Regulatory requirements for booking platforms

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Agenda

- Background
- Why multiple BPs
- Issues with multiple booking platforms
- State of play across the EU
- Solution
  - Operational
  - New regulatory framework
- A look into electricity markets
- Conclusion

DISCLAIMER: The opinions expressed in this presentation do not necessarily represent the official views of the Agency.
Background: scope and definition

- Capacity booking platforms are the legal entities through which provisions of the CAM Network Code are applied
- Art 19.2 of CAM NC:

  “TSOs shall offer capacity for the relevant standard capacity product on a booking platform [...]”

- Booking platforms can be operated by:
  - TSOs themselves
  - or third parties
- Booking platforms shall:
  - be joint (at least two TSOs and two MSs)
  - be web-based
  - follow the allocation rules set out in chapter III of CAM NC
  - prioritise the establishment of a process to offer bundled capacity
  - allow the offer of secondary capacity
Multiple booking platforms

- Three different booking platforms currently co-exist in the EU:
  - PRISMA
  - GSA
  - RBP

- They have different:
  - governance and ownership structures
  - technical and IT protocols
  - costs and fees
  - size and number of users
  - geographical scope

- More details on the characteristics of the three booking platforms (as at 15 September 2015) was provided by a study from Baringa

- Since then, all booking platforms have reported progress
Initial, Framework Guidelines and draft NC CAM envisaged the establishment, and subsequent reduction, of a number of booking platforms.

From FG CAM, 3 August 2011, art 3.3:

“[...] [TSOs shall] establish a joint, anonymous, web-based platform for primary capacity allocation and secondary capacity trading. [...] The NC(s) shall lay down an action plan to reduce the number of platforms and eventually establish a single EU-wide platform. [...]”
...to the possibility to have more than one

- Before comitology, the European Commission ran an inter-service consultation
- As a result, the final text was reformulated and approved as follows (art 27.1 CAM NC):

“TSOs shall apply this Regulation by offering capacity by means of one or a limited number of joint web-based booking platforms. [...]”
Specific requirements

- Art. 27.2.e CAM NC:

  “capacity at any single IP or VIP shall be offered at not more than one booking platform.”

- But if neighbouring TSOs chose 2 different Booking Platforms, they have to agree on which BP to use at the cross-border IP

- There is no mechanism to “force” agreement among neighbouring TSOs to use the same BP
Any issue with multiple booking platforms?

Specific requirements

- Art. 27.3 CAM NC:

  “The establishment of one or a limited number of joint booking platforms shall facilitate and simplify capacity booking at IPs [...] for the benefit of network users. [...]”

Relevant questions to evaluate current situation:

- Will one single BP facilitate and simplify booking better than several BPs?
- What would be the costs and benefits for all stakeholders?

Unfortunately, these questions were not addressed by ENTSOG in its report on BPs (as required by art. 27.3)
Disputed IPs:
- 2 IPs between Germany and Poland
- IP Romania-Bulgaria
- IP Bulgaria-Greece
- IP Austria-Hungary

Decision on platform is pending
No cross-border IP or exemption
IP with no agreement on a booking platform yet
Electricity model: towards a single capacity platform

- Transition towards a fewer number of platforms (CASC+CAO → JAO)
- The Forward Capacity Allocation (FCA) guidelines requires a single allocation platform, where TSOs allocate transmission rights
Cooperation between BPs (and related TSOs)

- Several BPs cooperation models were developed and discussed by BPs & NRAs in a series of workshops in 2015
- Regulators analysed these cooperation models from a legal perspective

Solutions still considered:
- Technical cooperation (common interface, IT solution / integration, ...)
- Tendering for the choice of the BP to be used at the disputed IPs

Until now, NRAs and TSOs concerned did not reach an agreement

In case of continued disagreement:
- The European Commission may open infringement procedures
- ACER could step in (art. 7 of Regulation 713/2009)
Possible options

A modification of the present NC CAM either:

1. to progress towards a single EU booking platform
   - Pros: efficiency, accessibility for network users, etc.
   - Cons: higher costs for certain TSOs, monopoly concerns, etc.

2. to prescribe detailed technical rules for the BPs cooperation
   - Pros: allow for continuation of competition (“regional partitioning”)
   - Cons: short-term inefficiency, not facilitating “one-stop-shop”

Regulatory concerns: who will supervise the (new) BP(s)?
A governance suggested in the FCA NC

- The issue on how to regulate and supervise the booking platform(s) is open also in the electricity sector
- Electricity and gas show similar situations in terms of the relations between BP(s) operator(s), TSOs, network users, and loose regulatory framework
- Yet in electricity, art. 49 of FCA NC requests that:

> “[...] all TSOs shall submit to all NRAs a common proposal for a set of requirements and for the establishment of the single allocation platform. The proposal shall identify different options for the establishment and governance of the single allocation platform [...] The proposal by TSOs shall cover the general tasks of the single allocation platform provided for in Article 50 and the requirements for cost recovery [...]”

- This alone will not solve all the regulatory supervision issue but may give some leverage to NRAs for requesting specific arrangements regarding performance, costs and governance.
Conclusions

- Some MSs are still incompliant regarding the booking platforms requirements in the CAM NC
- The present regulatory framework does not specify how BPs cooperation should look like
- Neighbouring NRAs have to find a common solution for the disputed cross-border IPs
- Even if both sides of all cross-border IPs were assigned to a single BP, the question of long-term competition advantages versus short-term inefficiencies of multiple BPs across the EU remains
- Regulatory concerns persist on how BPs are supervised / regulated
Thank you for your attention!

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