

Frank Roessler

ENTSOE - European Network of Transmission System Operators for Gas
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15th November 2011

RE: RESPONSE TO ENTSOG ON THE CAM NETWORK CODE CONSULTATION

Dear Frank,

As you know, the European Federation of Energy Traders (EFET)¹ is intensely interested in the development of this EU-wide network code on Capacity Allocation. Indeed, we have a Capacity Group, led by Alex Barnes, which has been actively involved in the process.

You will have noticed, however, that EFET has not provided you with an institutional response to your consultation that closed on 14th November, 2011. The reason for this is that on some of the detailed questions there are different perspectives among our Members. As we continue to debate these issues internally, it is becoming clear that although we all seek similar results, we face different risks or have different interpretations of what choosing one option might mean compared with another. The best solution might even be slightly different from the options set out in the ENTSOG questionnaire.

Overall, we would like to emphasise the following points that we would ask ENTSOG to bear in mind in the process of reconsidering the details. In particular the Network Code for Capacity Allocation should be consistent with:

- Allocating long-term capacity in a way that provides sufficient flexibility and certainty for market participants to match long-term supply agreements, whether they are established shippers or new entrants to a market;
- Avoiding additional or unnecessary risks and uncertainties (for example as might be introduced by pro-rata approaches);
- Maximising the aggregate information provided to shippers while keeping the auction scheme as straightforward and compact as possible (for example, limiting the duration of long-term auctions, but allowing shippers the option to provide a single bid stack if they wish).

¹ The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent and liquid wholesale markets, unhindered by national borders or other undue obstacles. EFET currently represents more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org.

Finally, there are two further considerations that should be borne in mind to ensure that implementation of the text remains practicable:

1. When the CAM Network Code is implemented, we should find that most primary capacity will be allocated at the reserve price (P0) at most IPs most of the time.
2. Incremental capacity will need to be integrated into the allocation scheme to help resolve the issues that arise when demand for capacity exceeds available capacity.

I hope this helps you to continue with the development of the CAM Network Code in a way that will satisfy market participants. Meanwhile, if you have any queries on the EFET position, please do not hesitate to contact Alex or me directly.

Best regards,



Dr Colin Lyle
Chair of EFET Gas Committee
European Federation of Energy Traders

CC:

Jan van Aken, *Secretary General, EFET*