

CAM Network code amendment

New process for market driven investments in gas transmission infrastructure

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- Harmonized assessment of market demand in 2017

- Association of 45 European Gas Transmission System Operators
- Objectives:
 - promote the **completion of the internal market for gas** and stimulate **cross-border trade**
 - ensure **efficient management** and **coordinated operation** of the European gas network





Market driven investments

- **Network users express binding commitments to TSOs to purchase capacity on a long-term basis.** The commitments aim at
 - confirming the market's real need for capacity
 - ensuring that the project will yield sufficient revenues to guarantee its financial viability
- **The investment decision is conditional on validation of economic test => to show that a reasonable level of project cost is covered by long-term bookings**
- Until 2016 based on
 - Non binding ERGEG Guidelines of Good Practice on Open Season
 - Individual requests of Network users to TSOs -> **No harmonised and simultaneous assessment of demand for capacity at IPs across the EU**



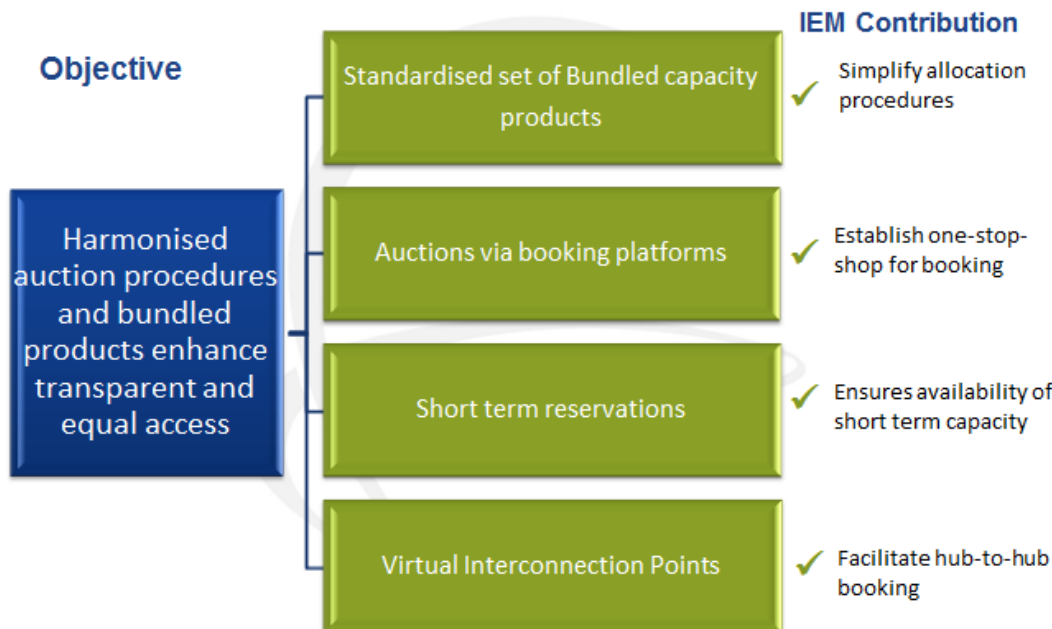


Market driven investments within TEP

- How to deal with INC capacity according to the Third Energy Package?
=> DIRECTIVE 2009/73/EC, Article 13.2:

“TSOs shall build sufficient cross-border capacity to integrate European transmission infrastructure accommodating all economically reasonable and technically feasible demands for capacity”

CAM Network code key features



CAM NC EC 984/2013
=> deals with rules for existing capacity, not with rules for development of new/incremental capacity

Solution => to add rules for INC capacity to CAM Network code



CAM NC amendment



Objective of Incremental Proposal (CAM NC amendment)

“to establish a market-base procedure to satisfy all economically reasonable and technically feasible demand for capacity”

Aiming to develop:

- Standardised and coherent process for the realisation of incremental capacity
- Harmonised and simultaneous assessment of demand for incremental capacity across the EU
- A process with intensive cooperation and coordination between TSOs, NRAs and network users



Incremental capacity

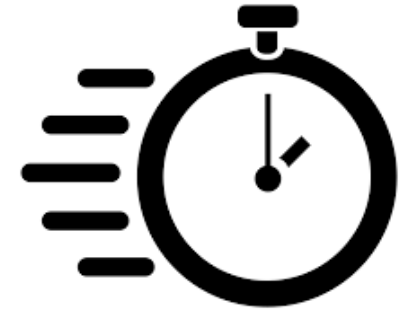
What is incremental capacity?

“a possible increase in technical capacity that may be offered based on investment or long term capacity optimization and subsequently allocated subject to the positive outcome of an economic test”

- At existing interconnection points
- By establishing a new interconnection point
- A physical reverse flow capacity at an interconnection point, which has not being offered before



CAM NC amendment process



- ACER submitted Guidance for amendment of CAM NC on INC capacity in December 2013
- **ENTSOG submitted incremental proposal to ACER in December 2014**
- ACER submitted revised incremental proposal to EC in October 2015
- **Gas committee of EU member states endorsed amended CAM NC in October 2016**

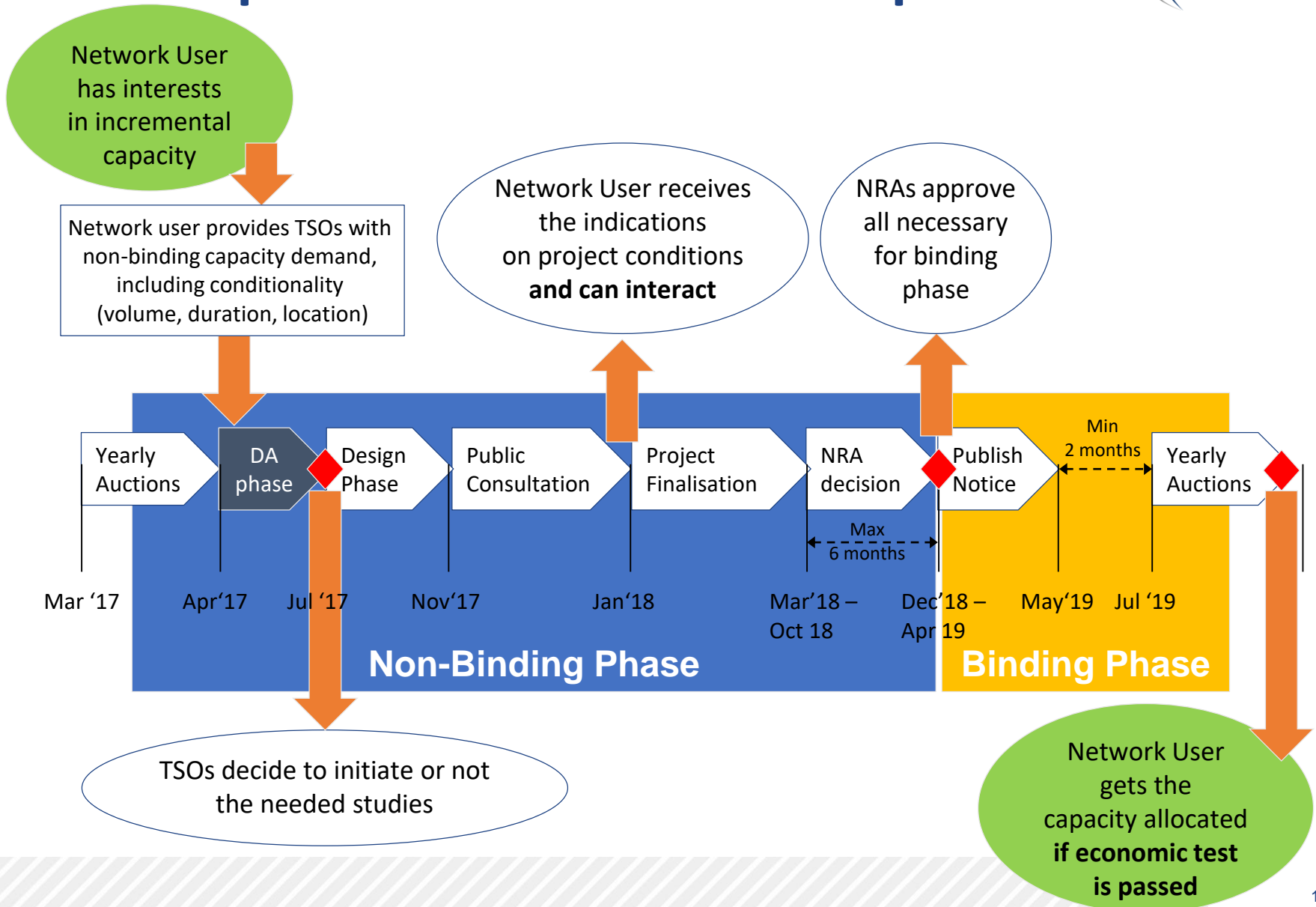
⇒ **Amended CAM NC entered into force and is applicable since April 6 2017**

What CAM NC amendment on INC capacity has delivered?

- A standardised way for market participants to flag appetite for incremental capacity
- Harmonised and simultaneous assessment of demand for incremental capacity across the EU
- An integrated offer of incremental and existing capacity
- Possibility to apply alternative allocation mechanism
- A standardised process to establish economic viability of an incremental capacity project with local input parameters

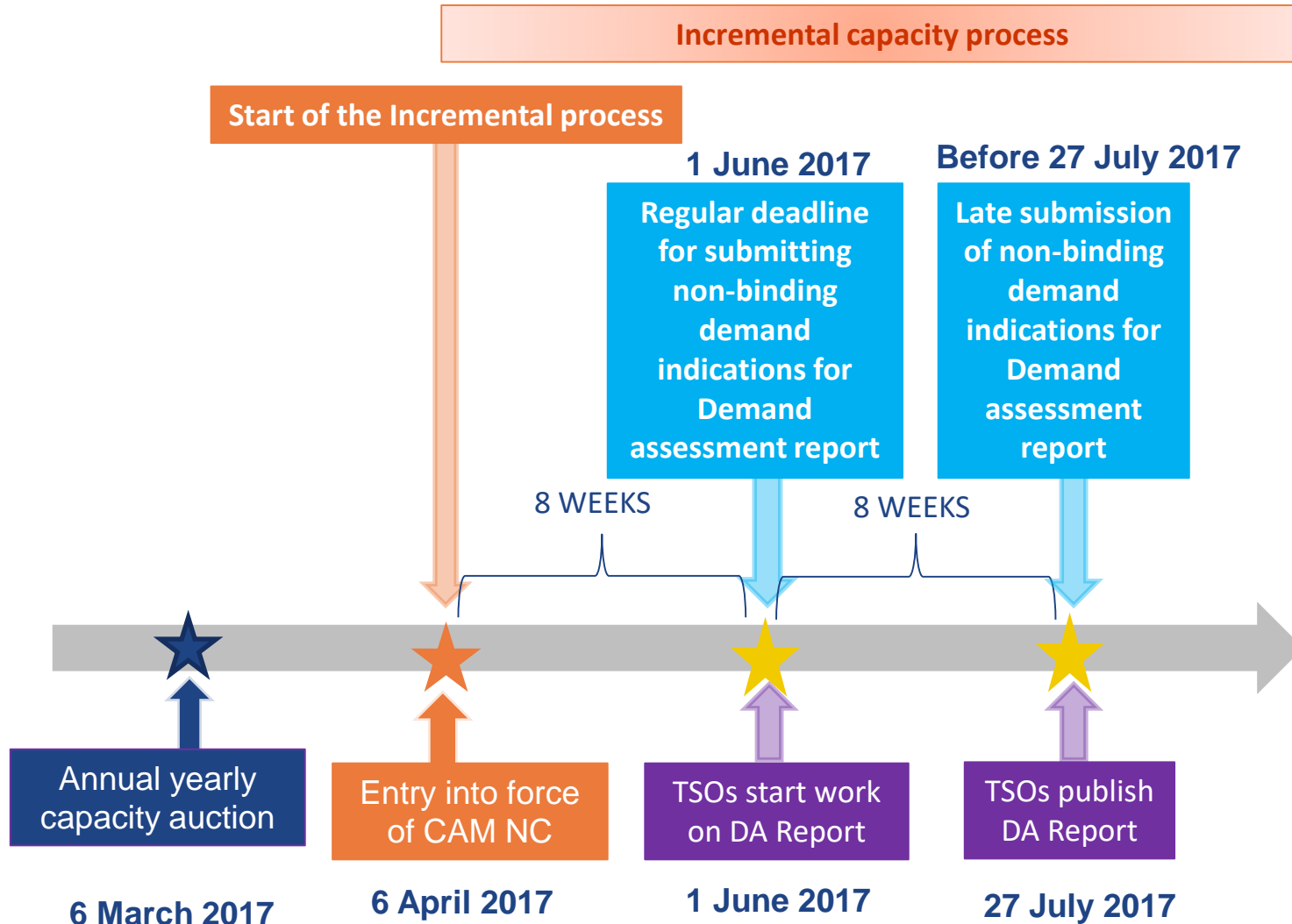


1st INC process - initiated on 6 April 2017





Demand Assessment 2017 Timeline





Demand Assessment Reports 2017

Conclusions for the incremental capacity project/process:

- Whether the incremental capacity process will be proceeded
- Whether technical studies for an incremental capacity projects will be conducted



All Demand assessment reports of EU TSOs will be published latest on July 27 on ENTSOG webpage

<https://www.entsog.eu/publications/incremental-capacity>

Conclusions and benefits

CAM NC is workable instrument to promote the development of new market based infrastructure

- Extensive stakeholder involvement during INC proposal development (2014) and within INC reality check WG (2016)
=> relevant stakeholders supported the new rules
- New capacity between market zones will be built according to market demand
- Better interconnection between market zones will
 - **improve competition on gas markets → lower gas prices for final consumers**
 - **increase Security of supply**





Thank You for Your Attention

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