

**UPRIGAZ'S answer to ACER's public consultation on the incremental capacity proposal and further NC CAM amendments**

**Question 1 : Do you support the changes suggested by the Agency on Incremental Capacity (new chapter IVa and related articles) ?**

**If not, please list which new or amended articles you disagree with and explain why.**

Broadly, yes. Nevertheless in case of availability of a fixed price option for tariffs for new capacity, UPRIGAZ considers further work has to be done on the Tariff Network Code to ensure this does not result in unreasonable cross subsidies between network users.

**Question 2 : Do you support ENTSOG's envisaged proposals to change the default auction calendar in relation to the discussions on the draft Network Code on Tariffs (i.e. to move the annual yearly capacity auctions from March to July, the annual quarterly auctions from June to August and the rolling monthly auctions' start from the third to the second Monday of each month)?**

**If not, please explain why.**

Yes for the annual yearly capacity auctions and the annual quarterly auctions.

Concerning monthly auctions, UPRIGAZ is not in favour of the proposed amendment to Article 13. Bringing the monthly auction forward will substantially reduce shippers' visibility and is likely to result in a decrease in bookings of monthly products. Shortcomings and unintended outcomes of the new timetable strongly outweigh the expected benefits of having more time for running the monthly interruptible auctions. ACER and ENTSOG should also note that monthly auctions lasting several days are a rare event, which could be avoided altogether by setting a higher 'large price step' (and commensurately the small price step) in case of anticipated congestion.

**Question 3 : Do you support the further technical changes introduced (e.g. on the auction algorithms (Art. 17 (16) and Art. 18 (3d) & (9)) ; on the bundling of existing capacity (Art. 20(1) ; on the allocation of interruptible services (Art. 21(9)) etc.?**

**If not, please list which amended articles you disagree with and explain why.**

Yes

**Question 4 : Do you have any other comments related to the proposed NC CAM, changes, and if so which ?**

UPRIGAZ supports the proposed changes introduced by ACER to the NC-CAM. However, with a view to allowing more flexibility in their implementation, UPRIGAZ suggests that ACER should take into in the amendment the following points:

- **Article 20a** establishes that the demand assessment cycle and the publication of the demand assessment reports are repeated every two years. We suggest considering a “demand assessment reopener” in the event a new and significant supply or demand element may justify an *ad hoc* revision of the preceding report, without waiting for the beginning of a new cycle. This should be triggered by a series of stakeholders’ decisions that were not previously anticipated, like the construction of a new CCGT, the construction of a new LNG terminal facility, which may justify an intermediate revision of the demand assessment process and report;
- **Article 20d.4** sets the principles for an alternative allocation mechanism. UPRIGAZ suggests that a clear priority should be given to long-term shippers since their commitments generally constitute a key factor for the decision to install new transmission facilities responding to the incremental capacity demand and to facilitate their financing. Along this line, we propose a new drafting of this article 20d.4, as follows:
  - *The alternative capacity allocation mechanism is subject to approval by the concerning national regulatory authorities according to article 20b paragraph (6). The mechanism shall be transparent, non-discriminatory and shall consider the higher contribution of long term capacity binding commitments for the economic viability of the incremental capacity project ”.*
  - *The transmission system operators and national regulatory authorities involved in the incremental process shall cooperate to ensure this*

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