

**CRE consultation on the evolution of capacity products
marketed by GRTgaz and TIGF****EFET response – 13 January 2017**

The European Federation of Energy Traders (EFET) thanks CRE for the opportunity to provide its views on the implementation of the CAM network code, and more specifically on the proposals of GRTgaz and TIGF for the evolution of capacity products they market. We very much appreciate that CRE has seen fit, once again, to translate this consultation into English. This helps our non-French members understand what is being proposed and anticipate possible product changes, enhancing the transparency and trust surrounding what is a key driver of trading decisions.

Question 1: Are you in favour of the implementation by GRTgaz and Fluxys of a virtual interconnection point between France and Belgium on 1st October 2017 according to the conditions proposed by GRTgaz?

EFET supports the establishment of a virtual interconnection point (VIP) between France and Belgium as described in the consultation document, as long as transparent capacity allocation is maintained and related implementation costs are kept at a reasonable level.

Question 2: Are you in favour of keeping the marketing of 4 GWh/day of backhaul capacities in the Belgium to France direction?

EFET agrees with the CRE analysis.

Question 3: *On 1st October 2017, do you prefer keeping the netting rebound mechanism with the UBI in the Belgium to France direction or removing the netting rebound to the benefit of keeping the UBI in both directions?*

EFET believes that the UBI should be kept in both directions.

Question 4: *Do you consider, like CRE, that GRTgaz must continue its efforts to propose the UBI in both directions and the netting rebound in the end?*

EFET agrees with CRE that GRTgaz should maintain all the services that are currently proposed to market participants once the VIP is established, provided that GRTgaz is able to do this at reasonable costs. Should costs prove to be prohibitively high, our priority is the maintenance of the UBI in both directions.

Question 5: *Do you have other remarks concerning the modalities of implementation of the VIP?*

No further comments.

Question 6: *Are you in favour of the implementation of the substitute service in advance, in March 2017, to the IP to which the CAM code applies (Alveringem, Jura, Obergailbach, Oltingue, Pirineos, Taisnières B and Taisnières H)?*

EFET has long argued at the European level for a solution to the capacity mismatch issue resulting from mandatory bundling of cross-border capacity. The substitution service partly addresses this problem and therefore EFET sees the described service as a step forward. We believe that its early implementation starting at the next annual auction is in line with the letter and spirit of the CAM network code, and hence we agree with the CRE analysis.

Question 7: *Are you in favour, like the CRE, of the proposal of the TSOs not to apply the substitution mechanism in the event of congestion of the interconnection?*

EFET supports the application of the substitution service in all circumstances and is not in favour of its restriction in case of congestion. On the contrary, congestion points are those where the unavailability of unbundled products is most likely and the substitution mechanism is therefore most needed.

Overall, EFET believes the benefits of this service, especially in case of congestion, are greater than the potential risks mentioned by the TSOs. The use of the substitution service in such cases can also contribute to reducing congestions. Any attempted abuse of dominant position should be detected and penalised by CRE as part of its market surveillance mission.

Question 8: *Do you want, as proposed by TIGF, the remaining capacity at the end of the auction to be allocated to shippers, with asymmetric capacities, that make up the demand?*

We would like to reiterate that maintaining the substitution service during periods of congestion remains the preference of EFET.

In case the substitution service is not offered at congested points, surplus firm capacity should ideally be made available on a single-sided basis with the possibility to combine it with single-sided interruptible capacity on the other side. This would ensure fair treatment between market participants, and keep with the spirit of the CAM network code.

This being said, the proposal presented by TIGF could also be a way around the problem if the substitution service is not offered at congestion points. Should CRE opt for this solution, the regulator should remain attentive to the conditions of competition between market participants. A test period of one or two years might be helpful to evaluate the value of the TIGF proposal.

Question 9: *Do you have other remarks concerning the procedures of implementation of this mechanism?*

EFET recommends implementing the substitution service also in the day-ahead and intra-day timeframes. We believe that such an extension in scope would benefit not only shippers holding unbundled capacity, but also TSOs as the volume of capacity booked is likely to increase as a result.

EFET would also like to ensure that the substitution service is made available to shippers managing and nominating capacity on behalf of other shippers as well as to capacity allocated in the context of open seasons.

One option that could also be envisaged to complement the current proposal of the TSOs is the possibility for shippers to provide a demand curve. This would allow shippers to reject or minimise allocated capacity in case the premium price is too high.

Last but not least, EFET thinks that the party who is long (having already an agreed price with the TSO) should not pay more or less than its already agreed contract price.