



**CAM and CMP**  
**Including 2ndary Market Trading**

Nina GRALL-EDLER, Head of ECRB Section, ECS

# AGENDA

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1. CAPACITY ALLOCATION MECHANISMS
2. CONGESTION MANAGEMENT
3. SECONDARY MARKET TRADING

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## 1. CAPACITY ALLOCATION MECHANISMS

- ▶ Legal Requirements Acquis (2nd Package)
- ▶ Additional Clarifications (DG ENER, ERGEG)
- ▶ Status Quo EU MS and EnC CPs

## 2. CONGESTION MANAGEMENT

## 3. SECONDARY MARKET TRADING

## CAM – LEGAL REQUIREMENTS ACQUIS

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1. **Art 25 (1a) Directive 2003/55/EC**
  - ▶ NRA responsibility
2. **Art 5 Regulation 1775/2005**
3. **Regulation 1775/2005 Annexed Guidelines, chapter 2.1**

### **... help on understanding needed?**

- ▶ Commission Staff Document SEC (2007) 822 on CAM and CMP for access to the natural gas transmission networks regulated under Article 5 of Regulation (EC) No 1775/2005

## IN DETAIL

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### ... acquis requires

- ▶ „maximum“ capacity to be offered to the market
- ▶ CAM to
  - ▶ Be transparent
  - ▶ Be non-discriminatory
  - ▶ Provide appropriate economic signals for efficient capacity use
  - ▶ facilitate the development of competition and liquid trading of capacity\*
  - ▶ Be compatible with market mechanisms incl spot markets/hubs
  - ▶ Be flexible and capable of adapting to evolving market circumstances
  - ▶ Be compatible with the network access systems
  - ▶ take into account the integrity of the system concerned as well as security of supply\*
  - ▶ neither hamper the entry of new market participants nor create undue barriers to market entry\*
  - ▶ facilitate investment in new infrastructure\*
  - ▶ Be consulted by the TSO with network users prior to their entry into force\*

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\* Regulation 1775/2005 Annexed Guidelines, chapter 2.1

## BUT WHAT DOES IT MEAN?\*

- ▶ **„maximum“ capacity**
  - ▶ = technical firm capacity + interruptible capacity
- ▶ **„provide appropriate economic signals for efficient capacity use“**
  - ▶ = TSO to reduce level of unused capacities ▶ ensure that re-offered to the market
  - ▶ Practised via CMP – e.g. auction, capacity buy back
  - ▶ Detailed methodology to be decided by NRA
- ▶ **„Be compatible with market mechanisms incl spot markets/hubs“** requires
  - ▶ Short term services
  - ▶ (re-)nomination period in line with hub
- ▶ **“neither hamper the entry of new market participants nor create undue barriers to market entry”**
  - ▶ Best practise: entry exit system where capacity at entry and exit points may be booked separately - limiting the disadvantage small shippers would have in a distance based tariff system
- ▶ **“take into account the integrity of the system concerned as well as security of supply”**
  - ▶ minimum and maximum pressures and the part of linepack necessary for its operation to be respected

\* Commission Staff Document SEC (2007) 822

## POSSIBLE CAM MODELS\*

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- ▶ **FCFS**
  - ▶ EU best practise: click an book (reason!)
- ▶ **Lottery**
- ▶ **Auction**
- ▶ **Pro Rata**
- ▶ **TSO to keep track of requests**

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\* Commission Staff Document SEC (2007) 822

	CAM applied
Austria	FCFS, auction, lottery, capacity goes with customer
Croatia	Pro- rata
FYR of Macedonia	FCFS
Greece	FCFS, capacity goes with customer
Italy	capacity goes with customer, pro rata
Romania	FCFS
Serbia	CAM is not applied
Slovenia	Allocation on deadline

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  - ▶ Legal Requirements Acquis (2nd Package)
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## CAM – LEGAL REQUIREMENTS ACQUIS

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- 1. Art 25 (1b) Directive 2003/55/EC**
  - ▶ NRA responsibility
- 2. Art 5 (CMP) and Art 8 (2ndary market) Regulation 1775/2005**
- 3. Regulation 1775/2005 Annexed Guidelines, chapter 2.2**

### ... help on understanding needed?

- ▶ Commission Staff Document SEC (2007) 822 on CAM and CMP for access to the natural gas transmission networks regulated under Article 5 of Regulation (EC) No 1775/2005
- ▶ ERGEG Guidelines on Open Season

## IN DETAIL

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### For new and re-negotiated contracts

- ▶ Case 1: contractual congestion
- ▶ Case 2: physical congestion

### For existing contracts (Art 32 (1) Directive 2003/55/EC)

- ▶ In the event of contractual congestion TSO shall apply the same rules as for new/re-negotiated contracts
  - ▶ „unless this would infringe the existing contract“ ▶ position DG COMP!
- ▶ Not applicable in the EnC – no sanctity of existing contracts!

### On 2ndary market trading

- ▶ TSO to take reasonable steps to allow capacity rights to be freely tradable and to facilitate such trade
- ▶ To be included in transportation contracts (NRA approval)
- ▶ network users who wish to re-sell or sublet their unused contracted capacity on the secondary market shall be entitled to do so
- ▶ Notification to TSO can be required (typically for re-selling)

## BUT WHAT DOES IT MEAN?\*

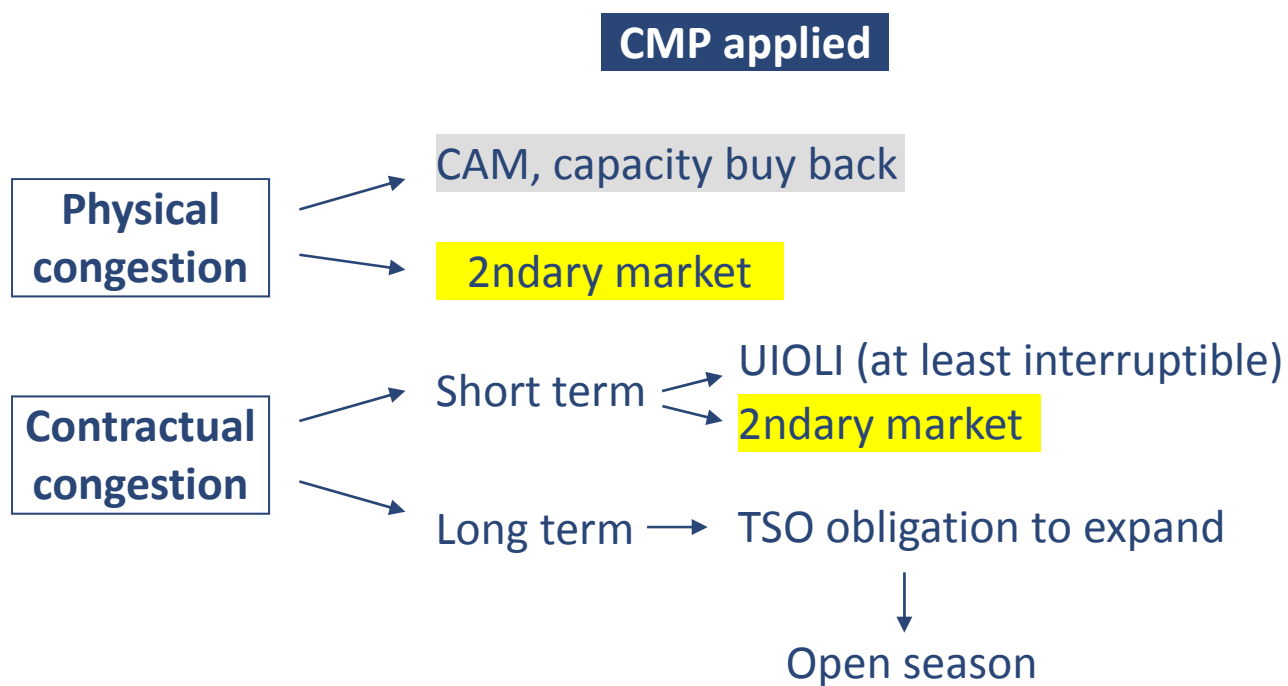
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- ▶ **„Contractual congestion“**
  - ▶ Short/long term (not/justifying expansion)
  - ▶ Hoarding or meeting fluctuating demand
  - ▶ = NOT necessarily physical congestion
- ▶ **„Physical congestion“**
  - ▶ nominations for both firm and interruptible capacity (= the demand for actual deliveries) > technical capacity available at some point in time
  - ▶ NOT necessarily a status
- ▶ **„reasonable endeavors“**
  - ▶ use of historical flows, allowing TSOs to identify unused capacity with sufficient reliability
  - ▶ nomination process consisting of different stages
- ▶ **„facilitating“** 2ndary market trading
  - ▶ Best practise: online platform

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\* Commission Staff Document SEC (2007) 822

# COMMUNICATING VESSELS



	Which CMPs are applied?
Austria	Interruptible UIOLI, secondary market
Croatia	Interruptible UIOLI, secondary market
FYR of Macedonia	Interruptible UIOLI
Greece	UIOLI, secondary market
Italy	Interruptible UIOLI, secondary market
Serbia	CMP not applied <sup>[2]</sup>
Slovenia	Pro rata, 2ndary market, interruptible capacity
Romania	Voluntary release of capacity, mandatory transfer of capacity by TSO, in case of long-term congestions: obligation for TSO to expand