What TSOs had to change in order to implement CAM NC

Eustream challenges and lessons learned
Content

• Eustream’s position in the EU gas transmission
• CAM NC key concepts
• CAM NC implementation challenges.
Critical Piece of Infrastructure Serving European Gas Demand

- One of the largest EU gas transmission systems
- Intersection of major European pipeline corridors
- **Investments in Slovakia’s network** ensure safe supplies for Central, Southern Europe and Ukraine.

**Technical Capacity**

East – West 78.5 bcm/y
West – East 14.6 bcm/y
North – South 55.1 bcm/y
Capacity Allocation Mechanisms Network Code

Key concepts

(EC) No 715/2009 of 13 July 2009

(EU) No 984/2013 of 14 October 2013:
- Auctions as the mechanism for capacity allocation
- Standardised product set
- Short term capacity reservation of at least 10%
- Bundled cross border contracts
- Merging of IPs connecting the same TSO systems into a “VIPs”
- Capacity offered via joint booking platform(s)

(EU) 2017/459 of 16 March 2017:
- Additional auctions
- Alignment of GTCs
- Capacity conversion service
- Incremental process
Planning Challenges

• Cracking the legislation – understanding them, their links and nuances
• Internal acquisition processes – 6 months within our company – could be longer with you
• Western TSOs had project teams, we had ad-hoc approach
• Regulation – update of necessary national legislation, our operational order – discussions with the NRA
Costs and Time Challenges

• Costs planning (dedicated employees, IT, shippers education)
• CAM was happening when all other NCs were going in BAL, REMIT
• Costly IT solutions and their problems
• We had price cap (benchmark) tariff model – all costs were paid out of our pocket
• Each NC costed us approximately 100 000 EUR
• Could differ for you, since some solutions are already in production. You could cash and carry.
TSO specific challenges

• Auction premium – more options to divide it between TSOs
• Bundled capacity – at Baumgarten there was specific dynamic capacity allocation, higher capacity at Austrian side – two TSOs there, competing auctions

• Beware of negotiation times with neighboring TSOs.
Controversial challenges

• Shippers (EFET members) were unhappy with us for:
  • Loss of flexibility – partially solved by more auction dates in updated CAM
  • Stranded capacity – solved by conversion service in updated CAM
  • Legacy of point-to-point contracts
Booking platforms challenges

Packages and related costs

• Selection of a booking platform (location relevant) – we tested all of them
• As a business decision we hat to go with 3 platforms – increased costs
• Point is to send the data out and receive it automatically
• RBP had Edig@s format, but did not support financial security – therefore we have special format
• PRISMA uses their own formatting, not Edig@s
IPs and current allocation system

Auctions (EU IPs):
- Lanzhot - PRISMA
- Baumgarten - PRISMA
- Velke Zlievce – RBP
- Under construction: SK - PL ??

FCFS (Non EU IPs):
- Domestic point
- Velke Kapusany
- Budince

Available booking platforms in the EU:
PRISMA challenges

• PRISMA has to offer various packages for different prices:
  • Core: used by shippers as an automatic data service
  • Required by the legislation
  • Add-ons: financial security (bank guarantee, cash collateral, rating), capacity conversion, first come first served

• Be aware of add-ons “de-implementation” fees

• TSOs relations:
  • bundling agreement – specifies nuances between TSOs
  • PRISMA default set-up
Ongoing Challenges

• Implementation and effect monitoring reporting
• Market demand assessment each odd-numbered year
• Booking platforms development
• Different deadlines and formatting for data delivery to platforms
• IT systems maintenance and ad-hoc issues
• Gas Network Codes Functionality Platform

• Where will the latest development lead?
Thank you for your attention