of unbooked capacity prior to the relevant auctions on the capacity booking platforms. • TSOs and NRAs will make their best efforts to assure that this interim measure lasts the shortest period of time possible." (Auction Restrictions in the NCG Market Area Issue Solution Note 2020, p. 1-2) 	maybe

* 24 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 25 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

While by default we support the existing set aside rules, which allow NRAs to set aside more than the 20% referenced in Article 8.7 , we note that in certain cases a degree of flexibility in determining a lesser % of capacity being set aside should be considered:

- In the case of incremental capacity, the 10% rule can be detrimental to the economics of new projects and derogations could be considered;
- At particularly large IPs, the minimum set-aside requirement pursuant to art. 8, may translate into significant capacities being locked-away from subsequent bookings;
- In instances where the set-aside rule interferes with the amount of capacity that can be bundled at an IP;
- In respect of capacities being surrendered by the shippers.

As regards the potential inclusion of criteria relating to the reallocation of capacity between IPs and DEPs we note prompting this consideration (FUNC 4/2019) relates to an old issue that does not appear to be widespread across the EU. As such, unless ACER/ENTSOG can demonstrate otherwise, we do not see a compelling reason for including such criteria in the CAM NC.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u>	<ul style="list-style-type: none"> Advance booking of day-ahead products: Introduction of a 'Balance-of-Month' product [OPTION] (cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 17) <p style="text-align: center;"><i>Relation with NC TAR – setting the tariff for the product</i></p>	yes

21

26 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 27 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

We support the ability to book daily capacities earlier in advance.

A number of EFET Members have also signalled interest in Balance-of-Month capacity products.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

* 28 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,

- strongly disagree.

* 29 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

N/C

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u>	Additional booking opportunities <ul style="list-style-type: none"> • Any Y firm capacity available after ACAs will be auctioned in subsequent UPAs; • Proposed regularity: weekly, on Thursdays (subject to change according to flexibility proposal) • Once proposed via UPA, a product can no longer be proposed via ACA again <small>(cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 22)</small> 	yes

* 30 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 31 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

EFET recognizes that the additional weekly UPA auctions suggested by ACER and ENTSOG constitutes a reasonable consensus solution to the problem of capacity accessibility that we have signalled through our long standing FUNC request. Affording shippers the opportunity to book front year capacity much closer to the point where it becomes usable may help those who have yearly supply and portfolio commitments over such period. These commitments may not be fully clear in July when the ACA auction takes place. Under the proposed approach, the cascading principle is also respected.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u><i>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</i></u>	<p>Additional booking opportunities</p> <ul style="list-style-type: none"> Any Q firm capacity available after ACAs will be auctioned in subsequent UPAs; Proposed regularity: weekly, on Thursdays (subject to change according to flexibility proposal) Once proposed via UPA, a product can no longer be proposed via ACA again (<i>ACER and ENTSOG have diverging views on the implementation</i>) <small>(cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 22)</small> 	yes

* 32 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 33 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

EFET recognizes that the additional weekly UPA auctions suggested by ACER and ENTSOG constitutes a reasonable consensus solution to the problem of capacity accessibility that we have signalled through our long standing FUNC request.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<p><u><i>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</i></u></p>	<p>Additional booking opportunities</p> <ul style="list-style-type: none"> • Any M firm capacity available after ACAs will be auctioned in subsequent UPAs; • Proposed regularity: weekly, on Thursdays (subject to change according to flexibility proposal) • Once proposed via UPA, a product can no longer be proposed via ACA again (<i>ACER and ENTSOG have diverging views on the implementation</i>) <small>(cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 22)</small> <p>Advance booking of monthly products</p> <ul style="list-style-type: none"> • All 3 M products within a given Q will be auctioned via ACA before start of Q, then auctioned via UPA each week <small>(cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 17-19)</small> 	<p>Yes</p>

25

* 34 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 35 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

EFET recognizes that the additional weekly UPA auctions suggested by ACER and ENTSOG constitutes a reasonable consensus solution to the problem of capacity accessibility that we have signalled through our long standing FUNC request. In case of monthly products, we note that retaining the ACA on third Monday of each month (art. 13 point 4) limits room for subsequent UPA auctions in case of the upcoming month.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u><i>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</i></u>	Advance booking of day-ahead products <ul style="list-style-type: none"> Introduction of a 'Balance-of-Month' product [OPTION] <small>(cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 19)</small> 	yes

* 36 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 37 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

Some EFET Members have signalled interest in Balance-Of-Month (BOM) capacity products as it would allow them to match BOM commodity and capacity products, so we would welcome such addition, provided that they would fit the auction calendar and would not distort the day-ahead auctions.

Article 14 – Rolling day-ahead capacity auctions

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u>	<p>Advance booking of day-ahead products</p> <ul style="list-style-type: none"> Daily offer of DA products for the following 7 days on a rolling basis until the end of the month <small>(cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 18)</small> 	yes

* 38 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 39 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

Offering day-ahead products on a 7-day rolling basis until the end of the month will largely enable shippers to book capacity to cover weekends and public holidays during working days and to largely avoid having to book capacity on non-working days which helps reduce operational complexity, particularly for small shippers.

Article 15 – Within-day capacity auctions

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u>	<ul style="list-style-type: none"> Move the closing of the first WD bidding round ('WD24') earlier in the day (1h30 D → 21h D-1 UTC winter-time) <small>(cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 24)</small> 	yes

* 40 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,

- strongly disagree.

* 41 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

Changing the WD bidding round as suggested would ease the way shippers operate by allowing them to adjust to any imbalances occurring the following day earlier in advance. It also reduces operation complexity by allowing shippers potentially having to book capacity in the middle of the night.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u>	Additional booking opportunities <ul style="list-style-type: none"> • Any Y, Q, M firm capacity available after ACAs will be auctioned in subsequent UPAs <small>(cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 15)</small>	yes

* 42 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 43 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

The introduction of additional booking opportunities organized as single rounds with a clearing price based on the best bids, was the key goal of the EFET FUNC request and we strongly support moving ahead with NC CAM amendment (see also response to question 33). We also reiterate our support for retaining the UPAs as pay-as-clear.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u>	<p>More efficiency in the ACA allocation process</p> <ul style="list-style-type: none"> Explicitly allow TSOs to <u>jointly decide</u> to modify the level of price steps during the auction process (cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 21) Provide for a termination rule of ACAs, to allow UPAs to take place (cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 28) 	yes
<u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u>	<p>Investigate the possibility/need of introducing pro-rata rule under ACA</p> <ul style="list-style-type: none"> "this option of a pro-rata allocation under ACAs was overall not considered optimal by NRAs and TSOs insofar as (i) it would require the ACA algorithm to be amended as its current parameters do not allow for this feature and as (ii) allowing for a change in the level of price steps during the auction process was deemed easier and more efficient. In any case, with additional UPAs taking place after ACAs, a pro-rata allocation will take place if demand exceeds offer, under already-existing UPA rules." (cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 21) Assess whether a pro-rata rule should be added to the ACA algorithm in cases of long-lasting auctioning processes and/or to reduce the risk of price manipulation (cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 21) 	maybe
N/A	<ul style="list-style-type: none"> Assess the most efficient way of improving the efficiency of the ACA algorithm, in particular the introduction of a pro-rata allocation, in view of maximization of allocated volumes and risk of price manipulation (cf. CNMC note) 	maybe

30

* 44 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 45 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

The amendment to art. 17 relates to several points that deserve separate comments.

- In terms of flexibility to alter the price steps during an ongoing auction, our Members signal diverging views, with certain preference for constraining the freedom TSOs would have. This would relate primarily to the conditions under which adjustments could be introduced (e.g. the number of failed auction rounds) and clear obligations in terms of transparency and form of notification. In addition, limiting the number of adjustments should also be considered, including down to one per day, before the start of the auctions, with advance notice to the market participants. The same would apply to solutions facilitating automated price step adjustments through dynamic algorithms, which may be overly complex to define in light of current levels of price volatility.
- In terms of termination rule for the ACAs, concrete options need to be spelled out in order to assess the preferred solution (without ruling out the variant under which the ACAs continue as envisaged in the auction calendar). The solution could take the form of limiting the number of days/auction rounds or adjusting the price steps, as discussed in the previous

point. We also note that holding ACAs and UPAs concurrently may be seen as less of a problem than running different auctions for competing products (firm versus conditional) at the same IP (as per our answer to question 21).

- In terms of pro-rata allocation, this was not a preferred solution among EFET Members so far, although not ruled out entirely. The prevalent view is that pro-rata allocation may indeed maximize bookings on one hand, but potentially lead to mismatches on transit routes or create issues for users bidding for specific quantities on the other, leading to lower utilization of the network.
- We note that additional safeguards could be considered to prevent situations, whereby a shipper places a bid for large quantities in one of the rounds and pulls out from subsequent rounds, leading to a high premium, yet low final allocation of capacity at a given IP.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

* 46 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 47 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

We support using the pay-as-clear principle for the UPA auctions, as defined under art. 18 point 11. This will ensure UPA auctions close out in a single round, thus allowing yearly, quarterly and monthly UPA auctions to be held on the same day.

H CAM NC, Chapter IV

Bundling of capacity at interconnection points (Articles 19-21)

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>ACER Special Report on addressing congestion in North-West European gas markets</u>	• neighbouring TSOs to <i>"jointly maximise marketing of firm bundled capacities as reflected in the indicator for 'firm technical capacity' and allocation of unbundled firm capacities as less as possible;"</i> (p. 16)	yes
<u>ACER Monitoring Update on Incremental Capacity Projects and Virtual Interconnection Points – 2020</u>		yes*
<u>FUNC 04/2018 "Implementation of Virtual Interconnection Points" - Solutions note</u>	• <i>"Ambiguity in text of Regulation 459/2017 (NC CAM) regarding the way of implementation of virtual interconnection points (VIPs)"</i> (Func Issue Solution Virtual Interconnection Points, p. 1)	

• Hydrogen and decarbonised gas markets package might clarify it already: EC proposal reads "[...] Any contracted capacity at the interconnection points, regardless of the date of its conclusion, shall be transferred to the virtual interconnection point."

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* 48 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 49 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

As mentioned under previous questions, we believe that the CAM NC should lead to maximization of network utilization. Bundling of capacities and the introduction of VIPs have, in general, been beneficial and reduced operational complexity. However, in certain cases bundling has led to lower availability of capacity and mismatches on borders. We believe that in all cases, the emphasis should be placed on maximizing the availability of capacity on offer and not on bundling of capacities or tying the IP capacity together for the sake of it.

Bundling of capacities at two sides of the border has also proved to be complex for capital groups where two companies controlled by the same beneficial owner were unable to bundle capacities at the border (or to make use of the respective conversion service) due to holding different shipper numbers. Such situations can have historical reasons stemming from diverging licensing requirements in different Member States, but as such should not lead to capacity stranding. It also prevents gas being traded between separate counterparties at the IP flange, which whilst atypical as most trading takes place at virtual trading points, is desirable where the counterparty does not operate in both markets due to licensing, tax and internal governance issues.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u><i>ACER Opinion 06/2018 on the template for the main terms and conditions covering contractual provisions which are not affected by fundamental differences in principles of national law or jurisprudence, for the offer of bundled capacity products</i></u>	<p>update of ENTSOG's "catalogue of the main terms and conditions in the transport contract(s) of the transmission system operators for bundled capacity products." (p. 2)</p> <ul style="list-style-type: none"> "The Agency is of the view that the Template does not always go as far as would be desirable. In particular, the Agency recommends that the template is enhanced by providing its content in a form ready to be used in contracts across the Union and by elaborating best practices." (p. 19) "Moreover, the Agency draws ENTSOG's attention on the observations formulated in the recitals of this Opinion." (p. 19) 	yes
N/A	Ensure minimum alignment of Terms and Conditions for dealing with cancellations of bundled capacity	

* 50 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 51 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

Better alignment of transport terms on either side of an IP would reduce the possibility that the different legs of a bundled capacity product would be allocated differently e.g. for secondarily traded capacity under conditions of default by a primary holder. It would also allow better standardisation of capacity trading contracts that currently must reflect individual TSO access terms.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>ACER's comments on the Capacity Conversion Model created by ENTSOG pursuant to Article 21(3) of the NC CAM</u>	<ul style="list-style-type: none"> “ENTSOG <i>does not</i> provide for a harmonized conversion model. According to Article 21(3), NC CAM foresees that ENTSOG provides for a harmonized conversion model. The NC does not aim for the application of all potentially existing “conversion methods”, which are designed individually by each TSO. The NC foresees that ENTSOG will coordinate across TSOs and propose a model that fits with the general principles of the NC CAM to offer “transparent and efficient allocation of capacity.” (p. 3) “The Agency <u>recommends</u> that the same conversion model applies at least per entry-exit zone border, should several Interconnection Points connect the respective entry-exit zones.” (p. 3) 	maybe

* Hydrogen and decarbonised gas markets package might clarify it already

35

* 52 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 53 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

We note that the issue of introducing efficient capacity conversion services was already pressing back in 2017 when it was consulted. Harmonization and swift implementation is needed wherever mismatches on certain borders in the EU exist and shippers are exposed to having to pay for the same capacity twice because the conversion mechanism, as defined or as interpreted by TSOs, does not cover such circumstances. In this context we reemphasise that:

- The conversion service should include daily capacity and be offered on a day-ahead (and ideally within-day) basis.
- Ex-post approach, where shippers can surrender surplus unbundled capacity following successful bidding for bundled products, is preferred.
- The conversion service should be available to both primary and secondary capacity holders, as well as different legal entities that are part of the same capital group (as per our answer to question 49).

* 74 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 75 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

As stated before, maximization of capacities on offer should be the core focus of CAM NC. In terms of interruptible products, we note that, particularly in terms of virtual reverse flows, there are no reasons for the TSO to limit the amount of interruptible capacity below the level determined by the forward physical flows. Since EFET Members have already noted such behaviour, we suggest that the amended provisions on the maximization of capacity on offer include an explicit reference to such situations.

In the spirit of maximization of capacity on offer, we also suggest an amendment to art. 32.1 so that it states as follows :

1. *TSO shall offer standard capacity products for interruptible capacity of a duration longer than one day whenever the corresponding monthly, quarterly or yearly standard capacity product for firm capacity was sold at an auction premium, was sold out, or was not offered. The amount of capacity to be offered shall be equal to the technical capacity.*

The insistence on bundling of products is not clear to us, particularly in terms of interruptible products, the availability of which may stem from different physical conditions. Considering the existing capacity mismatches at certain borders of the EU, we further note that diverging levels of interruptible capacity products on offer at either side of the border can be the only option through which a shipper can make use of the otherwise stranded capacity.

We agree that the move of interruptible auctions from ACAs to UPAs has merit, particularly at times of high congestion.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

* 76 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 77 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

N/C



CAM NC
Article 34 – Coordination of interruption process

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

* 78 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 79 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

N/C

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

*

* 80 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 81 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

N/C

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	/	no

* 82 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 83 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping

document; please explain your reasoning?

N/C

K CAM NC, Chapter VII

Capacity booking platforms (Article 37)



CAM NC

Article 37 – Capacity booking platforms

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<u>ACER Decision 10-2019 on the Selection of a Capacity Booking Platform for the Mallnow and GCP Gas Interconnection Point (Corrigendum)</u>	<ul style="list-style-type: none">Review the future involvement of ACER in the selection process	maybe
N/A	Efficiency of the process <ul style="list-style-type: none">proposal: reassess/redraft the rules for deciding on an auction platform (Art. 37) to avoid repeating procedures in a relatively short timeframe (e.g. by extending the validity time of the platform decision to avoid additional red-tape or require a reassessment on a needs/request basis)	maybe

* 84 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 85 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

We recognize that tensions tend to arise at borders where adjacent TSOs cannot agree on assigning the preferred booking platform and we confirm the need to explore potential improvements to the procedures on selecting the preferred service provider. Where no consensus can be found, ACER should have the final say to prevent market fragmentation stemming from the inability to coordinate between the two neighbouring Member States.

L CAM NC, Chapter VIII

Final provisions (Articles 37A-40)



CAM NC Article 37A – flexibility (new)

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
<p><u>FUNC 01/2020 "Greater flexibility to book firm capacity at IPs" - Issue Solution and Issue Solutions Supporting Note</u></p> <p>N/A</p>	<p>More flexibility to adapt several CAM rules</p> <ul style="list-style-type: none"> The CAM NC <u>should allow</u> several identified rules and parameters to be changed, ahead of auction year, after due assessment, consultation, and regulatory decision (cf. Annex 1 – Issue Solution Supporting Note Evaluation of FUNC Issue 01/2020 "Greater flexibility to book firm capacity at IPs" 2023, p. 28-29) <p>regulators must be involved in any change affecting the functioning of the capacity allocation mechanisms set in the regulation</p>	<p>yes</p>

* 86 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 87 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

EFET agrees that an appropriate degree of flexibility should be encoded in the text of the CAM NC, as this is much in the spirit of our FUNC request. The extent of that flexibility is to be discussed, yet we note that it should not be referred to as the ability to "adapt several CAM rules" so as not to give the false impression of giving the NRAs and TSOs the right to adapt the provisions of the Regulation. We recognize that this was not the intention and that the call for allowing more flexibility was described accordingly in the Issue Solution Supporting Note.

Policy paper reference	Nature of proposal in the policy paper	Area of improvement
/	<ul style="list-style-type: none"> Based on the nature of point 4 of the article (conditionalities report), it may be redundant or to be updated 	yes

* 88 Do you agree with ACER's review of this CAM NC article and the identified area(s) of improvement (yes=amendment identified, maybe= amendment may improve market, no=no change envisioned)?

- strongly agree,
- agree,
- neutral,
- disagree,
- strongly disagree.

* 89 Please elaborate on why do you agree or disagree with ACER's review, being specific about which elements you agree or disagree with? Are there further improvements that you consider relevant in this area in addition to the ones raised by ACER in the scoping document; please explain your reasoning?

As per our response to question 21 we do not support treating conditional capacity as firm, nor defining it as a separate product in the CAM NC. The provision of art. 38 in this context should retain ACER's monitoring powers that ideally would lead to a harmonised approach, whereby additional conditions embedded in standard capacity contracts, would require them to be deemed interruptible.

Other comments

90 Do you have any other comments or suggestions?

We see merit in the CAM NC allowing for the introduction of optionality for shippers wishing to swap capacities booked with the same network operator in a manner that would not affect the operator's revenue level, while improving network utilization. Solutions of this sort, such as Shell-proposed introduction of new capacity product for the TAP pipeline (so-called Forward Firm Capacity Swaps - FFCS) would give shippers that have booked capacity at one exit point the option to divert all or part of their volumes to a new exit point along the route. Current mechanisms available, such as commercial reverse flows, but also access to VTP or secondary market, are not equally effective in ensuring flexibility – these are either dependent on market liquidity or non-use of capacity by primary holders. The existence of such swaps could enable additional flexibility, leveling the playing field between the market participants, with no negative impact on the revenue of the network operator.