ACER

Agency for the Cooperation of Energy Regulators

Implementation of NC CAM Regulation (EU) 984/2013 in the EU

ACER's Implementation Monitoring Report on NC CAM

3rd Meeting on Implementation of the Gas Network Codes in the Energy Community

20 October 2016

Outline

1. Legal Basis & Scope

2. Main Results of CAM IM

3. CEPA CAM IM Indicators

4. Conclusions & Recommendations

NC CAM IMR: LEGAL BASIS & SCOPE

- **NC CAM** (Reg. No 984/2013), **applicable as of <u>1.11.2015</u>**
- **Art. 8 & 9 of Gas Regulation:**

__ACER__ to monitor & analyse NC/GL implementation + effect on harmonisation of applicable rules to facilitate market integration, non-discrimination, effective competition and effective functioning of the market __and report to the EC__

__ENTSOG__ to analyse & monitor NC/GL implementation and to make available Information to ACER → ENTSOG published CAM IMR + annual report on 8.6.2016

- **SCOPE:**

→ **21 Member States**

→ **41 TSOs**

→ **341 IP sides**

~~**SE: no booking procedures**~~
~~**EE, FL, LV, LU: derogation**~~
~~**CY, MT: no IPs / gas markets**~~

→ Implementation Check + Analysis of (CEPA's) CAM indicators

Outline

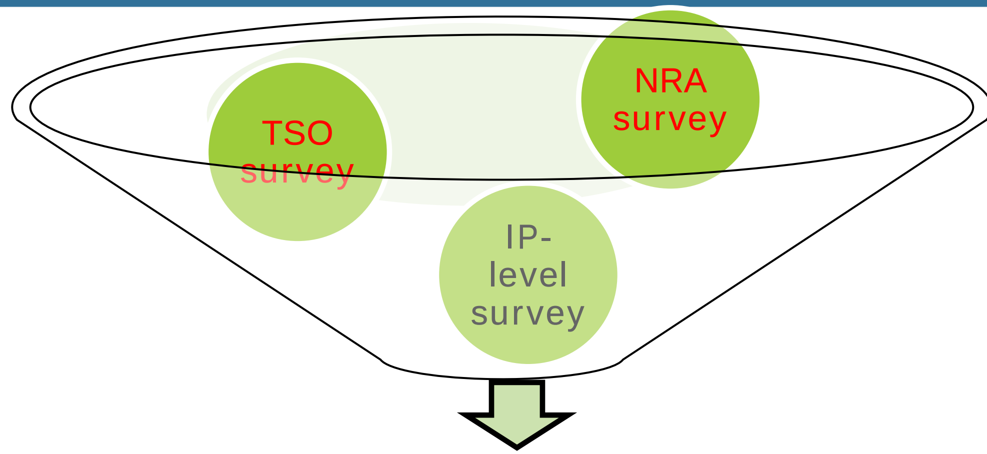
1. Legal Basis & Scope

2. Main Results of CAM IM

3. CEPA CAM IM Indicators

4. Conclusions & Recommendations

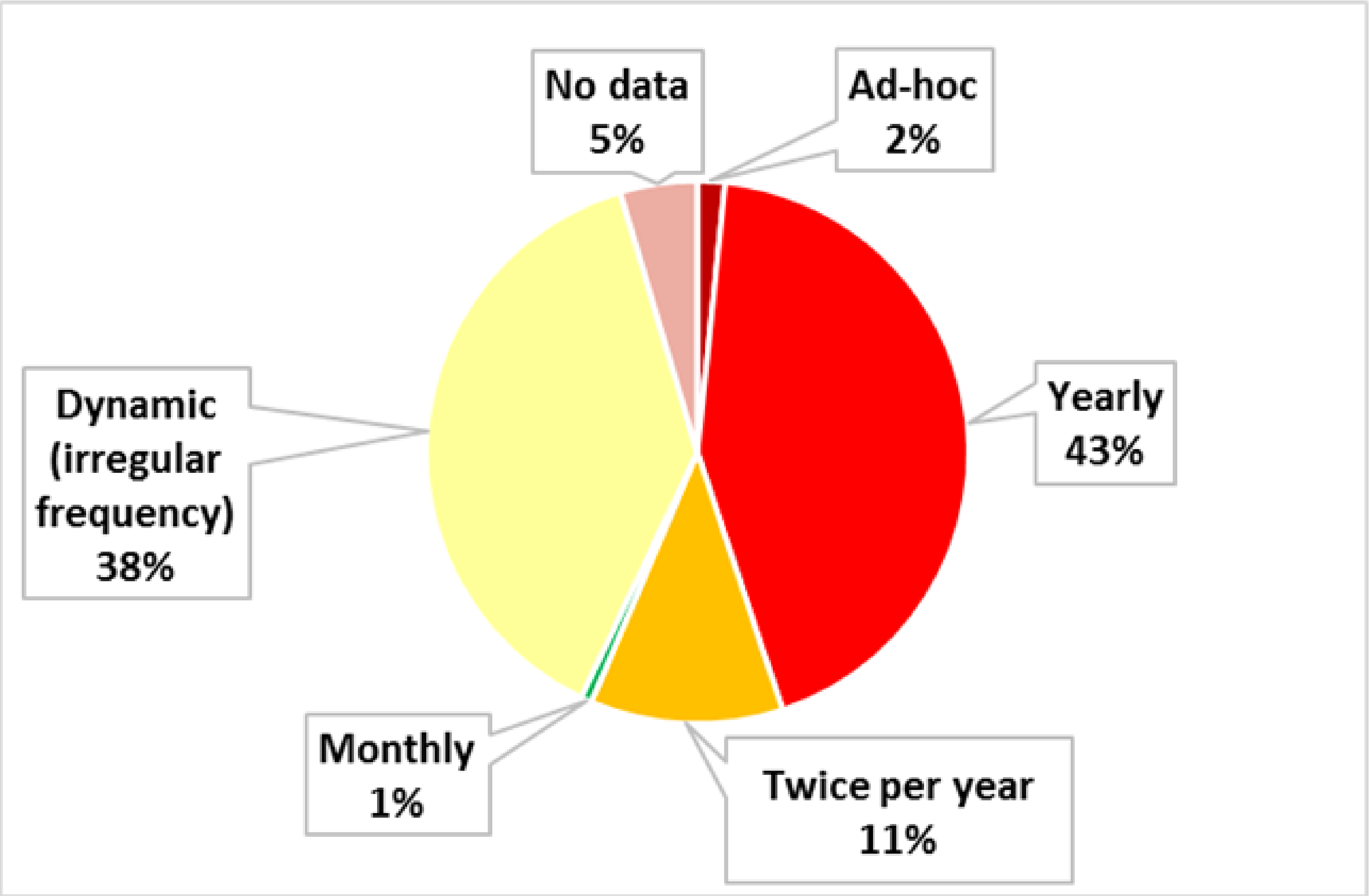
NC CAM IMR: OVERALL RESULTS



MS / NC CAM chapters	AT	BE	BG	CZ	DE	DK	EL	ES	FR TIGF	FR GRTgaz	HR	HU	IE	IT	LT*	NL	PL	PT	RO	SI	SK	UK	Average per chapter
I. General Provisions	no scorable provisions monitored																						
II. Principles of Cooperation	50%	100%	50%	50%	75%	50%	50%	50%	100%	50%	50%	50%	50%	50%	50%	60%	50%	50%	50%	50%	50%	100%	***59%***
III. Allocation of Firm Capacity	100%	100%	70%	80%	100%	100%	80%	100%	90%	90%	90%	100%	100%	89%	10%	100%	100%	100%	88%	100%	90%	100%	***94%***
IV. Bundling of Cross-Border Capacity	66%	100%	0%	100%	87%	66%	66%	100%	100%	100%	33%	66%	100%	100%	0%	100%	66%	66%	100%	33%	100%	100%	***79%***
V. Interruptible Capacity	92%	100%	22%	91%	92%	100%	92%	100%	92%	58%	58%	50%	90%	100%	73%	100%	92%	82%	92%	100%	92%	100%	***85%***
VI. Tariffs & Capacity Booking Platforms	100%	100%	0%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	0%	100%	100%	100%	66%	100%	100%	100%	***94%***
Total average score	82%	100%	28%	84%	91%	83%	78%	90%	96%	80%	66%	73%	88%	88%	N/A	92%	82%	80%	79%	77%	86%	100%	***82%***

A) **Coordination of Maintenance**

B) **Joint Method / Dynamic Capacity Recalculation as a tool to maximise technical capacity (offer)** [% of CAM IP sides]



CH. IV: Bundling / VIPs

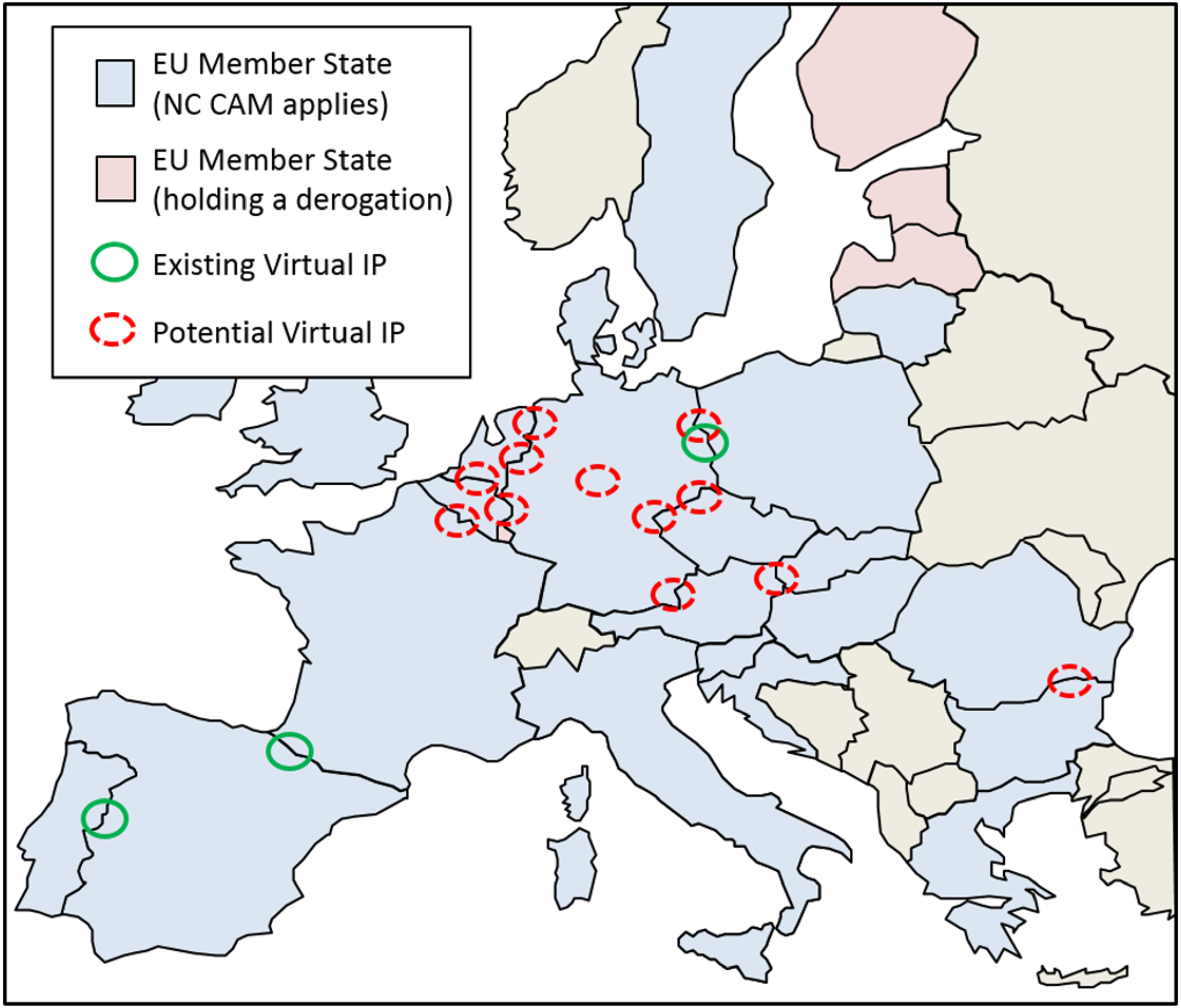
Bundling & VIPs are essential for easy access & use of cross-zonal capacities!

NC CAM articles \ MS	AT	BE	BG	CZ	DE	DK	EL	ES	FR TIGF	FR GRTgaz	HR	HU	IE	IT	LT	NL	PL	PT	RO	SI	SK	UK
19.1 Offer of max. possible of avail. cap. as bundled?	no	yes	no	yes	yes (2)	yes	yes	yes	yes	yes	NR	no	yes	yes	no	yes	no	yes	yes	no	yes	yes
19.5 Unbundl. cap. auctioned w/ auction calendar?	yes	yes	no	yes	yes (2 NA)	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	yes	yes	yes (1 NA)
19.7 Single nomination procedure for bundled cap.?	NA	yes	no	yes	yes (4) (1 NA)	no	no	yes	yes	yes	no	yes	yes	yes	no	yes	yes	no	yes	no	yes	yes
19.9 Start of VIP analysis?*	yes	yes	yes	NR	yes	NR	NR	NR	NR	NR	NA	NR	NR	NR	NR	yes	yes	yes	NR	NR	NR	NR
20.1 Any volunt. bundling arrangements reached?*	no	no	no	no	no	no	no	no	no	no	no	no	no	no	no	no	no	no	no	no	no	no
Count of 'yes' (except *)	1/2	3/3	0/3	3/3	2,6/3	2/3	2/3	3/3	3/3	3/3	1/3	2/3	3/3	3/3	0/3	3/3	2/3	2/3	3/3	1/3	3/3	3/3
Implementation level in %	50%	100%	0%	100%	87%	66%	66%	100%	100%	100%	33%	66%	100%	100%	0%	100%	66%	66%	100%	33%	100%	100%

Key: yes | no | NR - no reply | NA - not applicable | NRA question | TSO question

* This question was not considered in the chapter's scoring.

CH. IV: Virtual IPs



CH. IV: Possible future VIPs

Entry-Exit Zone 1	Entry-Exit Zone 2	Possible VIPs	Number of physical IPs[1]	Number of related IP sides[2]
DE (GP)	DE (NCG)	1	13	52
DE (NCG)	NL	1	8	31
AT	DE (NCG)	1	7	22
CZ	DE (GP)	1	5	12
BG[3]	RO[3]	1	5	9
BE	NL	1	4	16
DE (GP)	NL	1	4	14
AT	SK	1	4	9
BE (H)	FR (Nord)	1	3	9
BE	DE (NCG)[4]	1	3	12
DE (GP)	PL[3]	1	1 IP + 1 VIP	8
CZ	DE (NCG)	1	2	6
Total		12	60	200

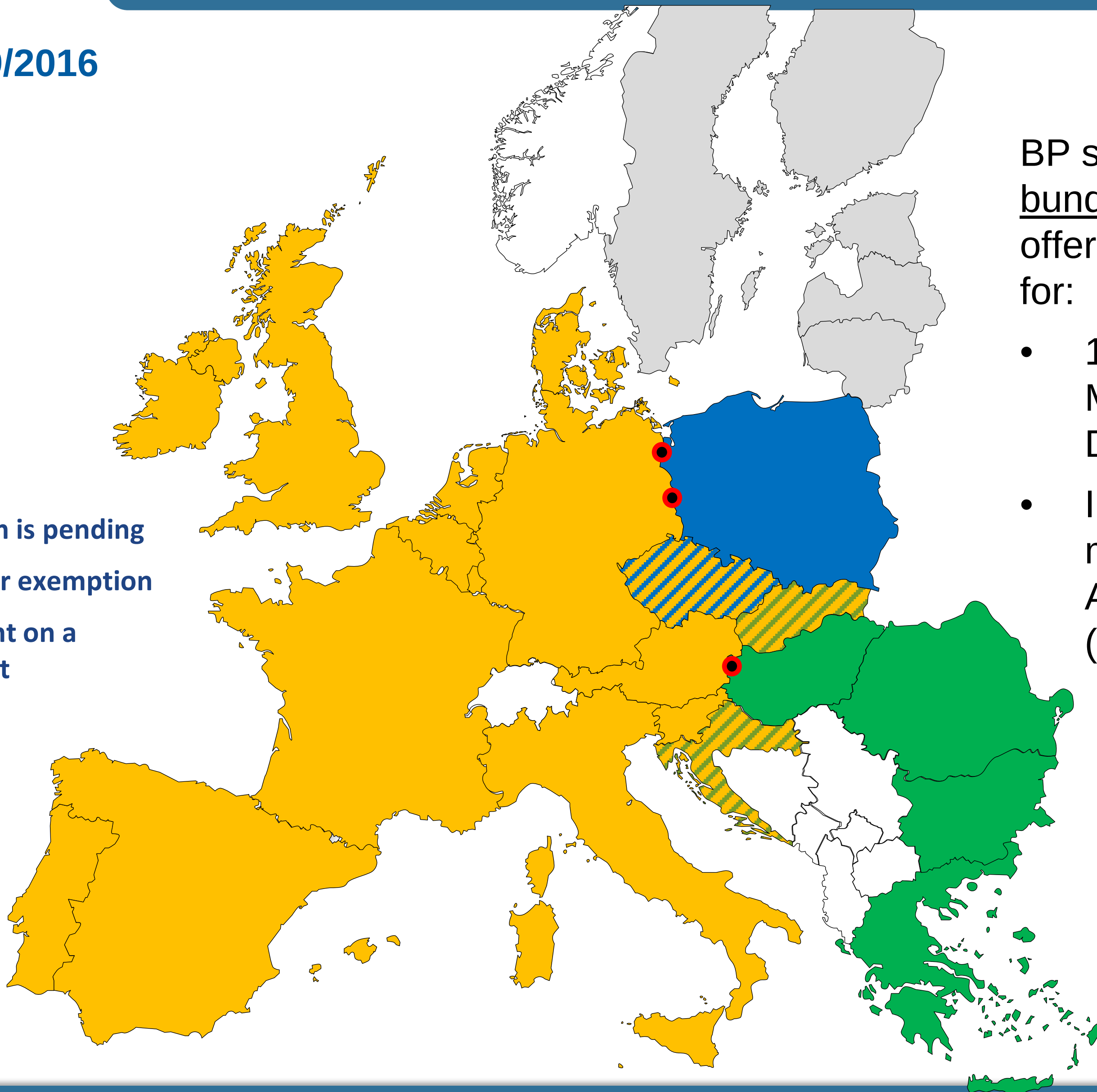
Potential „IP side saving“:
200 – 48 = **152**

Remaining IP side scope list:
339 - **152** = 187

CH. VI: Bundling / Booking platforms

State of play 9/2016

- PRISMA
- GSA
- RBP
- Decision on platform is pending
- No cross-border IP or exemption
- IP with no agreement on a booking platform yet



BP selection for <u>bundled</u> capacity offers still unresolved for:

- 1 VIP + IP Mallnow
  DE - PL
- IP Moson-magyarovar
  AT – HU
  (tender ongoing)

OTHER INTERESTING FINDINGS

- **Implicit Allocations** (gas + capacity) under NC CAM rules and **(voluntary) measures to limit upfront the bids** (CRE set 20%) are applied only at IP Liason Nord Sud (FR)

- **Interruptible Capacities:**
  lowest compliance on the obligation to ***jointly* decide on the minimum interruption lead time** (TSOs of 10 MSs either did not decide or decided individually)

- **Tariffs:**
  - Mostly variable tariffs applied
  - Fixed prices only for 38 IP sides: BG, LT, SK, HR, IUK & BBL, South North CSEP (IE) and Liason Nord Sud (FR)
  - Default Auction premium split (for bundles) is 50:50
  - A different split was reported only for IP Mallnow (PL-DE)

Outline

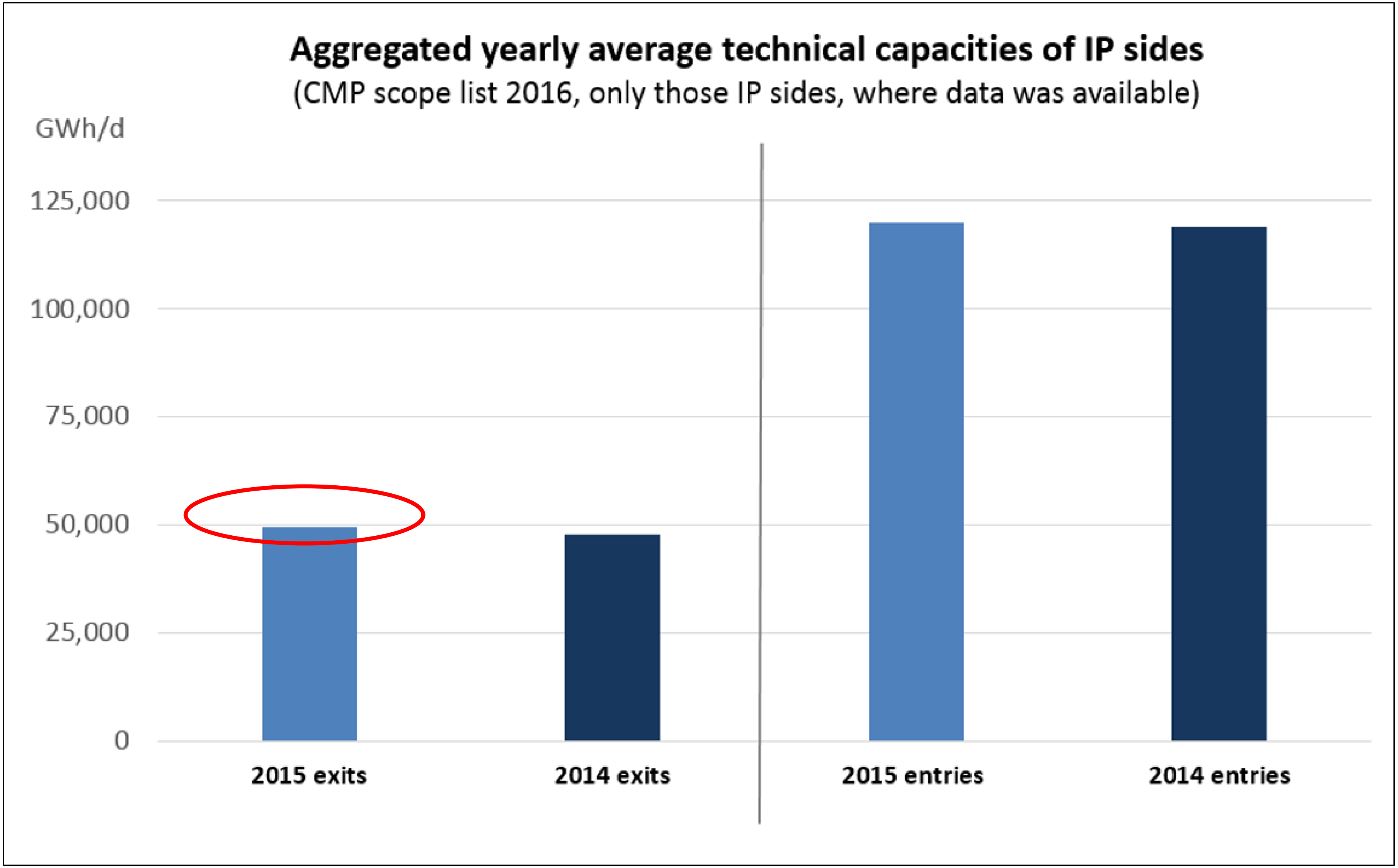
1. Legal Basis & Scope

2. Main Results of CAM IM

3. CEPA CAM IM Indicators

4. Conclusions & Recommendations

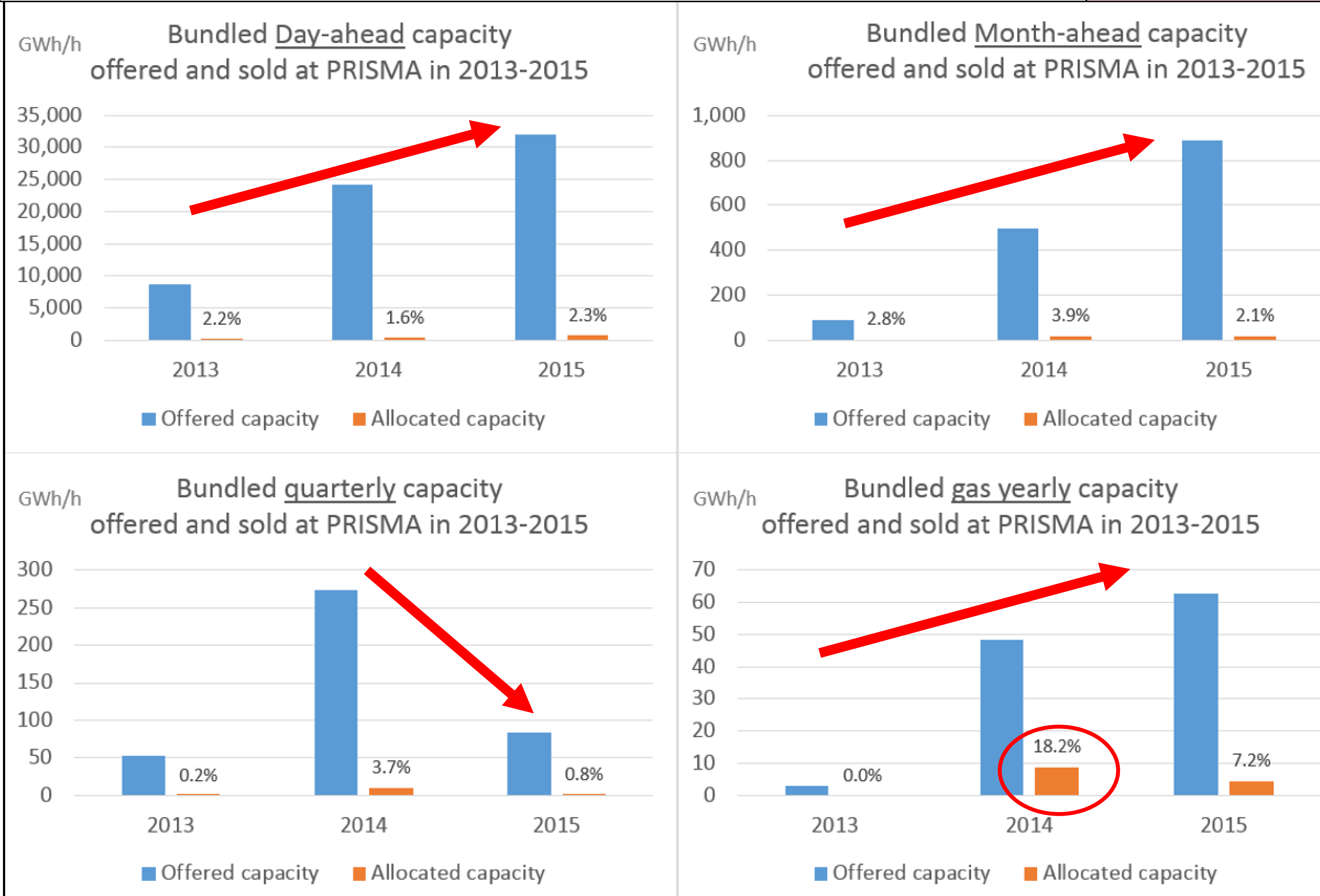
CAM IMR: CEPA indicator – CAM.1



CAM IMR: CEPA indicator – CAM.2 & 3

Offer < 0.9% of total technical firm cap.!

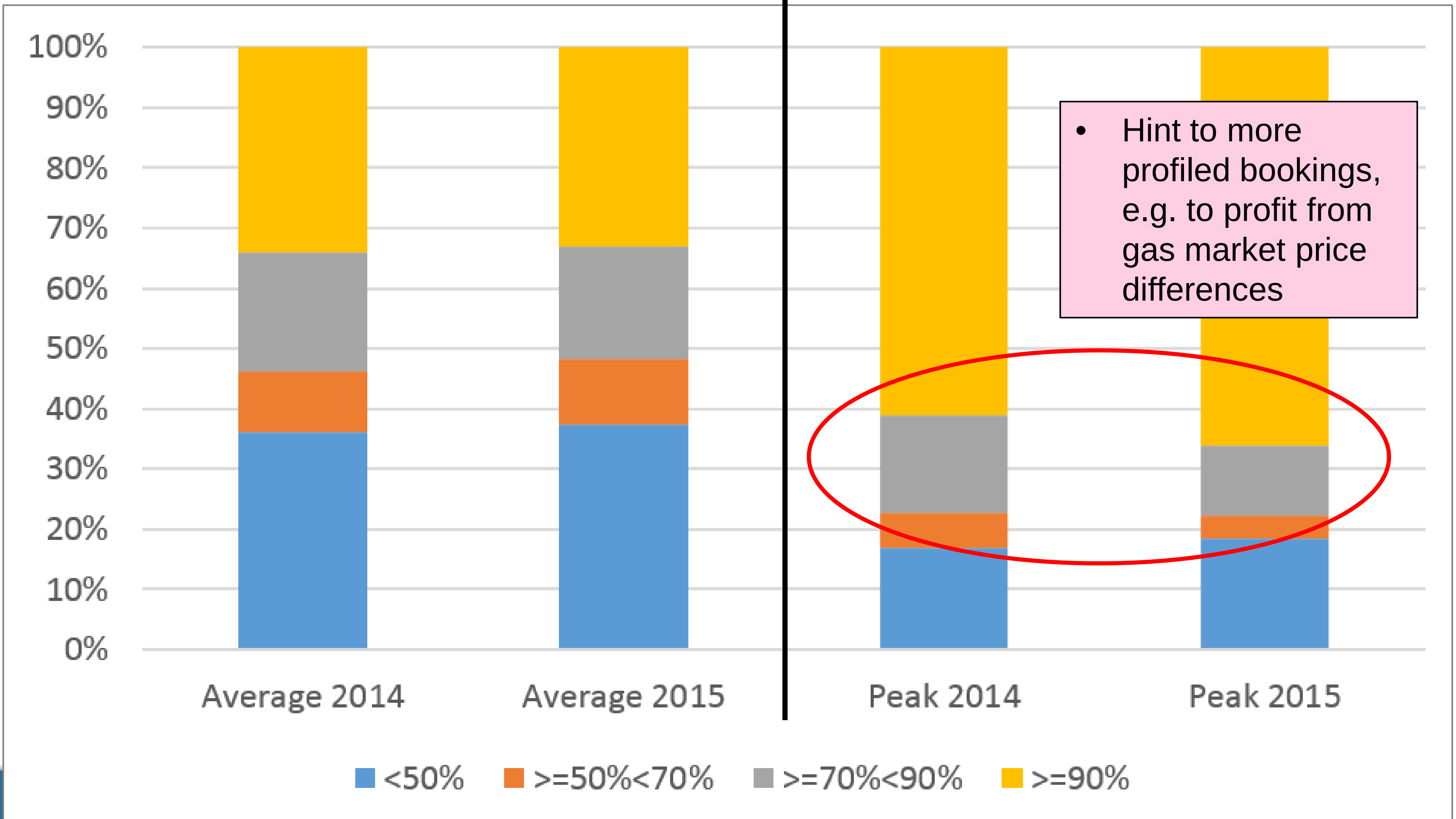
CAM.2 & 3: Bundled Capacity offered and sold in the EU



IMR: CEPA indicator – CAM.5

CAM.5: Avg. contractual capacity utilisation (booked/technical)

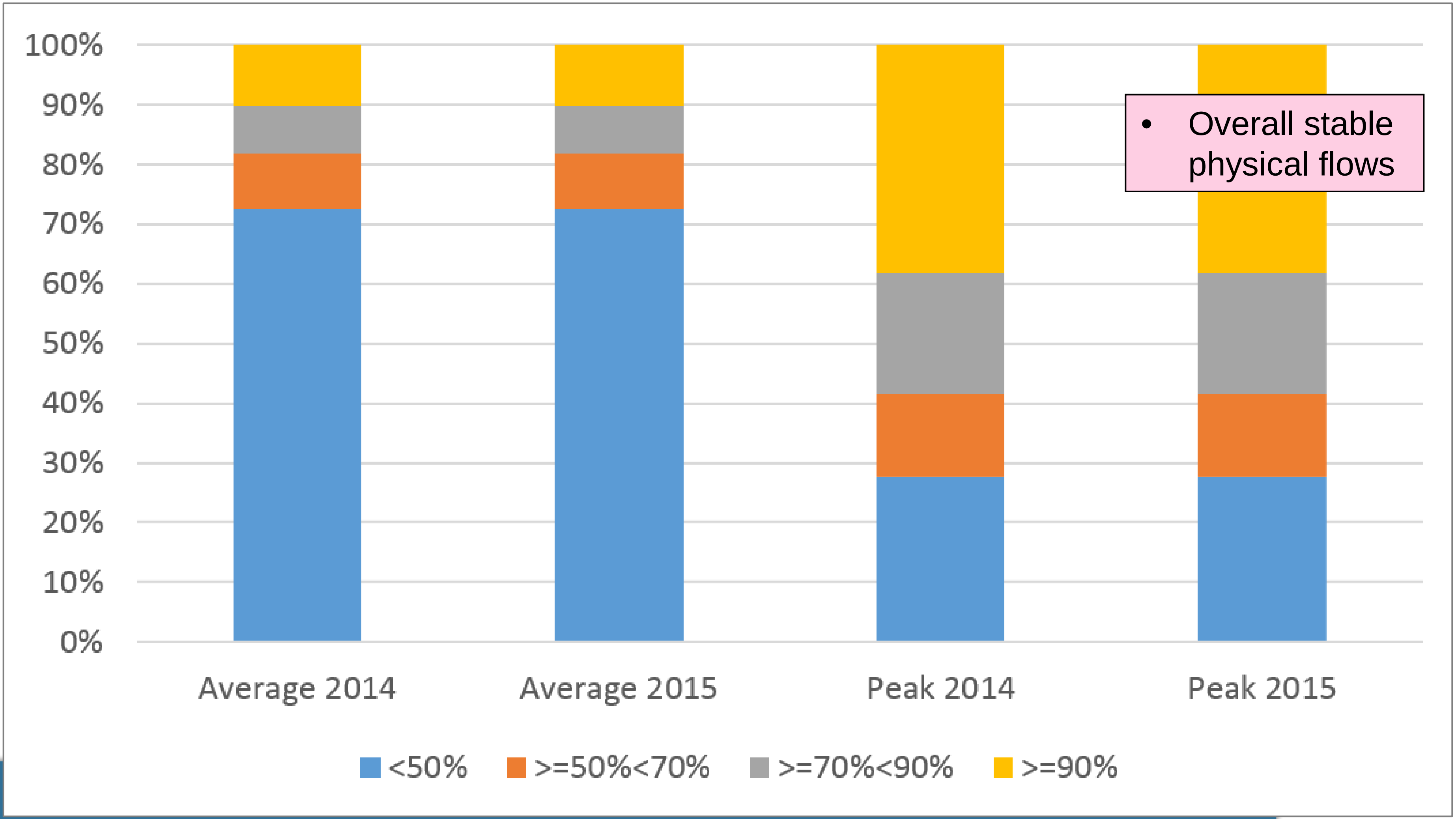
→ ratio distribution of CMP IP sides



IMR: CEPA indicator – CAM.6

CAM.6: Avg. Physical capacity utilisation (physical flow/technical)

→ ratio distribution of CMP IP sides



- Overall stable physical flows

Outline

1. Legal Basis & Scope

2. Main Results of CAM IM

3. CEPA CAM IM Indicators

4. Conclusions & Recommendations

Conclusions on implementation

NC CAM implementation is well on track on core requirements…

→ auctioning of standard products at booking platforms (94%)
→ **average EU compliance level is 82%**

… but full implementation is still outstanding

→ **BG & LT are lagging behind**
→ **only BE + UK have implemented all provisions**

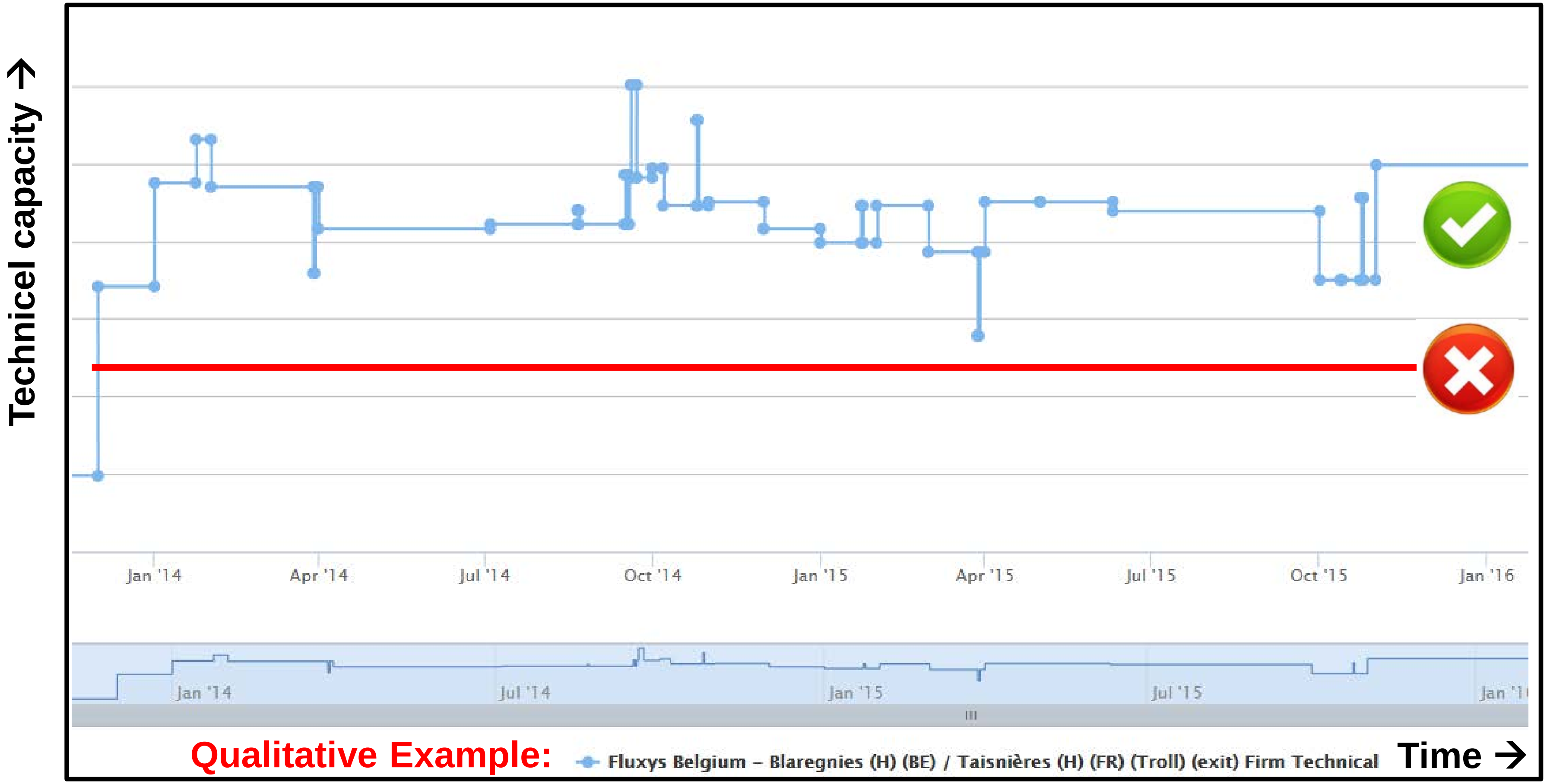
Priority should be set on

1) Capacity Bundling
2) Virtual IPs
3) Capacity maximisation

Access to capacity is essential for gas markets and for competition to further develop.

Dynamic (re-)calculation of technical capacity shall be improved:

Goal: "structured" technical cap. (at least for quarters / months)



Impact of NC CAM

NC CAM indicators show limited effects…

→ Indicators calculated only for 2014 and 2015

→ Calculations are based on partial and sometime inconsistent data from ENTSOG's Transparency Platform

→ Trends can be observed only over a longer period

→ No definite conclusions on NC CAM effects and the effectiveness of its provisions possible...

... but some **initial observations** can be shared:

Impact of NC CAM

Initial observations:

(1) **Increasing offer of bundled capacity** since 2013, with more TSOs offering it. Total amounts are **still at a very low level.** (In 2015 < 1% of total tech. cap. of NC CAM IPs)

→ **Amounts should increase over time, as unbundled contracts will expire and all available cap. on both sides of an IP should be offered as bundled!**

(2) Total capacity **bookings for peak days increased**, while **physical flows** remained rather **stable**.

→ **Aim of NC CAM: Increased (commercial) cap. utilisation, which better coincides with the actual (ST) needs to flow gas across borders. Auctions of standard cap. products (incl. DA) & CMPs seem to deliver!**

Conclusions on data requirements

Transport data availability and quality on ENTSOG's Transparency Platform could be further improved

- **Regular checks** and timely updates by TSOs, NRAs to verify this (ENTSOG/TSOs to check bulk data export files **before** delivering to ACER)
- Instant implementation of updated NC CAM / CMP **IP scope lists** on ENTSOG's TP
- **To get more meaningful CAM indicator results, new data and more analysis is needed:**

  - Reasons for technical capacity changes to explain observed in-/decreases
  - Indication on whether data on physical flows / renominations contain TSO operational actions and to what extent

  → Provision of „commercial flow" data to become mandatory?

Thanks for your attention!

Questions or comments?

Thomas.Hoelzer@acer.europa.eu