

ERGEG WORKSHOP ON CAM AND CMP FOR GAS

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THE EUROPEAN UNION OF THE NATURAL GAS INDUSTRY

Eurogas supports ERGEG and the Commission in harmonizing key market rules to make the integrated European gas market happen!

Efficient primary and secondary capacity markets are crucial to deliver this objective!

A key prerequisite is the availability of maximum firm capacity rights to enable a competitive level playing field all over Europe!

Balancing rules have also to be adopted to the requirements of the new CAM and CMP rules!

- Therefore it is necessary that the framework guidelines will give a clear picture and timeframe of the ERGEG target model!

Capacity Allocation Management (1)

We welcome the emphases in enforcing TSO co-operation, improving platforms, setting aside a percentage of available capacity for short-term products

but

- We are very concerned at the implications of the guideline on amending existing contracts due to the unclear description of what should be adopted. The scope of possible amendments need to be clarified in advance.
- The duration of future long term capacity rights should be clearly defined.
- We think that there should be a clarification regarding the impact of Open Seasons and OSP in the Guidelines.

Capacity Allocation Management (2)

We support the request that TSOs have to establish a certain number of booking platforms including clearing function to facilitate much more efficient trading of primary and secondary capacity.

but

- It has to be clarified what will be the future role of the OTC market.
- The limitation to a small number of standardised capacity products must be inline with the market requirements.
- Products have to meet the balancing system requirements.

Capacity Allocation Management (3)

We support the proposal that TSO should offer combined or bundled capacity rights to enable Hub to Hub trading

but

- These new products have currently to be offered in addition to the existing cross-border products.
- Separate entry and exit capacity must still be available to shippers to manage their portfolios and to fulfil their contractual obligations in existing supply contracts. This should be clear in the guidelines.
- It must be sure that the necessary IT-infrastructure and communication standards are available.

Congestion Management

We support the implementation of new rules to increase the volume of firm capacity rights via oversubscription including the capacity buy-back mechanism and rules for freeing up firm day-ahead capacity.

but

- We are concerned at the implications of the guideline on amending existing contracts due to
 - No clear statement in the guideline that the systems are based on market prices
 - No clear statement in the guidelines that the systems will have no negative influence of existing firm capacity rights
 - No clear statement in the guidelines that the systems have to be inline with security of supply policy.
 - No clear definition of shipper "compensation" in case of failure of Buy Back mechanism
- The UIOLI principle should be changed to the UIOSI principle.

Eurogas welcomes the ongoing work to find ways of improving the capacity market and the consultation underway.

We are of the opinion that the framework guidelines have to be at certain points as presented more concrete to set clear targets what the codes have to deliver.

The proper consultation of the system users in the process of developing the codes must be secured because the codes will have a large influence of the market.

We are finalizing our position on the CAM consultation for 26th February and other capacity questions. Our statements of today are reflecting work in progress.

Eurogas Views on ERGEG's Public Consultation Document on the Principles of Capacity Allocation and Congestion Management in Natural Gas Transmission Networks (09NO153).

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