



ERGEG's approach to CAM and CMP

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The cross border dimension of gas



- **Europe imports 60% of the gas it consumes**
 - Important gas transit across Europe
 - The development of competition at a national level often directly depends on other countries
 - De facto interdependency between Member States for competition development and security of supply
 - Uncertainty and risks
- **Crossing borders is often difficult for shippers**
 - Capacity fully booked in the long-term
 - Legal obstacles
 - Different allocation rules on either sides of borders
 - Remaining inconsistencies about gas quality, capacity calculation, etc.

Obstacles to cross border shipping



- **Variety of capacity products and procedures**
 - Firm short-term capacity products mandatory in some countries
 - Different designs for interruptible capacity
 - Different nomination procedures
 - Pro-rata, first come first served, auctions

- **Capacity hoarding**
 - Issue: put unused capacity back to the market
 - Difficulty to implement long-term UIOLI
 - Need to precisely define capacity hoarding

CAM & CMP

A priority issue for European regulators



- **TPA to network infrastructure at the heart of competition development**
 - Networks are natural monopolies
 - Historical market domination by incumbents
 - Capacity allocation = key tool to develop competition
 - Impact on the market design
 - Relation with access tariffs (not in the scope of ERGEG work)
- **Basic principles**
 - Transparency
 - Non-discrimination: make it possible for new suppliers to enter the market
 - Flexibility to the benefit of hub development

CAM & CMP

A priority issue for European regulators



- **Improve the existing regulation**
 - Regulation 1775/2005 not precise and prescriptive enough
 - Contractual congestion
 - Need for regulatory innovation to facilitate access to capacity
 - Regular commercialization
 - Effective UIOLI procedures

- **Prepare the implementation of the third package**
 - ENTSOG code on CAM & CMP
 - Few amendments to the CAM and CMP provisions of the Regulation in the third package
 - The Agency should have to produce “framework guidelines” and control that codes developed by ENTSOG are compliant

- **Pragmatism**

- Address the concrete needs of market players
- Dialogue with GTE and stakeholders
- Adaptability to national situations...
- ...while promoting a coherent system at an EU level

- **Security of access**

- Provide shippers some security and stability about their access to capacity
- Firm mid- and long-term capacity products

- **Flexibility**

- Regular commercialization of capacity
- Short-term capacity
- Incentives to have unused capacity back to the market

Objectives of ERGEG's document



- **Structure of the document**
 - Distinction of capacity products, CAM and CMP
 - General principles on each topic
 - Concrete proposals which could be added to the annex to Reg 1775/2005

- **Reduce the regulatory gaps**
 - Develop compatible CAM and CMP
 - Promote cooperation between TSOs

- **Hierarchy among the proposals**
 - Mandatory proposals (required for market development)
 - Optional proposals (if appropriate)

- **Concept of “tool box”**

Overview of the proposed CAM and CMP



- **Transparent and fair capacity request procedures**
 - Where no congestion, all the capacity requests accepted
- **In case of contractual congestion, implement better allocation methods to reduce market foreclosure**
- **Regular allocation of capacity**
 - Various durations (daily to long-term)
 - Non-discriminatory process
 - Signals in case of lack of capacity
- **Active role of TSOs in allocating capacity**
- **Transparency**

Thank you