Draft Refined Incremental Proposal

GAC WS 2

Brussels – 22 September 2014
What is the incremental proposal?

The process by which capacity demand beyond the offer of existing capacity can be satisfied in a market-based manner, if the necessary investments are efficient and financially viable.

**Amendment of CAM NC**
- Extending the scope of the Regulation
- Amending the auctioning principles where necessary
- Addition of co-ordination and transparency requirements
- Addition of Open Season procedures as allocation mechanism

**Chapter VIII of Draft Tariff NC**
- Covering principles of the Economic Test
- Covering principles of tariff setting for incremental and new capacity
Three process phases with network user involvement

**Demand assessment phase**
- NU input to the **demand assessment** by providing non-binding indications
- Estimated duration ≈ 6 – 8 months

**Design phase**
- NU input to the **design of offer levels and economic test parameters** by responding to the public consultation
- in case of open seasons NU input in the **non-binding phase** and via **open season notices**
- Estimated duration ≈ 10 – 18 months depending on characteristics of the project

**Market test phase**
- NU input to the **economic test outcome** by participating in the auction or the binding phase
- Estimated duration ≈ 1 -3 months
Proposed streamlining of INC process

Due date for non-binding indications

Submission of demand assessment report (incl. proposed offer procedure)

Annual yearly auction

Demand assessment based on TYNDP, NDPs, auctions and non-binding indications

Auction

Non-binding phase
Technical design of offer levels and setting of economic test parameters & tariff or depreciation rate adjustment

Due date for non-binding indications

Market

NRA approval

TSO

Discussion

Consultation

CAM Auctions: Parallel bidding ladders

Potential bid revision

Publication of auction results

Application of conditionalities

Run of economic test

Non-binding phase
Technical design of offer levels, economic test parameters, tariff or depreciation rate adjustment & alternative allocation mechanism if OSP, etc.

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

* An alternative allocation mechanism can only be applied in Open Season Procedures and if the default allocation mechanism prevents a positive economic test

Submission of planned offer levels, economic test parameters, etc. to NRA for public consultation

CAM Auctions: Parallel bidding ladders

Potential bid revision

Publication of auction results

Application of conditionalities

Run of economic test

Non-binding phase
Technical design of offer levels, economic test parameters, tariff or depreciation rate adjustment & alternative allocation mechanism if OSP, etc.

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

* An alternative allocation mechanism can only be applied in Open Season Procedures and if the default allocation mechanism prevents a positive economic test
## Timeline for incremental proposal

### Development and consultation overview

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Main phases of activities of ENTSOG and stakeholders in INC process</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENTSOG</td>
<td>Kick Off Meeting 14 Jan, Development of launch documentation and Project Plan</td>
</tr>
<tr>
<td></td>
<td>SJWS 1 10 Feb, SJWS 2 26 Feb, Development of draft Incremental Proposal in cooperation with stakeholders</td>
</tr>
<tr>
<td></td>
<td>SJWS 3 13 March, SJWS 4 25 Mar, SJWS 5 8 April</td>
</tr>
<tr>
<td></td>
<td>Draft Proposal 30 May, Consultation Workshop 24 Jun</td>
</tr>
<tr>
<td></td>
<td>Refinement Workshop 23 Sep, Refinement of Incremental Proposal based on the feedback by stakeholders</td>
</tr>
<tr>
<td></td>
<td>Consultation period 30 May – 30 July, Refinement Workshop 23 Sep</td>
</tr>
<tr>
<td></td>
<td>SSP 31 Dec 2014</td>
</tr>
</tbody>
</table>

### Diagram

- **ACER Guidance Publication** 30 Nov 2013
- **EC invitation to write Incremental Proposal** 19 Dec 2013
- **Kick Off Meeting** 14 Jan 2014
- **SJWS 1** 10 Feb 2014
- **SJWS 2** 26 Feb 2014
- **SJWS 3** 13 March 2014
- **SJWS 4** 25 March 2014
- **SJWS 5** 8 April 2014
- **Draft Proposal** 30 May 2014
- **Consultation Workshop** 24 Jun 2014
- **Refinement Workshop** 23 Sep 2014
- **End of consultation period** 30 July 2014
- **Publication of answers** 22 Aug 2014
- **Submission Amendment Proposal** 31 Dec 2014

---

**Entso-G** logo and branding elements are included in the diagram.
The refinement phase: Putting the last segments of the puzzle together
Refining the order of articles to reflect process
(numbering is indicative)

Art.20 b

- Submission of demand assessment report (incl. proposed offer procedure)
- Due date for non-binding indications
- Demand assessment based on TYNDP, NDPs, auctions and non-binding indications
- Annual yearly auction

Art.20 c-d

- Technical design of offer levels and setting of economic test parameters & tariff or depreciation rate adjustment
- Submission of planned offer levels, economic test parameters, etc. to NRA for public consultation

Art.20 e

- Non-binding phase
  - Technical design of offer levels, economic test parameters, tariff or depreciation rate adjustment & alternative allocation mechanism
- OSP
- Consultation
- Publication of open season notice
- Publication of offer levels and economic test parameters, alternative allocation mechanism if OSP, etc.

Art.20 f-g

- Application of conditionalities
- CAM Auctions: Parallel bidding ladders
- Potential bid revision
- Alternative allocation mechanism*
- Run of economic test
- Publication of auction results
- Ongoing co-ordination among TSOs and NRAs involved along the process

* An alternative allocation mechanism can only be applied in Open Season Procedures and if the default allocation mechanism prevents a positive economic test
Thank you for your attention