

SNAM Rete Gas consultation on the CAM NC implementation (rif. n.48)

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EFET comments - 11 December 2017

The European Federation of Energy Traders (EFET¹) welcomes the opportunity to provide comments to SNAM's consultation on the implementation of Reg. 459/2017 (CAM Network Code).

We appreciate and support the initiative of the Italian TSO to introduce the capacity conversion service: many capacity contracts are already unusable, and more can become so as, following the entry into force of the amended CAM NC as single-sided interruptible products will no longer be allocated.

However, although not mandated by the Code, the service is likely to be most useful for daily capacity on a day-ahead (and ideally within-day) basis: because of both demand and supply volatility and the consequent impact on prices, it is not possible to anticipate accurately when the conversion of monthly capacity will be economic. A network user faces the choice of converting a monthly product which may lead to the holding of excess capacity on many days, or of buying bundled capacity on a daily basis without using the conversion mechanism. In the latter case, the cap on the price spread will be set at a higher level (based on the full price of bundled capacity) rather than only the incremental cost of buying complementary capacity. Without a daily service, there will therefore be more occasions where a price differential exists and capacity is available, but without the incentive to flow gas.

Therefore, we strongly encourage SNAM to extend the service also to short-term capacity contracts.

Finally, we take the chance to ask for the update of paragraph 1.1.3 in Chapter 7 "Capacity trading and transfer" of SNAM Network Code where it refers to the timing required by SNAM to notify the acceptance or rejection of a capacity transaction in the secondary market. The Network Code provides for 36 hours as *lead time* between the conclusion of the capacity transaction and the notification from SNAM of the acceptance or rejection of it. However, SNAM recently informed shippers that said *lead time* has been reduced to 2 hours: in order to make the new timing fully valid, as per note 2 of the above mentioned Chapter 7 it is necessary to update the Network Code accordingly. This will enable the official entry into force of this amendment and its application on the PRISMA platform. Furthermore, we point out that currently a capacity transaction having effective date on D+1 has to be loaded on PRISMA three days before.

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