

**ACER**  
**Agency for the Cooperation of Energy Regulators**  
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1000 Ljubljana  
Slovenia

28th August 2015

## **PRISMA Response to the ACER Public Consultation on Incremental Proposal and further Capacity Allocation Mechanism Network Code Amendments**

PRISMA European Capacity Platform GmbH (PRISMA) welcomes the willingness of the Agency for the Cooperation of Energy Regulators (ACER) to consult the stakeholders on possible changes in the Capacity Allocation Mechanism Network Code (CAM NC).

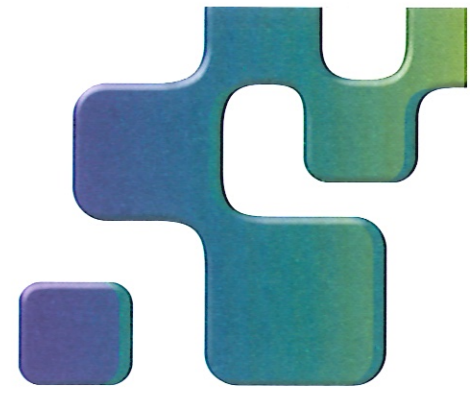
The aim of this document is to provide to ACER feedback on how the proposed changes could affect processes of allocating cross border transmission capacity between different Entry-Exit systems and to suggest marginal amendments to improve the clarity of the current proposed changes.

- 1. Do you support the changes suggested by the Agency on Incremental Capacity (new chapter IVa and related articles)? If not, please list which new or amended articles you disagree with and explain why.**

PRISMA supports the majority of the proposed changes to the CAM NC related to the incremental capacity as suggested by ACER. When investigating how the new and amended proposals could be operationalised in practise and applied to the PRISMA booking platform, we identified that some clarifications with regard to the proposed measures are necessary and propose follow-up steps to optimise the later implementation. The purpose of the following remarks is to ensure that the spirit of the regulation is in line with the wording.

The new Article 8 Point 2 states "*In case incremental capacity is offered, the simultaneous auction processes for the respective offer levels are dependent on each other, since only one offer level can be allocated.*" while Art. 20c, Point 2 states: "*The auctions for the respective offer levels shall be conducted in parallel and independently from each other in accordance with Article 17 and subject to Article 8(2).*"

The two Articles could lead to different interpretations of the same process and from PRISMA's point of view Art. 8.2 could be improved to avoid confusion and different implementations of CAM NC. Our interpretation of the new process of marketing incremental capacity is that auction processes start at the same time, are conducted in parallel indicating that they run simultaneously and independently



from each other. After the auctions are concluded the TSOs perform the economic tests and select the positive offer level with the largest amount of capacity. The dependency of the auctions manifests exactly in the selection of the successful offer level with the highest capacity because only one offer level will be binding for TSOs and Shippers.

In relation to the dependency of auctions PRISMA would also like to highlight that the proposed processes for marketing different offer levels could imply a significant increase of complexity in the case of competing Interconnection Points (IP). The current proposed changes do not clarify how the auctions and offer levels of different IPs – based on our understanding of Art. 8 Point 2 and 20c Point 2 offer levels of one Interconnection Point will be independent – in competition shall be organized.

One example with regard to the application of competing auctions refers to the extended Art.11 Point 10:

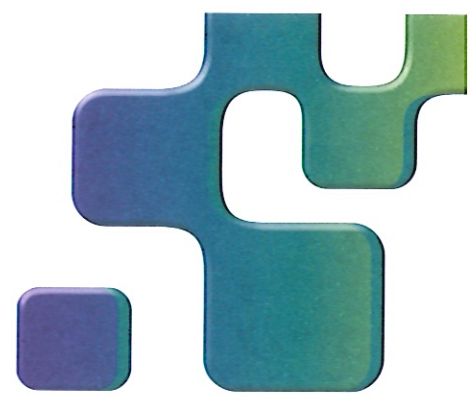
*“In case of incremental capacity, the binding commitments of network users for contracting capacity and the results of the economic tests including whether the conditions for a repeated auction according to Article 20c (3) are met shall be made available no later than the next business day after the closing of the bidding round, simultaneously to individual network users participating in the respective auction.”*

According to PRISMA’s understanding, neither Art. 20c (3) nor Art. 11 Point 10 provide a clear understanding whether in case of competing auctions only the auction meeting the criteria described in Art 20c (3) shall be repeated or all the auctions initially in competition shall be repeated. A possible diverging interpretation of the design of competing auctions holds the potential to significantly increase the complexity for network users and platform operators alike. For this reason PRISMA proposes to investigate the upside and downside potential of a different competing auction design interpretation and its implementation in practise and to discuss the feasibility of competing auctions designs during a stakeholder meeting.

The amended Article 11 Point 3 states *“The auction process shall offer capacity for no longer than the upcoming 15 gas years for existing capacity. Incremental capacity may be offered in yearly capacity auctions for a maximum of 15 gas years after the start of operational use.”*

PRISMA supports the allocation of incremental capacity jointly with available existing capacity as one of the key principles of the incremental process. Since the amendment to the CAM NC foresees that incremental capacity can be offered for up to 15 years after the start of the operational use, existing capacity at the concerned IP(s) has to be offered for the same time frame. Since ‘offer levels’ are defined to combine incremental and available existing capacity, PRISMA proposes to reword this Article as follows:

The auction process shall offer capacity for no longer than the upcoming 15 gas years for existing capacity. In case of incremental capacity, the offer levels may be offered in yearly capacity auctions for a maximum of 15 years after the start of operational use.



- 2. Do you support ENTSOG envisaged proposals to change the default auction calendar in relation to the discussion on the draft Network Code on Tariffs (i.e. to move the annual yearly capacity auctions from March to July, the annual quarterly auctions from June to August and the rolling monthly auctions' start from the third to the second Monday each month)? If not, please explain why.**

PRISMA fully supports the proposals to change the default auction calendar in relation to the discussion on the draft Network Code on Tariffs. As a booking platform, PRISMA is one of the main facilitators to ensure that these changes are applied in a timely manner. The changes related to the shift in auction calendar are stated in reference to Art. 11 (4), Art. 12 (4) and Art. 13 (4). According to Article 28, the shift in the auction calendar are applicable as of 1st November 2015. Although PRISMA has a proven record of the early implementation of NC CAM provisions and remains dedicated to this end, the revision of the auction calendar shall in PRISMA's view take into account necessary implementation lead time of approximately 6-9 months. This lead-time will be ensured if the amendments related to auction date shifts are to be implemented when TAR NC would become applicable (not before October 2017). A choice in this direction would be sensible since the default auction date shifts are strictly related to the provision of reserve prices binding for the first gas year (Art. 22(2) TAR NC). Finally, also network users would have enough time to organise their activities with relation to the foreseen changes. In this context PRISMA would like to draw the attention to Question 4 where are requested specifications of Article 28 which would allow a timely application also of the aforementioned provisions.

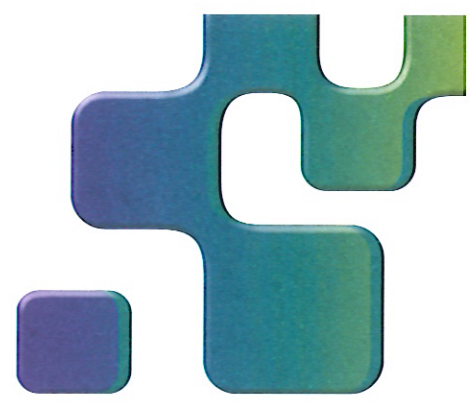
- 3. Do you support the further technical changes introduced (e.g. on the auction algorithms (Art. 17 (16) and Art. 18 (3d) & (9)); on the bundling of existing capacity (Art. 20 (1); on the allocation of interruptible services (Art. 21 (9)) etc.? If not, please list which amended articles you disagree with and explain why.**

PRISMA supports the further technical changes introduced by the aforementioned amendments. In this context, it is worthwhile mentioning that from a platform operator it is key to receive a clear indication when these amendments shall be applicable, since especially Art. 17 (16) and Art. 18 (3d) & (9) have a direct impact on the auction algorithms. For this reason, PRISMA advocates that the application deadline for the adaption of the auction algorithm shall take into account sufficient implementation lead time. In line with Question 2 and 4, we therefore highlight the necessity to specify Article 28 accordingly.

- 4. Do you have any other comments related to the proposed NC CAM, changes, and if so which?**

Article 28 specifies that the CAM NC shall apply as from 1<sup>st</sup> November 2015 'unless otherwise specified' in the CAM NC. However, due to the missing specification within the text, it is not clear to PRISMA when certain provisions of the CAM NC are supposed to be applicable.

PRISMA supports the suggestion to keep consistency with the previous version of the CAM NC, the BAL NC and the INT NC and enlisting the articles that are applicable earlier or later than 1<sup>st</sup> November 2015 by using the expression "without prejudice to Articles...". All new and amended provisions related to incremental capacity and the shift of auction dates should be equivalent to the



application date of the TAR NC as set out in the second subparagraph of Article 45 of the TAR NC re-submitted to ACER on 31 July 2015.

Yours sincerely,

