

# PC\_2024\_G\_09 - Public consultation on amending the network code on capacity allocation mechanisms in gas transmission systems

Fields marked with \* are mandatory.

## Introduction

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The European Commission invites ACER to submit to the Commission by December 2024 reasoned proposals for amendments (the 'reasoned proposals') to the Capacity Allocation Mechanisms Network Code ('[CAM NC](#)'). ACER will prepare its proposals in accordance with Article 73(3) of Regulation (EU) 2024/1789 and Article 14 of Regulation (EU) 2019/942.

Harmonised rules for capacity allocation were first introduced in 2013 and focused on the introduction of standard transmission capacity products (yearly, quarterly, monthly, day-ahead and within-day) to be allocated by auctions on joint booking platforms, bundling the capacity contracts at a border. These rules were meant to support entry-exit systems and trading at virtual trading points and moving away from unharmonised rules along supply corridors as well as first-come first-served allocation.

In 2017, the rules were amended to introduce harmonised rules for incremental capacity, a process for shipper-led capacity development as a complement to the TSO-led development through the regular national and EU-wide network planning.

Ten years after their initial introduction, the rules for capacity allocation need to be brought in line with the evolving gas market as the Union went through a gas market crisis and transformed its use of the gas transmission system due to demand reduction and increased LNG imports offsetting reduced Russian pipeline supplies. In this context, freeing up capacity, bringing available capacity as soon as possible to the market, and maximising flow on critical supply routes are essential for security of supply. Furthermore, the '[hydrogen and decarbonised gas market package](#)' calls for market rules that advance decarbonisation while facilitating security of supply and regional cooperation.

ACER had several interactions with stakeholders on the revision of the CAM NC:

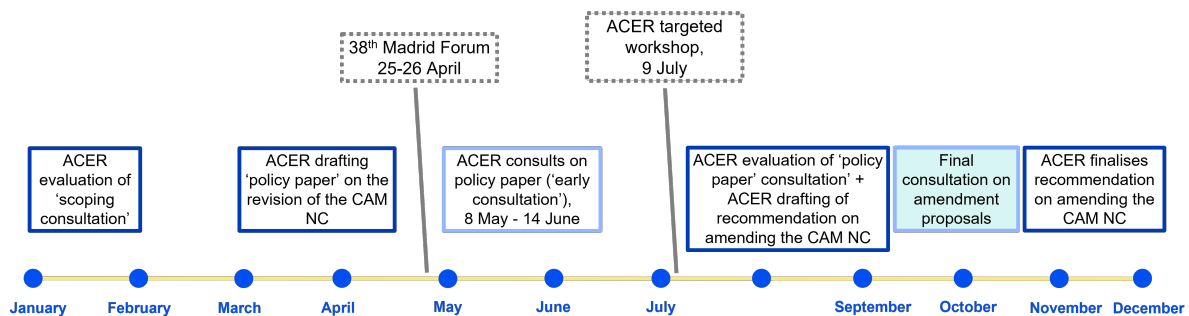
- ACER conducted a [public consultation](#) from 14 November 2023 to 5 January 2024 inviting stakeholders to identify the topics that deserve being investigated towards improving the CAM NC

rules ('scoping consultation'). On 12 December 2023, ACER also organised an [online workshop](#) on the same topic.

- ACER developed a policy paper on '[The revision of the network code on capacity allocation mechanisms in gas transmission systems](#)' that focuses on options to improve the network code. From 8 May 2024 until 14 June 2024, ACER conducted a [public consultation](#) inviting stakeholders to submit their practical proposals to improve the CAM NC as well as to provide their feedback on the paper. In addition, to further investigate these proposals, ACER organised a technical workshop (by invitation only) on 9 July 2024.

Based on its evaluation of the inputs received, ACER has prepared reasoned proposals for amendments, and is holding a **final public consultation** to ensure the proposed amendments effectively address market needs and deliver the expected improvements before finalising and submitting them to the European Commission by the end of the year.

**Responses to the consultation should be submitted by 25 October 2024.**



## Identification

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**\* Name of organisation / company**

Energy Traders Europe

**\* Type of organisation / company**

- TSO and their associations
- DSO and their associations
- shippers/traders and their associations
- civil society organisations
- national regulatory authorities

- other national competent authorities
- other

**\* Country**

- EU-27
- Other

**\* Please specify the country**

- AT - Austria
- BE - Belgium
- BG - Bulgaria
- HR - Croatia
- CY - Cyprus
- CZ - Czechia
- DK - Denmark
- EE - Estonia
- EU - European Union, for associations covering all EU
- FI - Finland
- FR - France
- DE - Germany
- EL - Greece
- HU - Hungary
- IE - Ireland
- IT - Italy
- LV - Latvia
- LT - Lithuania
- LU - Luxembourg
- MT - Malta
- NL - Netherlands
- PL - Poland
- PT - Portugal
- RO - Romania
- SK - Slovak Republic
- SI - Slovenia
- ES - Spain
- SE - Sweden

## Data protection

ACER will process personal data of the respondents in accordance with [Regulation \(EU\) 2018/1725](#), taking into account that this processing is necessary for performing ACER's consultation tasks. More information on data protection is available on [ACER's website](#) and in [ACER's data protection notice](#).

ACER will not publish personal data.

## Consent to the processing of personal data

Your personal data may be processed by the Agency.

Please refer to [privacy statement](#) to learn about such processing and your rights.

## Confidentiality

Following this consultation, ACER will make public:

- the number of responses received;
- company names, unless they should be considered as confidential;
- all non-confidential responses; and
- ACER's evaluation of responses. In the evaluation, ACER may link responses to specific respondents or groups of respondents.

You may request that the name of your company or any information provided in your response is treated as confidential. To this aim, you need to explicitly indicate whether your response contains confidential information.

**You will be asked this question at the end of the survey.**

I have read the information on data protection and confidentiality provided in this section.

## Instructions

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Stakeholders are invited to submit their comments to the CAM NC amended articles by ACER in three mandatory steps:

### Step 1

Please navigate through the sections of the consultation and download ACER's draft amendment proposals in the excel file provided below (and downloadable via the link on the right-hand side within the tool).

### Step 2

**COMMENT ON THE AMENDMENTS BY UPLOADING THE FORM (EXCEL TABLE)**

**Kindly note that this consultation form follows the structure of the CAM NC amended legal text.**

The paragraph numbering in the form reflects paragraph numbers in the amended legal text. New articles and titles are marked as [new].

The instructions are the following:

Please use the downloadable Excel table to

1. comment on ACER draft amendments and/or
2. to provide an alternative text proposal.

Where the stakeholder does not have any comments regarding the amendments, the relevant cells in the consultation form can be left blank.

No	Article No	Paragraph No	Current text CAM NC	Amended text in track changes (additions + deletions)	Justification	Stakeholder's justification why ACER's amendment proposal needs modifications	Stakeholder's modified text for amendment proposal (mark additions + deletions)
1	Chapter I	Article 1 - Subject matter					
2	Chapter I	Article 2 - Scope	1				
3	Chapter I	Article 2 - Scope	2			1	2
4	Chapter I	Article 2 - Scope	3				
5	Chapter I	Article 2 - Scope	4				
6	Chapter I	Article 2 - Scope	5				
7	Chapter I	Article 2 - Scope					

### COMMENT ON THE OTHER QUESTIONS VIA THE TOOL

Beside commenting on the amendments via the upload of the excel form, other questions need to be answered directly via this survey tool.

#### Step 3

Complete the confidentiality check and submit your response before the deadline.

Please use the contact form if you have any questions.

## Comment on ACER's amendment proposals

### Comment on the amendments

When the stakeholder would like to propose a modification of ACER's amendment proposal, please upload the Excel file (download it below) containing all your justifications and modified amendment proposals, appropriately marking additions by underlining and deletions by ~~strikethrough~~, to the next FILE UPLOAD section and rename it with your stakeholder's name ("ACER\_draft\_CAM\_stakeholder\_name").

Note that only submissions sent within the consultation deadline will be considered.

### [Download ACER's draft amendments table here](#)

#### **A corrected form was uploaded on 27 September 2024, 12.00**

- row 144: figure replaced by plain text (formulas)
- row 278: markings of changes were missing

**In case you do not have comments on the proposal, you can tick the box here and skip the upload of the excel file.**

- I do not have comments and support ACER's amendment proposals.

- I have comments/propose modifications and I upload the excel form.

## File upload

**You can upload your proposed amendments (in Excel) here.**

Please ensure that all your proposed amendments and justifications are in one document. It would be helpful if you could include the existing text of the Network Code and highlight your proposed changes as explained above.

Maximum file size is 1 MB. If your file is bigger, please use the functional mailbox: [gas\\_cam\\_nc@acer.europa.eu](mailto:gas_cam_nc@acer.europa.eu) and send an E-mail with the subject "ACER draft CAM NC legal text [stakeholder name]". Submissions directly to the mailbox without a corresponding submission in the tool will be disregarded.

**81ad6481-ae14-424d-a562-0890867517dd/Cam\_amendment\_spreadsheet\_24102024\_FINAL.xlsx**

## Comment on options for "Incremental capacity"

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The provisions pertaining to incremental capacity must be brought in line with the [Judgment of the General Court of 16 March 2022 in T-684/19 - MEKH v ACER](#). After processing input by network users, transmission system operators and regulatory authorities, ACER identified diverging views that do not allow to conclude the debate with a single option.

ACER puts forward three options for the European Commission to consider in their legal analysis:

- **Option (1) no restoration** of the incremental process, meaning all provisions of Chapter VIII and all references to incremental would be removed from the code;
- **Option (2) full restoration** of the incremental process, meaning all provisions are retained, including ACER's proposed amendments to make the process more robust and efficient;
- **Option (3) partial restoration** of the incremental process, in particular retaining the demand assessment and design stages (Articles 26 and 27) while removing the provisions related to the binding stage.

ACER highlights that the coordination of TSOs and NRAs were valued aspects in concluded incremental projects while the process has made a very limited contribution to cross-border capacity development based on market interests (1 successful project in 4 cycles of the process).

### 1. Please choose your preferred option.

- NO restoration
- FULL restoration
- PARTIAL restoration

**2. Please add a justification explaining, in the case of full or partial restoration, which of the incremental capacity provisions should be harmonised at EU level and why, or in the case of no restoration, why these provisions are not necessary to be included in the CAM NC.**

*1800 character(s) maximum*

The Judgment challenges in particular the elements of the process that to an implicit obligation to invest in incremental capacity, while deciding on (incremental) investment is a competence that belongs to the Member States.

We support the notion of a partial restoration of the incremental process. We believe that it is necessary for the internal gas market to have a structured, harmonized process for evaluating and adjusting the level of interconnectedness in Europe. In this context we welcome the introduction of a common template for expressing non-binding interest,

Regarding the adjustments proposed to the non-binding expression of interest, if there is plausible evidence that additional fees and deposits (as proposed under art. 26) support the credibility of bids during the non-binding phase, then this can be supported so long as the charges are proportionate and cost-reflective.

## Comment on options for "Balance of the Month"

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A way of booking capacity covering the "Balance of the Month" is proposed to enable market participants to acquire a wider variety of capacity contracts to better match the gas commodities deals. Such more flexible capacity offer may fit particularly to the increase of LNG transactions, filling the void of product maturities between monthly capacity contracts and day-ahead capacity contracts.

While shippers expressed a preference for a Balance-of-the-month standard product, TSOs and national regulatory authorities expressed a preference for the Balance-of-the-month auction in view of having a more straight forward implementation process without the need to modify other Network codes (TAR NC) and lower estimated implementation costs.

ACER finds important to confirm with stakeholders that a simpler implementation of "balance-of-the-month auction of a strip of daily capacity products" (as included in the table with amendment proposals) and relying on the price of daily capacity products is preferred over the implementation of "balance-of-the-month standard product" which would require a dedicated price to be set via a targeted amendment of TAR NC:

- **Option (1) "balance-of-the-month auction"** (of a strip of daily products with a reducing number of days in the strip as the auctions roll on)
- **Option (2) "balance-of-the-month product"** (rolling auction of standard products with dynamic duration and with newly designed dynamic multiplier)

After having consulted the details of the two different proposals in the consultation supporting documents, bearing in mind the possibility to have a targeted amendment process for the TAR(NC), please answer the following questions.

### 1. Would you consider the "price" of a balance-of-the-month capacity offer an essential element for the functioning of the market?

Elements of consideration could be the dynamic duration of products covering the remaining days of the month, which could be matched with a dynamic price/multiplier.

- Yes  
 No

**2. Please provide a detailed justification on why a dedicated price for the Balance-of-the-Month product would have a positive impact on the market. Please also explain why a targeted amendment would be justified.**

1800 character(s) maximum

We believe that having a capacity product matching the products traded on the market is very important for the network users. Such product by default will fall between a monthly and a daily capacity product and unless this is reflected in the applicable multiplier, it's addition would be of little value to the market i.e. it would be highly uncompetitive at the beginning of a given month and of little added value towards the end of the month.

Before progressing to the third question in this section, please read the following information.

ACER considers that the product definition could be as follows:

**New article in CAM NC**

"Balance-of-the-month standard capacity products shall be the capacity which may be applied for, in a given amount, by a network user for all remaining gas days in a particular calendar month, starting on the second gas day following the auction day and ending on the last gas day of the month, starting on the second gas day after the auction day [and covering at least two consecutive gas days]."

ACER considers a **targeted amendment** of **TAR NC** could be as follows:

**Article 13 of TAR NC**

Level of multipliers and seasonal factors

1. The level of multipliers shall fall within the following ranges:

(a) for quarterly standard capacity products and for monthly standard capacity products, the level of the respective multiplier shall be no less than 1 and no more than 1,5;

(b) for daily standard capacity products and for within-day standard capacity products, the level of the respective multiplier shall be no less than 1 and no more than 3. In duly justified cases, the level of the respective multipliers may be less than 1, but higher than 0, or higher than 3.

(c) for balance -of -the-month capacity products, the level of the respective multiplier shall be no less than the level of multiplier applied for the monthly standard capacity product applicable for a given month and no more than the level of multiplier applicable for the daily standard capacity product applicable for the same month. When setting the multiplier for balance-of-the-month products, the national regulatory authority may take into account the dynamic duration of the products."

**Article 14 of TAR NC** specifies the price and could look like this (please note that the price of the strip of daily capacity products offered in a balance-of-the-month auction is based on the established price of the daily product, thus not requiring an amendment of TAR NC):

$$\text{*balance-of-the-month auction} = (D) * \left[ \frac{(M_d * T)}{365} * 1 \right]$$

$$\text{*balance-of-the-month product} = \frac{(M_{BoM} * T)}{365} * (D)$$

$$M_{BoM} = [(M_d - M_m) * \frac{D}{D_{max}}] + M_m$$

*M<sub>d</sub> = Daily multiplier*

*M<sub>m</sub> = Monthly multiplier*

*M<sub>BoM</sub> = Balance of Month multiplier*

*T = Reserve Price*

*D = Number of days in the product*

*D<sub>max</sub> = Number of days in a month*



**3. Please provide your comments on how the dedicated multiplier and price of balance-of-the-month product could look like.**

*1800 character(s) maximum*

We support the proposed approach of introducing a dedicated multiplier for the balance-of-month product, as well as the calculation rules for such a multiplier, although we note that the proposed formula would result in applying a higher (nearly daily) multiplier for BoM products at the beginning of the month and a lower (nearly monthly) multiplier for the final few days of a month.

To address the problem and ensure that the calculation follows the logic of NC TAR, the formula should be as follows (with both formulas having the same effect):

$$Mbom = [ (Md - Mm) * ((Dmax - D) / Dmax) ] + Mm$$

$$\text{or } Mbom = [Mm - Md] * (D / Dmax) + Md$$

## Other comments

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**Do you have any other comments on ACER's process on the revision of the Network Code you wish to share with us?**

*1800 character(s) maximum*

**We value your input on the survey's design. Kindly share your thoughts on how the survey is structured and any suggestions you may have for improvement.**

*1800 character(s) maximum*

We support the design of the final consultation round, which gives the opportunity to review and discuss the detailed text amendment proposals.

## Question on confidentiality

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**\* Does your submission contain confidential information?**

Yes

No

## Useful links

[ACER amendments table - excel form \(https://www.acer.europa.eu/sites/default/files/documents/Official\\_documents/Public\\_consultations/PC\\_2024\\_G\\_09/PC\\_2024\\_G\\_09\\_Amendment\\_Table.xlsx\)](https://www.acer.europa.eu/sites/default/files/documents/Official_documents/Public_consultations/PC_2024_G_09/PC_2024_G_09_Amendment_Table.xlsx)

[Evaluation Report PC\\_2024\\_G\\_03 \(https://www.acer.europa.eu/sites/default/files/documents/Official\\_documents/Public\\_consultations/PC\\_2024\\_G\\_03\\_Responses/PC\\_2024\\_G\\_03\\_CAM\\_Policy\\_EoR.pdf\)](https://www.acer.europa.eu/sites/default/files/documents/Official_documents/Public_consultations/PC_2024_G_03_Responses/PC_2024_G_03_CAM_Policy_EoR.pdf)

## Contact

[Contact Form](#)