NC CAM
INCREMENTAL CAPACITY
Timeline

• **26 December 2014**: ENTSOG submitted an amendment proposal to the Network Code on CAM to ACER

• **February 2015**: ACER assessed the proposal and consulted with stakeholders
  - Stakeholder feedback highlighted two areas of concern:
    - the process for running an incremental capacity project is too complex and hard to understand in the draft amendment
    - need to simplify the rules for allocating capacity in an open season.

• **March–June 2015**: ACER and ENTSOG cooperated to redraft the amendment proposal in order to simplify the process


• **October 2015**: final amendment proposal to the EC

• **14–15 October**: presentation at the Madrid Forum
Overview of new Chapter: “Incremental Capacity”

- **Article 20a: “Demand assessment”:** starting of demand assessment, TSOs cooperation, Market Demand Assessment Report

- **Article 20b: “Design phase”:** TSOs: technical studies, Public Consultation, NRA approval

- **Article 20c: “Auctioning of incremental capacity”:** process of auction

- **Article 20d: “Principles of alternative capacity allocation mechanism”:** alternative capacity allocation mechanism and its prerequisites
An alternative capacity allocation mechanism can be used, subject to NRAs' approvals, where market feedback during the demand assessment phase expressed a clear need for conditional bids to be allowed during the allocation procedure as follows:

a) the incremental capacity project involves more than two entry-exit systems and bids are requested along several interconnection points during the allocation procedure; OR

b) bids spanning a number of different yearly capacity products at an interconnection point are requested in one of the following two cases: the incremental capacity project involves more than two entry-exit systems and bids are requested along several interconnection points during the allocation procedure; OR it is substantiated by transmission system operators and supported by the public consultation that these bids, if fulfilled, are not detrimental to competition or the effective functioning of the internal gas market.

The mechanism shall be transparent, non-discriminatory and shall not prioritise bids for higher amounts of capacity for a standard yearly capacity product.
New Process for Incremental Capacity Projects

Non-Binding Phase

Design Phase:
TSOs’ activities include:
- prepare and design project (planned offer levels, economic test parameters, etc.)
- optional: conduct technical studies
- identify what conditions if any to allow
- determine whether an alternative is needed to the default allocation process, and design it

Demand assessment
(to determine whether there is sufficient demand (based on the criteria) to launch a project)

TSOs run public consultation (min. 1, max. up to two months)
- finalise project design after consultation
- submit proposal for NRA approval

Annual auction of yearly capacity (even years)
Due date for non-binding indication 8 weeks after beginning of annual auction
TSO(s) publish demand assessment report 16 weeks after beginning of annual auction
TSOs submit project proposal to relevant NRAs for approval
NRA approval within 6 months of the TSOs’ submission

Binding Phase

Default allocation process:
Users submit binding capacity requests through the CAM auction for each offer level.

Run economic test (and a potential bid revision process)

Run economic test

Ongoing co-ordination among TSOs and NRAs involved throughout the process

Due date for non-binding indication 8 weeks after beginning of annual auction
TSOs publish results before new cycle starts

Default allocation process:
Each offer level, users submit binding capacity requests through alternative allocation process specify any conditions.

TSOs process requests quickly to avoid overlap with any new cycle
Thank you for your attention!

www.acer.europa.eu
• **Annual yearly capacity auctions**: Moved from March to **July**.

• **Annual quarterly capacity auctions**: Moved from June to **August**.

• **Rolling monthly capacity auctions**: shall start on the **second** Monday of each month for the following monthly standard product.

• **Article 26 on tariffs** is **deleted**.

• **Other technical changes**:
  - Ascending Clock auction algorithm (Article 17 (16)),
  - Uniform-Price auction algorithm (Article 18 (3d) & (9)),
  - Headline of Chapter IV now: "Bundling of capacity at IPs”
  - Bundling of existing capacity (Art. 20(1)),
  - Allocation of interruptible services (Article 21(9)),
  - Entry into force (Art. 28).