

What TSOs had to change in order to implement CAM NC

Eustream challenges and lessons
learned

Content

- Eustream's position in the EU gas transmission
- CAM NC key concepts
- CAM NC implementation challenges.

Critical Piece of Infrastructure Serving European Gas Demand

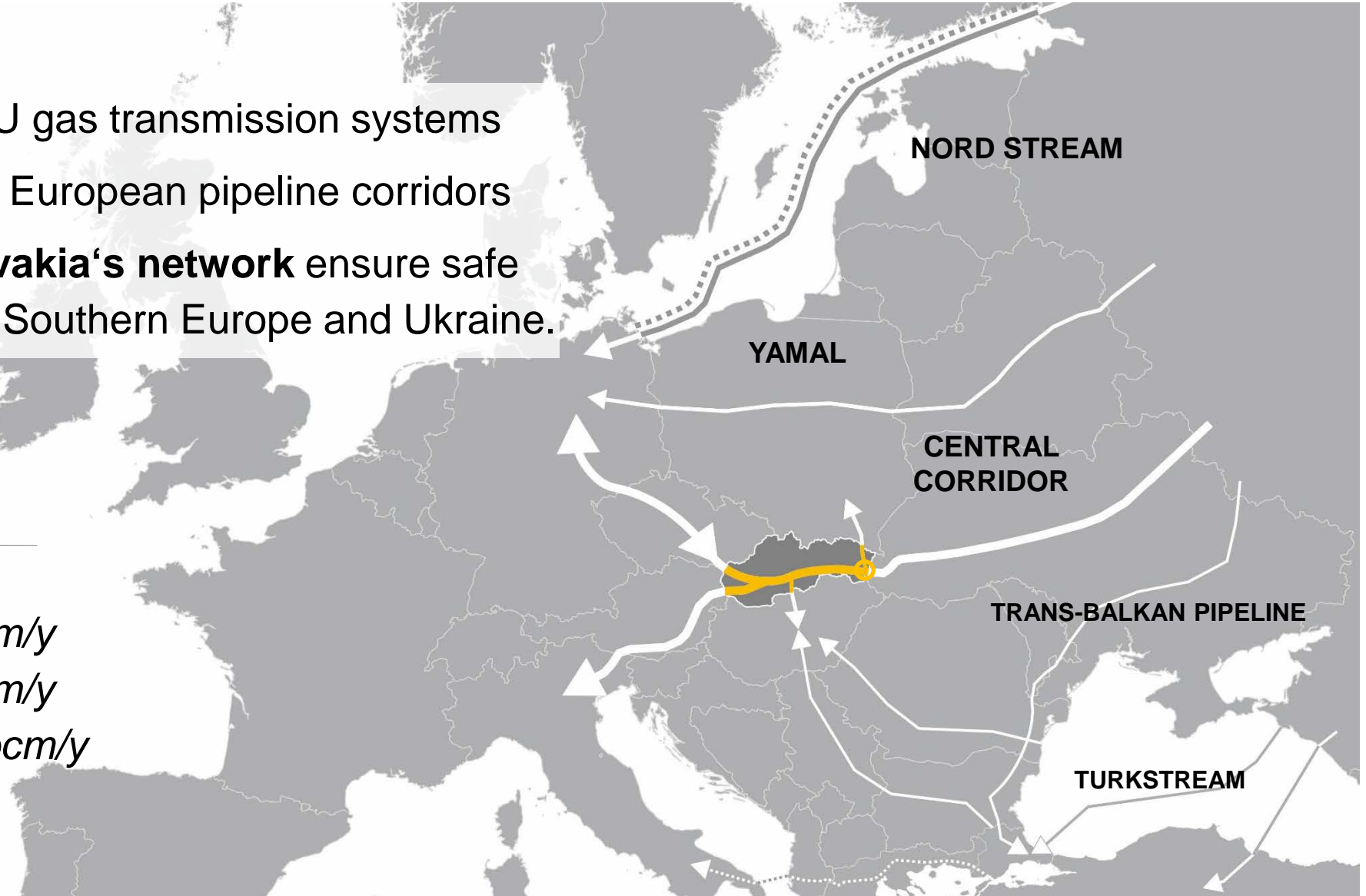
- One of the largest EU gas transmission systems
- Intersection of major European pipeline corridors
- **Investments in Slovakia's network** ensure safe supplies for Central, Southern Europe and Ukraine.

Technical Capacity

East – West 78,5 bcm/y

West – East 14.6 bcm/y

North – South 55,1 bcm/y



Capacity Allocation Mechanisms Network Code

Key concepts

(EC) No 715/2009 of 13 July 2009



(EU) No 984/2013 of 14 October 2013:

- Auctions as the mechanism for capacity allocation
- Standardised product set
- Short term capacity reservation of at least 10%
- Bundled cross border contracts
- Merging of IPs connecting the same TSO systems into a “VIPs”
- Capacity offered via joint booking platform(s)



(EU) 2017/459 of 16 March 2017:

- Additional auctions
- Alignment of GTCs
- Capacity conversion service
- Incremental process



EUR-Lex

Planning Challenges

- Cracking the legislation – understanding them, their links and nuances
- Internal acquisition processes – 6 months within our company – could be longer with you
- Western TSOs had project teams, we had ad-hoc approach
- Regulation – update of necessary national legislation, our operational order – discussions with the NRA

Costs and Time Challenges

- Costs planning (dedicated employees, IT, shippers education)
- CAM was happening when all other NCs were going in BAL, REMIT
- Costly IT solutions and their problems
- We had price cap (benchmark) tariff model –all costs were paid out of our pocket
- Each NC costed us approximately 100 000 EUR
- Could differ for you, since some solutions are already in production. You could cash and carry.

TSO specific challenges

- Auction premium – more options to divide it between TSOs
- Bundled capacity – at Baumgarten there was specific dynamic capacity allocation, higher capacity at Austrian side – two TSOs there, competing auctions
- Beware of negotiation times with neighboring TSOs.

Controversial challenges

- Shippers (EFET members) were unhappy with us for:
 - Loss of flexibility – partially solved by more auction dates in updated CAM
 - Stranded capacity – solved by conversion service in updated CAM
 - Legacy of point-to-point contracts

Booking platforms challenges

Packages and related costs

- Selection of a booking platform (location relevant) – we tested all of them
- As a business decision we had to go with 3 platforms – increased costs
- Point is to send the data out and receive it automatically
- RBP had Edig@s format, but did not support financial security – therefore we have special format
- PRISMA uses their own formatting, not Edig@s

IPs and current allocation system

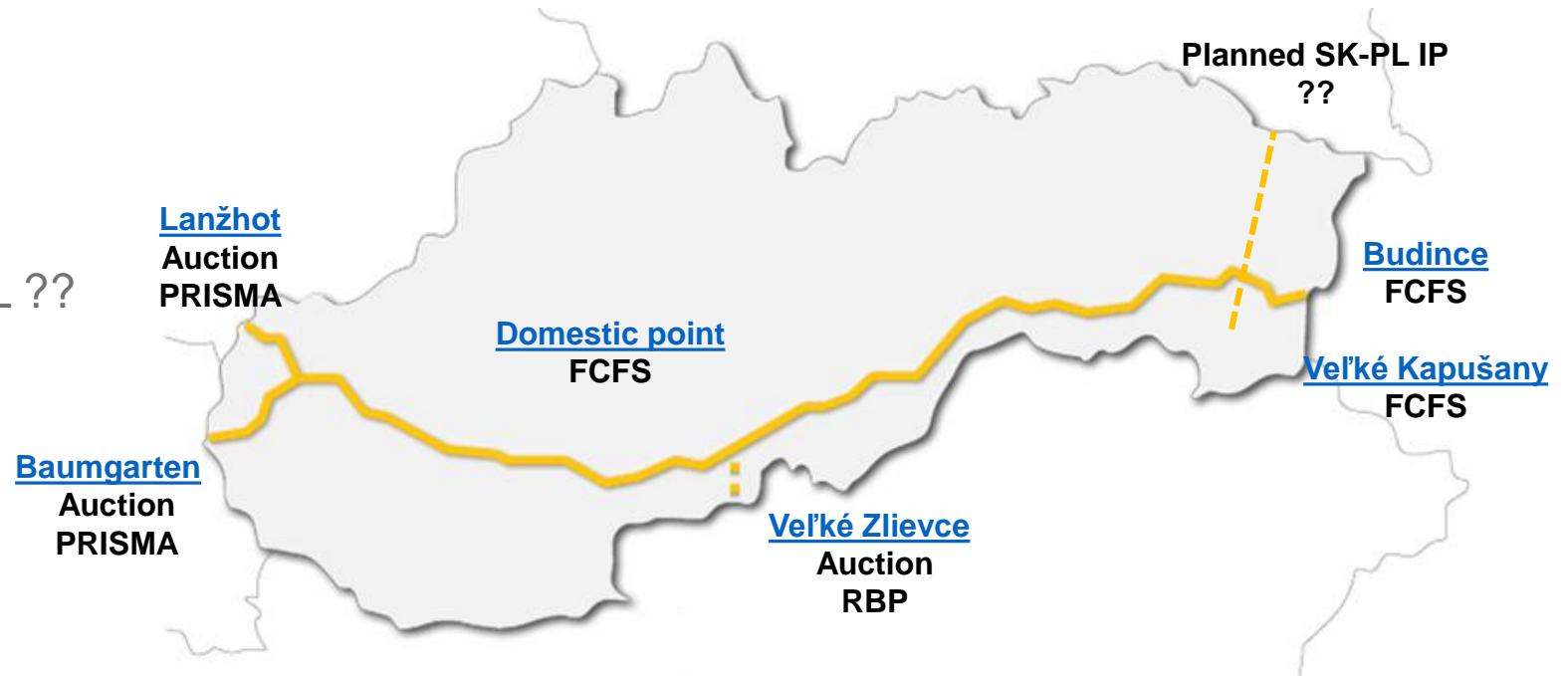
More platforms within one system

Auctions (EU IPs):

- Lanzhot - PRISMA
- Baumgarten - PRISMA
- Velke Zlievce – RBP
- Under construction: SK - PL ??

FCFS (Non EU IPs):

- Domestic point
- Velke Kapusany
- Budince



Available booking platforms in the EU:



PRISMA challenges

- PRISMA has to offer various packages for different prices:
 - Core: used by shippers as an automatic data service
 - Required by the legislation
 - Add-ons: financial security (bank guarantee, cash collateral, rating), capacity conversion, first come first served

- Be aware of add-ons “de-implementation” fees

- TSOs relations:
 - bundling agreement – specifies nuances between TSOs
 - PRISMA default set-up

Ongoing Challenges

- Implementation and effect monitoring reporting
- Market demand assessment each odd-numbered year
- Booking platforms development
- Different deadlines and formatting for data delivery to platforms
- IT systems maintenance and ad-hoc issues
- Gas Network Codes Functionality Platform

- Where will the latest development lead?

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Thank you for your attention