



Public Consultation – Main Results

Public Consultation - FUNC issue ID 01/2020 'Greater flexibility to book firm capacity at IPs'

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Issue identification number: 01/2020

Reporting party name: EFET

The issue: Greater flexibility to book firm capacity at IPs

Abstract: The CAM NC has given shippers more flexibility to book capacity at IPs and made the process more efficient. This has contributed to reduced contractual congestion and narrowed spreads through efficient price arbitrage. However, the standard auction timetable still limits opportunities for arbitrage to be fully exploited, particularly across the forward curve. This is detrimental to market efficiency and reduces the amount of capacity TSOs sell. ACER's latest gas market monitoring report (paragraph 36) suggested that consideration should be given to increasing the frequency of CAM auctions with a standardised timing to make them even more useful for network users.

Who should act: ACER, ENTSOG, Involved TSO(s)

Suggested solution or action: Adjustment of implementation

Other suggestions: The proposal is consistent with the fundamental principles of the CAM NC but does not fully comply with the detailed obligations in a couple of aspects. To the extent an adjustment of implementation is not sufficient a change to the CAM NC legal text as part of the 2021 EU Gas Legislative Package should be pursued.

Consultation period: 18 December 2020 – 5 March 2021

The public consultation was divided into three sections:

Section 1 – Questions aimed at evaluating the key provisions of the NC CAM

Section 2 – Questions aimed at collecting feedback on the EFET proposal

Section 3 – Questions aimed at exploring other options besides the EFET proposal

For all questions in section 1 of the consultation containing a scale from 1 to 5:

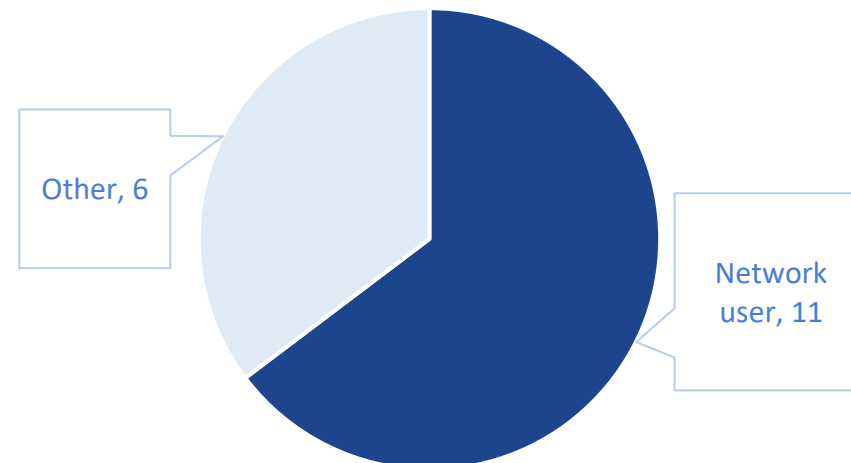
- 1 is to be considered as '**not suitable** to my current needs at all'
- 2 is to be considered as '**somewhat suitable** for my current needs'
- 3 is to be considered as '**reasonably suitable** for my current needs'
- 4 is to be considered as '**highly suitable** for my current needs'
- 5 is to be considered as '**completely suitable** for my current needs'

For all questions in section 2 of the consultation containing a scale from 1 to 5:

- 1 is to be considered as '**not appropriate at all**'
- 2 is to be considered as '**somewhat appropriate**'
- 3 is to be considered as '**reasonably appropriate**'
- 4 is to be considered as '**highly appropriate**'
- 5 is to be considered as '**completely appropriate**'

Participant name	Country
Anonymous participant 1	NA
Anonymous participant 2	NA
Anonymous participant 3	NA
Anonymous participant 4	NA
PRISMA European Capacity Platform GmbH	Germany
BDEW Bundesverband der Energie- und Wasserwirtschaft	Germany
Bord Gáis Energy Ltd	Ireland
EFET	Netherlands
EnBW	Germany
Eni	Italy
Equinor ASA	Norway
Europex	Belgium
Interconnector UK LTD	Belgium
National Grid	United Kingdom
NATURGY	Spain
OMV Gas Marketing & Trading GmbH	Austria
RWE Supply & Trading	Germany

Roles



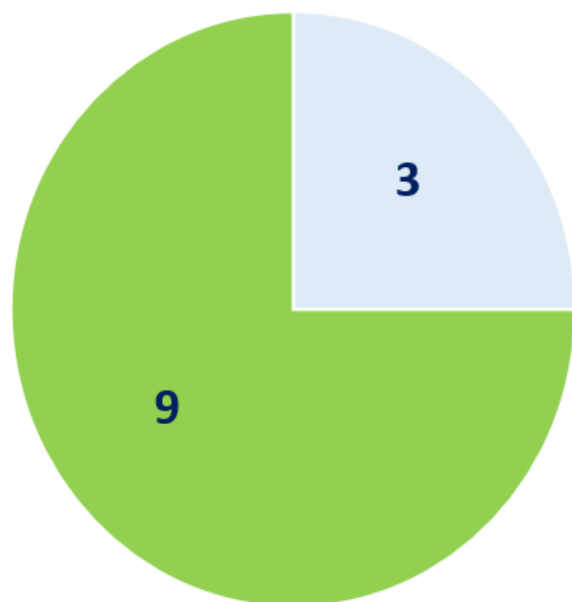
Other:

- 2 Business Associations (EFET and BDEW)
- 2 TSOs (IUK and National Grid)*
- 1 Exchange Association (Europex)
- 1 Capacity Booking Platform Operator (PRISMA European Capacity Platform GmbH)

*Some UK TSOs participated in the public consultation since, at the point in time of the consultation, it was still unclear how Brexit would affect their membership in ENTSOG.

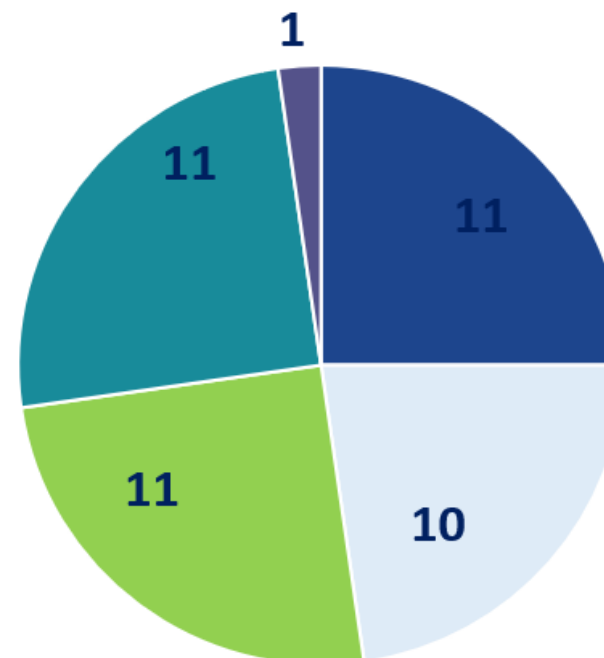
Additional questions for Network Users (12)

How many markets (entry/exit-systems) are you active on and booked capacity in the last gas year?



■ 1 ■ 2-3 ■ More than 4

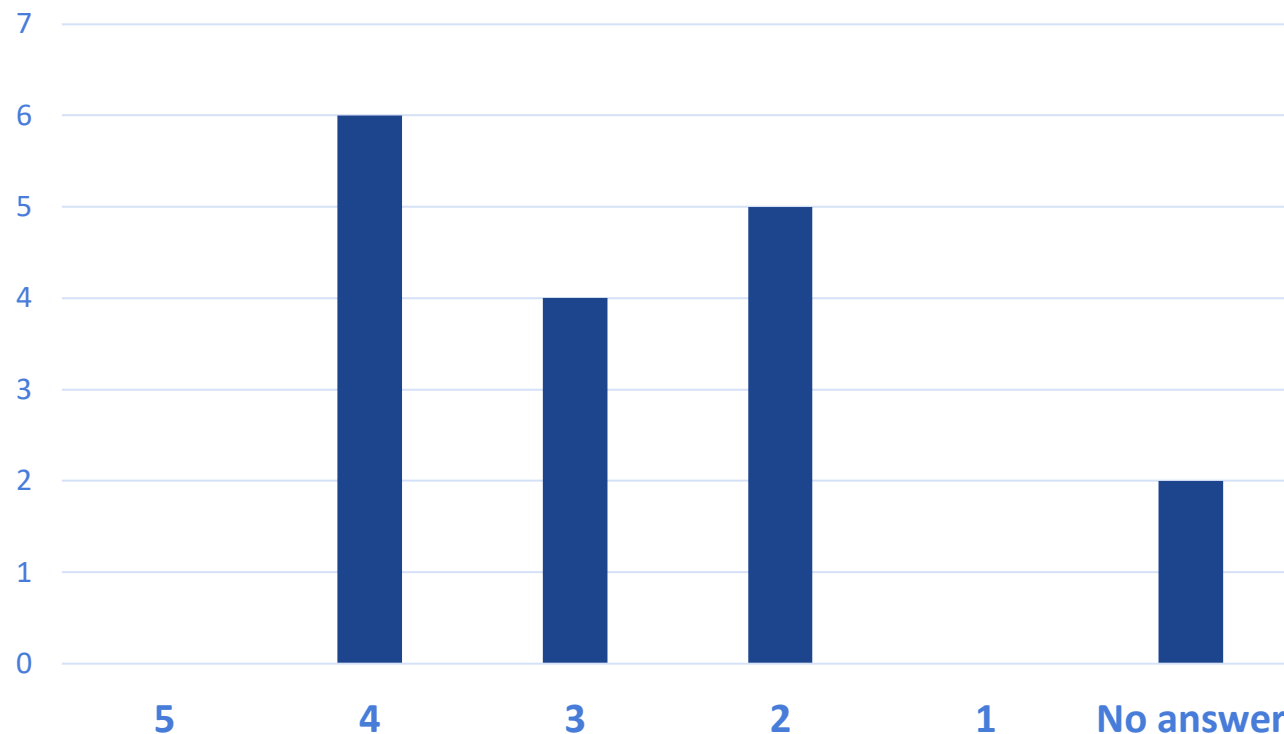
Which standard capacity products did you book in the last gas year (multiple answers were possible)



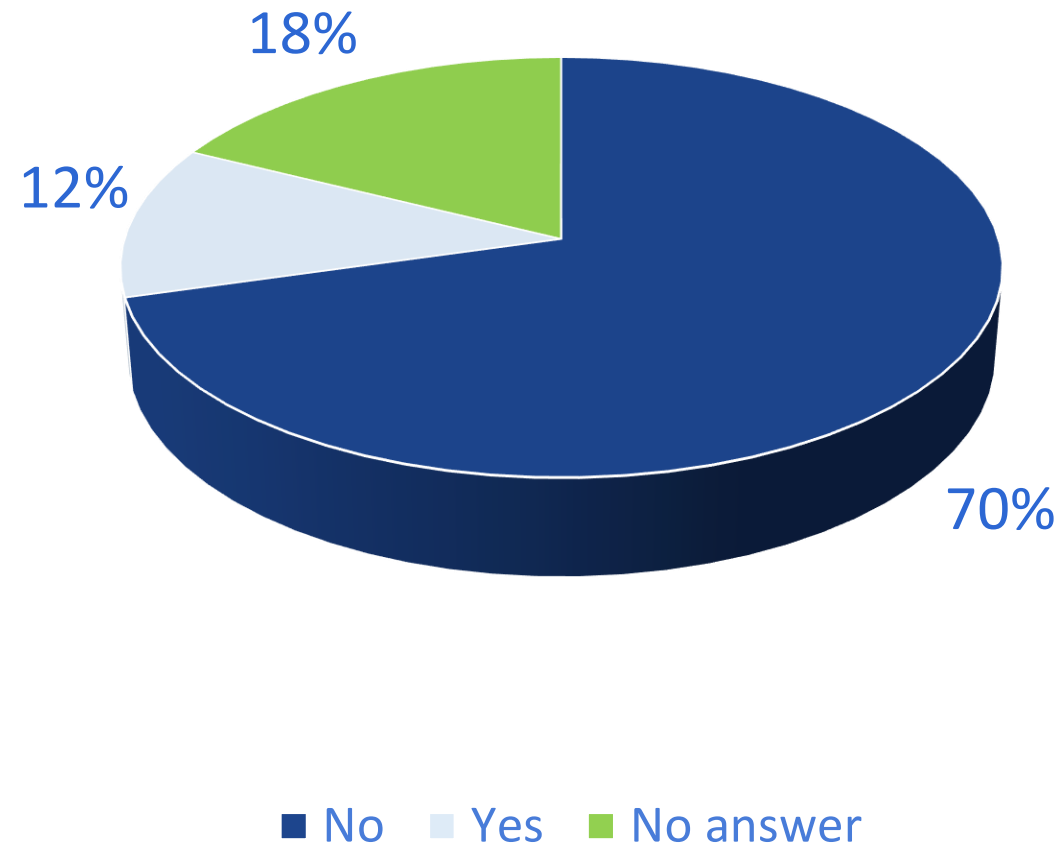
■ Yearly ■ Quarterly ■ Monthly ■ Day ahead / Within day ■ No answer

Section 1: Questions aimed at evaluating the key provisions of the NC CAM

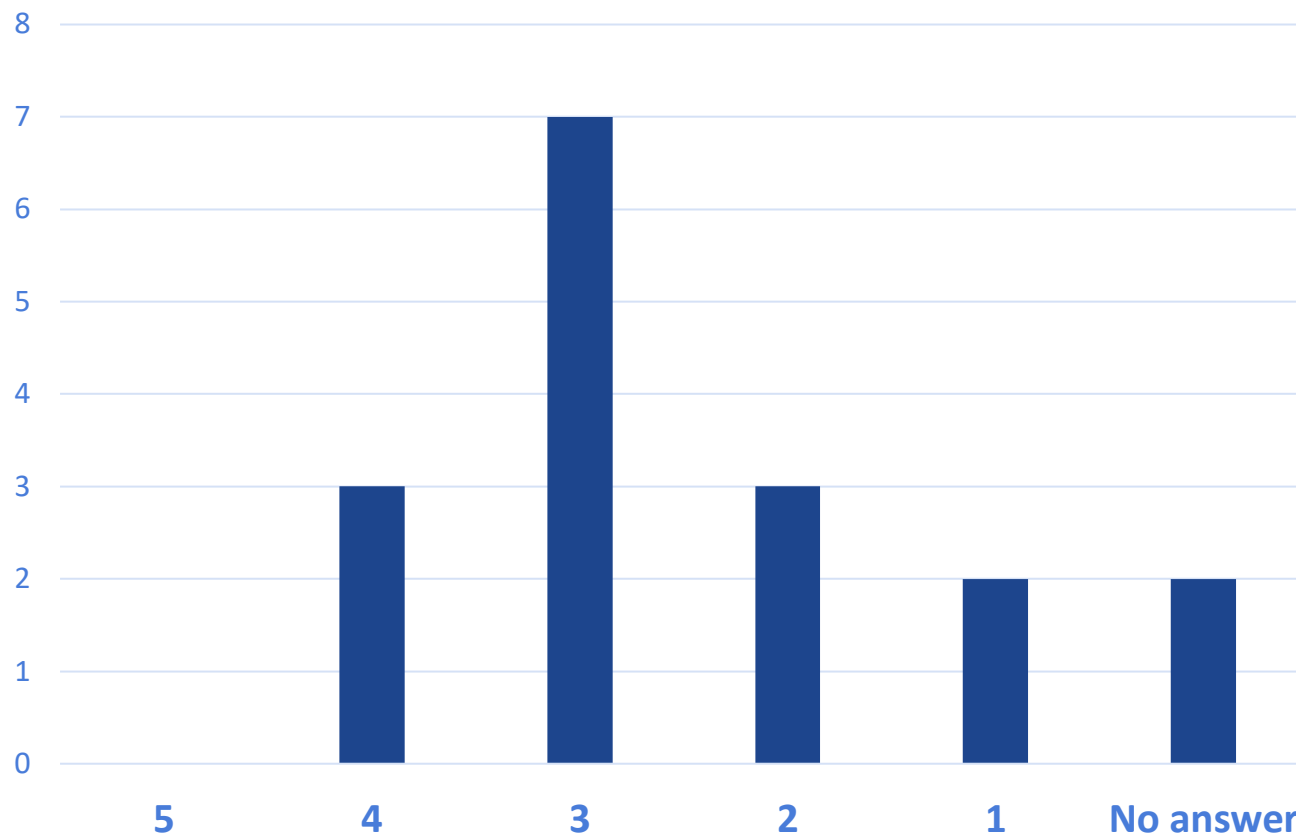
How do you generally evaluate the current rules for capacity allocation according to NC CAM regarding the design of the auction algorithms as defined in Articles 16-18 NC CAM?



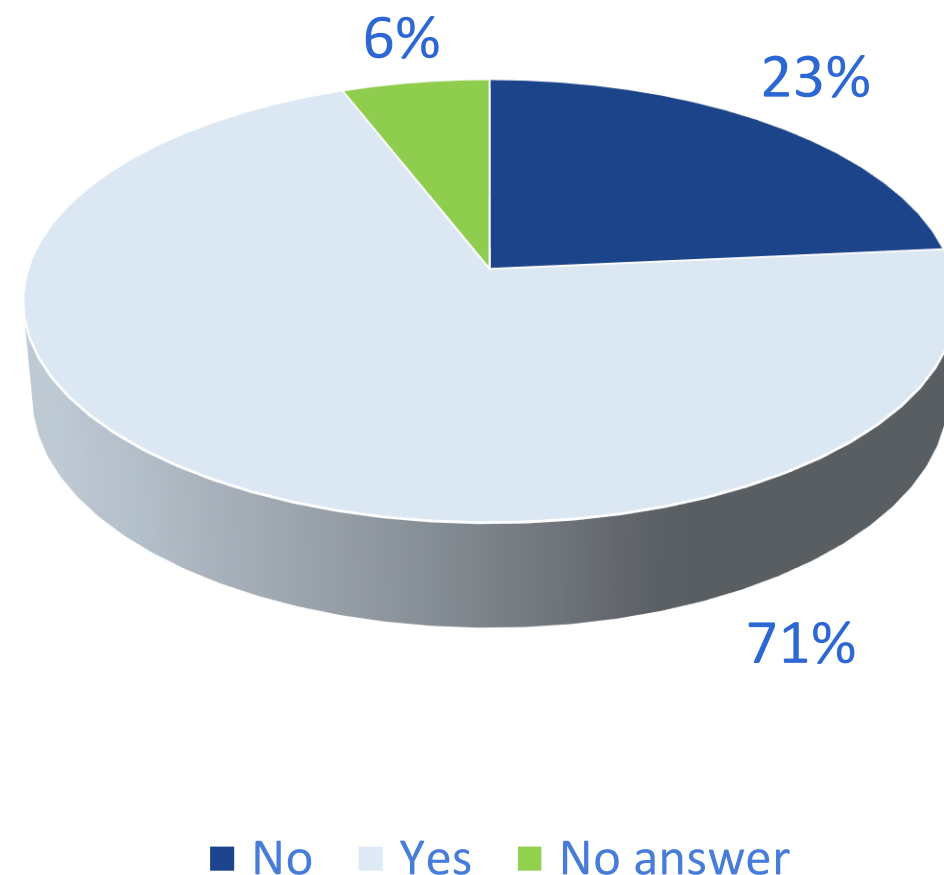
Are you facing any specific problems with the current auction algorithms?



How do you generally evaluate the current rules for capacity allocation according to NC CAM regarding the auction calendar as defined in Articles 11-15 NC CAM?



Are you facing any specific problems with the current auction calendar?



'Runtimes of the auctions cannot be seen as the only way of providing flexibility to transport gas across the EU. Hub spread prices incentivize capacity bookings. Flexibility provided by runtimes of capacity auctions will only be fully exploited if auctions are held when spreads prices are wide enough.'

Anonymous participant

'Somewhat sufficient; a broader range of products may create more benefit and efficiency for the entire market.'

OMV Gas Marketing and Trading

'The yearly basis 'gas year' does not fit to the standard trading product 'calendar year' on the wholesale market.'

EnBW

'No, we would prefer to have the option to have auctions more often. For example, for a shipper that buy yearly storage capacity, it would be preferable to be able to buy the capacity at the same time than the storage or at least closer in time than it is today.'

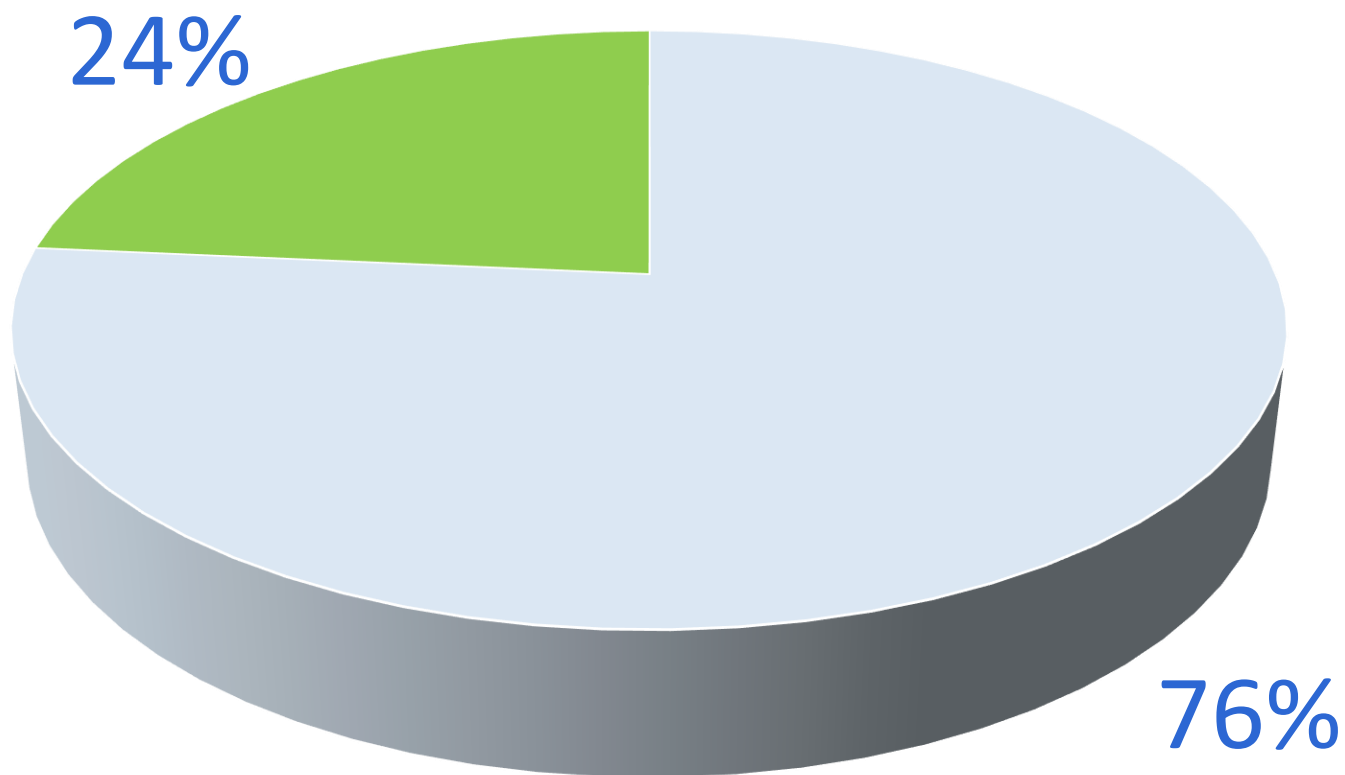
Anonymous participant

'Runtimes are sufficient, provided TSOs are able to anticipate congestion and set large enough price steps between ASC auction rounds.'

EFET and RWE Supply & Trading

Section 2: Questions aimed at collecting feedback on the EFET proposal

Do you agree with the problem EFET has described in the posted FUNC issue?

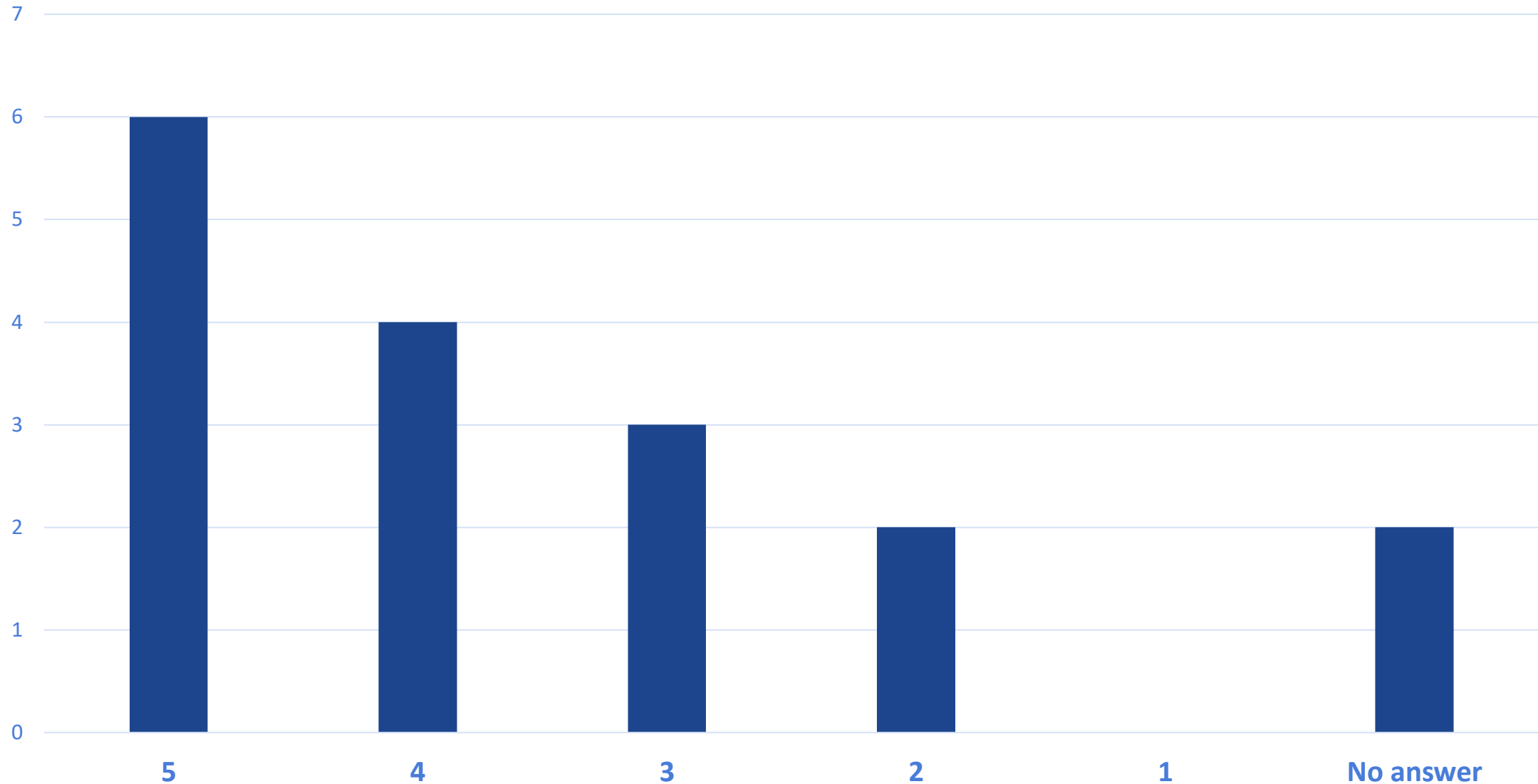


■ No ■ Yes ■ No answer

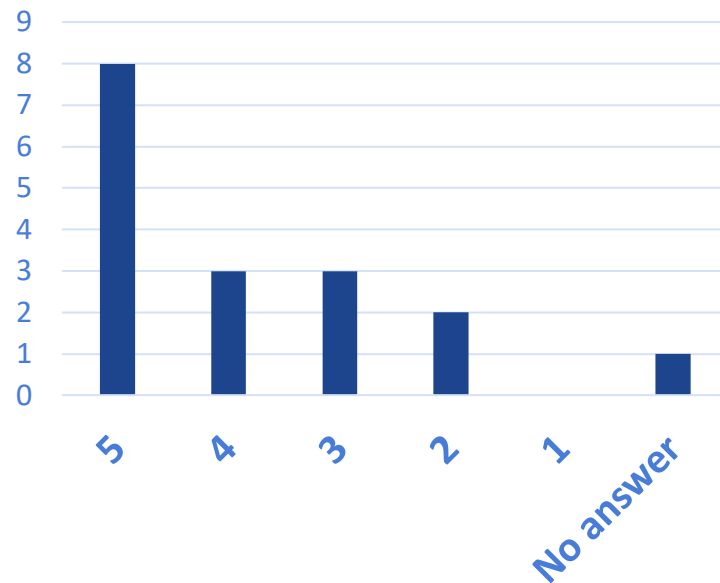
No Answer	
Bord Gáis Energy Ltd	Ireland
Eni	Italy
NATURGY	Spain
PRISMA European Capacity Platform GmbH	Germany

Yes	
BDEW Bundesverband der Energie- und Wasserwirtschaft	Germany
EFET	Netherlands
EnBW	Germany
Equinor ASA	Norway
Europex	Belgium
Interconnector UK LTD	Belgium
National Grid	United Kingdom
OMV Gas Marketing & Trading GmbH	Austria
RWE Supply & Trading	Germany
4 anonymous participants	

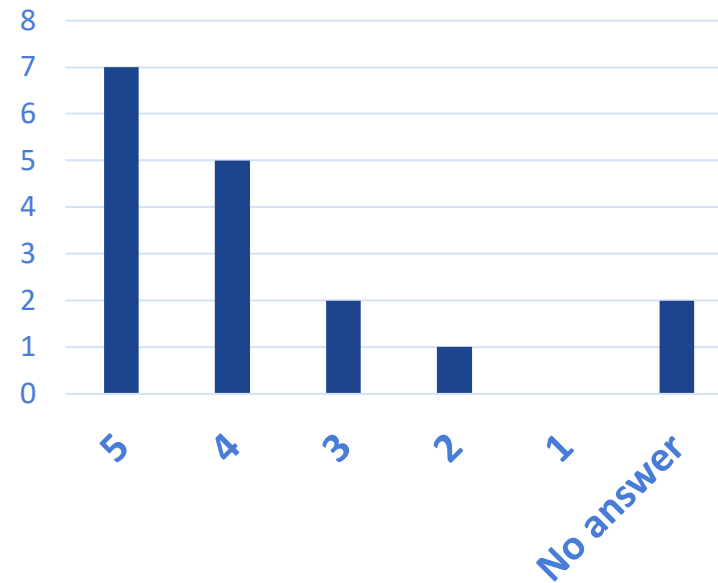
Do you consider the EFET proposal to introduce a supplementary uniform price allocation (UPA) auctions, for yearly, quarterly and monthly products, to be an appropriate improvement to the current system of allocation of capacities according to the CAM NC?



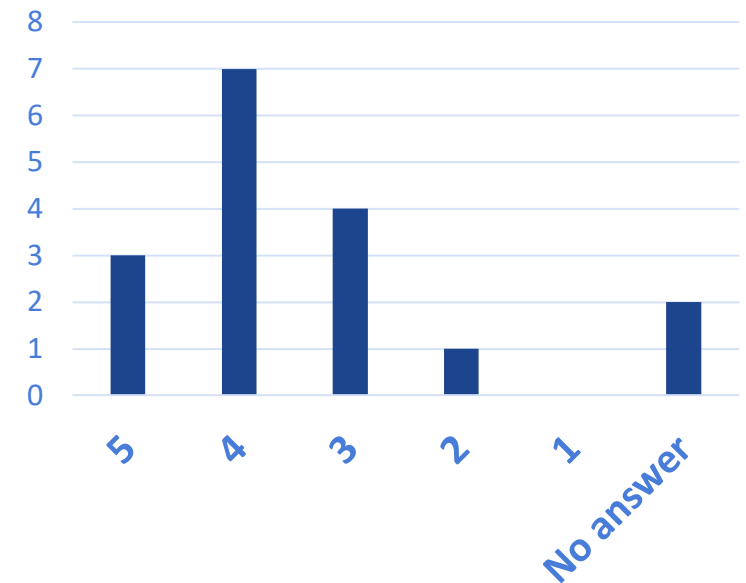
Monthly



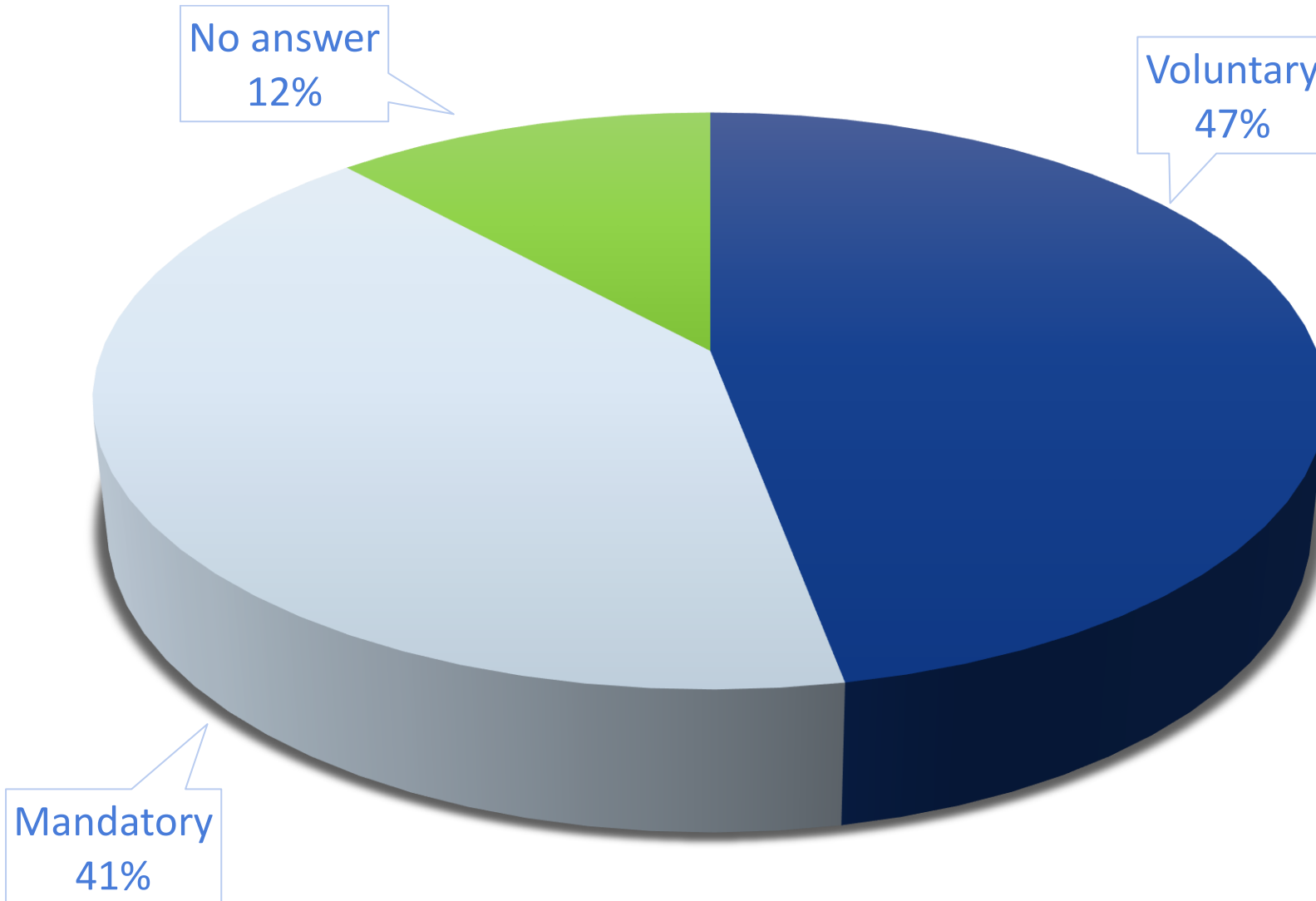
Quarterly



Yearly



Would you agree with EFET that additional auctions should be a voluntary option for TSOs or not?



No Answer	
Bord Gáis Energy Ltd	Ireland
NATURGY	Spain
Mandatory	
BDEW Bundesverband der Energie- und Wasserwirtschaft	Germany
Eni	Italy
EnBW	Germany
Equinor ASA	Norway
3 anonymous participants	
Voluntary	
Interconnector UK LTD	Belgium
EFET	Netherlands
Europex	Belgium
RWE Supply & Trading	Germany
National Grid	UK
OMV Gas Marketing & Trading	Austria
PRISMA European Capacity Platform GmbH	Germany
1 anonymous participant	



Positive aspects

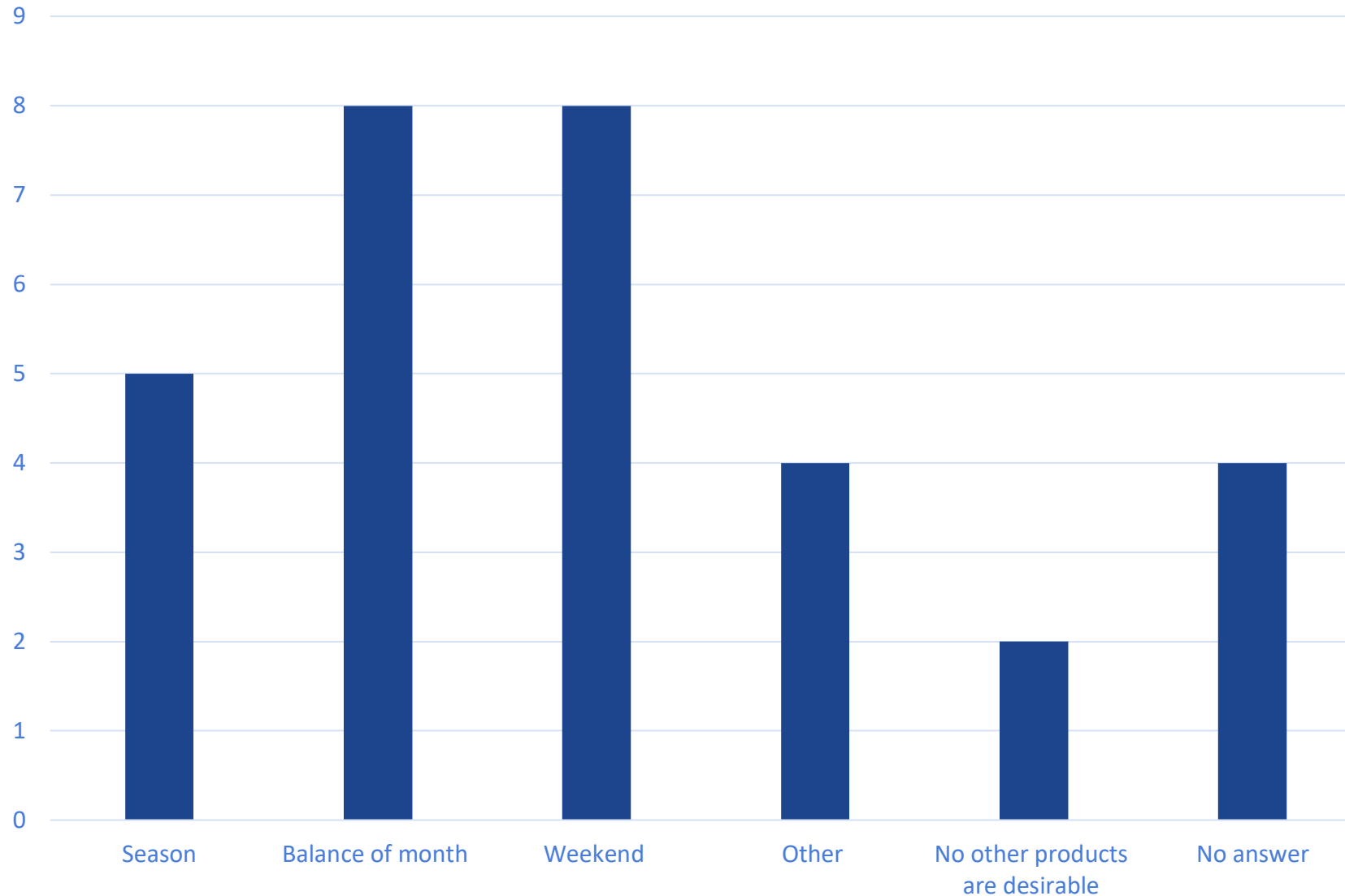
- *Additional auctions will provide Shippers with additional opportunities to purchase capacity which should lead to more efficient market functioning, increased liquidity and ultimately positive economic benefits for the end consumer (Interconnector UK LTD)*
- *Narrowing price spreads between EU gas markets and reinforcing price correlation (EFET and RWE Supply & Trading)*
- *Improve ability to react in a timely manner to market information on gas and power to increase cost efficiency to the benefit of end users (Anonymous participant)*
- *Improve operational processes by spreading auction-led activity peaks (Anonymous participant)*
- *Potential to increase booking and revenue certainty for TSOs (Anonymous participant)*



Negative aspects

- *Substantial administrative and operational burden/costs creating additional risks to the booking platforms, transparency issues and unnecessary complexity to book capacity (Anonymous participant)*
- *Whilst the UPA auctions go a long way in creating extra opportunities to book capacity, the products on offer are still restricted to the current Gas Year (Interconnector UK LTD)*
- *Shippers may not participate in the initial multi-step auctions and wait for the uniform-price auctions to start for bidding for the same capacity products (BDEW)*
- *Substantial improvement to the proposal needs to be made related to the surrender possibility (and the re-allocation of surrendered capacity) and capacity conversion mechanism (OMV Gas Marketing & Trading)*

Section 3: Questions aimed at exploring other options besides the EFET proposal



Other:

“Weekly” products

“Working days” products

Monday daily capacity sold on Friday.

Would you see merit in offering capacity further in advance of delivery to provide more opportunities to book capacity products compared to the current auction calendar?

