



– Consultation response –

ACER-ENTSOG Consultation on “Greater flexibility to book firm capacity at IPs”

Brussels, 19 February 2021 | Europex welcomes the opportunity to contribute to this ACER-ENTSOG consultation collecting stakeholder input on the proposal raised by EFET on the Gas Network Code Functionality Platform. Europex generally supports the proposal to increase shippers’ access to capacity via supplementary auctions and increase commodity arbitrage opportunities. We include below a selection of our responses to the consultation, with the numbering corresponding to the questions in Section 2 of the consultation document.

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

Yes. Standardised capacity auctions in CAM NC have helped to allocate capacity more efficiently, reducing spreads and allowing shippers to respond to short-term price signals when managing their capacity. Whilst recognising the value of the standard auction timetable, we support the proposal to increase shippers’ access to capacity via supplementary auctions. Increasing commodity arbitrage opportunities will support the development of liquidity in spot and forward markets. The ACER gas MMR (2018) noted that CAM NC amendments introducing increased frequency of auctions (e.g. for quarterly products) immediately increased the bookings of the related products, which also suggests that there is demand for more flexibility in the auction timetable.

5. 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?

5 – completely appropriate. Given that priority is maintained for the yearly, quarterly and monthly CAM NC auctions, increased opportunities to purchase (any unsold) capacity will help to increase access to capacity without adversely affecting the current system.

6. Do you consider the EFET proposal to introduce more than one opportunity per month to book monthly capacity products (via UPA) to be an appropriate improvement to the current system of allocation of capacities according to the CAM NC?

Yes. UPA auctions will increase the opportunities for TSOs to sell capacity and will increase shipper access to any unsold capacity following the first relevant CAM NC ascending clock auction.

7. Do you consider the EFET proposal to increase the opportunities to book quarterly capacity products (via UPA) to be an appropriate improvement to the current system of allocation of capacities according to the CAM NC?

Yes, see response to Q. 6.

8. Do you consider the EFET proposal to increase the opportunities to book yearly capacity products (via UPA) to be an appropriate improvement to the current system of allocation of capacities according to the CAM NC?

Yes, see response to Q. 6.

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

Voluntary – a level of discretion for TSOs to introduce these auctions based on their assessment will help to ensure cost-effective implementation (i.e. based on demand and TSO assessment of the market conditions). This approach will also allow learning and demonstration of results once it has initially been implemented.

10. In case any additional auctions would be implemented on a voluntary basis, how can we assure that the bundling principle is followed? Please elaborate:

An obligation to coordinate with adjacent TSOs could be foreseen, requiring agreement between relevant TSOs/NRAs before the introduction of additional auctions.

11. What are, from your point of view, the positive aspects of the supplementary uniform price allocation (UPA) auctions for yearly, quarterly, and monthly IP capacity proposed by EFET, as compared to the current CAM NC rules on capacity allocation? Please elaborate:

- Increased opportunities for shippers to access capacity and exploit arbitrage opportunities;
- Complementarity to the CAM NC auctions (UPA auctions would not take place if firm yearly, quarterly or monthly capacity at an IP was sold at an auction premium, was sold out, or was not offered);
- Simplicity of UPA auctions, only requiring a single round.

13. Which elements of the EFET proposal may be advantageous for your company and why?

Please elaborate:

The ability to flexibly use the grid underpins fair competition between suppliers, increasing liquidity at trading hubs and contributing to efficient price discovery mechanisms. This is beneficial not only for exchanges but also for gas consumers, as they benefit from fair prices reflecting the demand and supply situation.

About

Europex is a not-for-profit association of European energy exchanges with 29 members. It represents the interests of exchange-based wholesale electricity, gas and environmental markets, focuses on developments of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level.

Contact

Europex – Association of European Energy Exchanges

Address: Rue Archimède 44, 1000 Brussels, Belgium

Phone: +32 2 512 34 10

Website: www.europex.org

Email: secretariat@europex.org

Twitter: @Europex_energy