

Responses to CAM Network Code – second formal consultation on new or modified concepts

Consultation Response Sheet

Please complete the fields below and send via email using the subject title, “Response to the CAM NC consultation” to info@entsog.eu by 14 November 2011.

Name

First and Last Name: **Michel ROMIEU**

Organisation

Company/Organisation Name: **UPRIGAZ (Union Professionnelle des Industries Privées du Gaz**

Job Title: **President**

Contact details

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City: **PUTEAUX LA DEFENSE**

Country: **FRANCE**

Countries in which your organisation operates: **FRANCE**

How would you describe your organisation?

- | | |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | Association (please specify type) Uprigaz is the independent forum of natural gas importers and suppliers in France. |
| <input type="checkbox"/> | End user |
| <input type="checkbox"/> | Network user |
| <input type="checkbox"/> | Trader |
| <input type="checkbox"/> | Other (please specify) |

In the questions below, ENTOSG would be grateful if respondents could clearly indicate their preferred option and provide a brief but **fully reasoned justification** for their choice. This applies equally whether you agree or disagree with any ENTOSG proposal as it is important that ENTOSG is able to extract the clear views of all respondents. If you do not respond to a question, ENTOSG will assume that you have no view on this issue.

Question 1 (Standard Capacity Products to be auctioned): which option do you prefer, and why?

- | | |
|-------------------------------------|--|
| <input type="checkbox"/> | Option 1: Quarterly only |
| <input checked="" type="checkbox"/> | Option 2: Integration of yearly product (Post consultation proposal) |

UPRIGAZ requests the integration of yearly products

Please justify your choice. ENTOSG would particularly welcome any views on why the alternatives to your preferred option may not be technically feasible.

UPRIGAZ considers that the security of supply commends to ensure a minimum medium term visibility for the shippers in charge of these contracts. The offer of yearly capacity reservations should be therefore ensured.

In addition, quarterly product only may lead to strand capacity that otherwise would be reserved on mid and longer term.

Furthermore it is advisable to ensure the consistency in the duration of the contractual commitments that are necessary to deliver the gas, in particular the shipping and storage

contracts, the latter being on a yearly basis.

Question 2 (Start date for yearly product): which option do you prefer, and why?

Option 1: Yearly product starts on 1st January

Option 2: Yearly product starts on 1st October

Please justify your choice. ENTSOG would particularly welcome any views on why the alternatives to your preferred option may not be technically feasible.

UPRIGAZ favours Yearly products starting on 1st October, so as to match capacity reservations with the start-up of the winter season including the well established „contract year“ under longer term agreements.

Question 3 (Auction algorithms: overall methodology): which option do you prefer, and why?

Option 1: Multiple round ascending clock auction

Option 2: Single round volume based auction

Please justify your choice. ENTSOG would particularly welcome any views on why the alternatives to your preferred option may not be technically feasible.

UPRIGAZ is in favour of the Multiple Round volume based auction system with additional measures to discourage speculative bidding.

Uprigaz suggests that before taking a final decision ENTSOG reports on the respective merits of Option 1 (already applied in Germany and Italy) and Option 2 (UK).

Question 4 (Limitation of price steps): which option do you prefer, and why?

- | | |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | Option 1: Do not limit number of price steps (Post consultation proposal) |
| <input type="checkbox"/> | Option 2: Limit number of price steps |

Please justify your choice. ENTSG would particularly welcome any views on why the alternatives to your preferred option may not be technically feasible.

UPRIGAZ is in favour of an unlimited number of price steps, so as to avoid pro rata at the highest bidder step level. In addition, it will be advisable to adjust on a case by case basis the price steps with a view to ensuring that 100 % of the capacity is allocated. Adjustment of price steps is a key factor to avoid unsold capacities.

Question 5 (Minimisation of unsold capacity): which option do you prefer, and why?

- | | |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | Option 1: Minimise unsold capacity (Post consultation proposal) |
| <input type="checkbox"/> | Option 2: Draft CAM NC proposal |

Please justify your choice. ENTSG would particularly welcome any views on why the alternatives to your preferred option may not be technically feasible.

UPRIGAZ prefers the option of minimizing the unsold capacity to foster the seriousness of bidders who, otherwise, may expect to have access at unsold capacities at a lower rate.

This in order to also to improve the predictability for the transporters and avoid significant speculation on short term.

Question 6 (Sunset clause: choice of default rule): which option do you prefer, and why?

- | | |
|--------------------------|---|
| <input type="checkbox"/> | Option 1: Maximum default rule with cap at technical capacity |
| <input type="checkbox"/> | Option 2: "Partially unbundled" default rule |

Please justify your choice. ENTSG would particularly welcome any views on why the alternatives to your preferred option may not be technically feasible.

UPRIGAZ is clearly against the principle of a sunset clause, which jeopardizes the existing long term contracts and further without having demonstrated the potential value of the principle of

the Sunset Clause.

Question 7 (Sunset clause: further questions): Please provide any views, information or evidence in relation to the further questions raised by ENTSOG in section F.2 regarding the sunset clause.

UPRIGAZ re-asserts that existing contracts should be respected for the sake of security of supply and to avoid potential significant renegotiations of longer term agreements t whereby unnecessary conflicts and contractual compensations may be the result which, at the end of the day, would be at the expense of the EU consumers.

Furthermore, we are failing to see the overall benefit or value creation of the principles of the Sunset clause.

Question 8 (Tariffs: split of auction premium from bundled products): which option do you prefer, and why?

- | | |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | Option 1: Keep split of auction premium proportional to reserve prices as default (Post consultation proposal) |
| <input type="checkbox"/> | Option 2: Split of auction premium into equal shares as default |

Please justify your choice. ENTSOG would particularly welcome any views on why the alternatives to your preferred option may not be technically feasible.

UPRIGAZ is favourable to keeping split of auction premium proportional to reserve prices as default, with a view to ensuring actual economic interest and validity for reserve prices.