

0500 - EU Capacity Regulations - Capacity Allocation Mechanisms with Congestion Management Procedures

Submission by GDF SUEZ SA

19 December 2014

I. Introduction :

Thank you for allowing GDF SUEZ the opportunity to comment on your consultation with regard to implementing aspects of the Capacity Allocation Mechanisms Network Code with Congestion Management Procedures in Great Britain.

Please find our response below, which is not confidential.

II. Answers to the consultation :

Overall, GDF SUEZ supports your proposals which will ensure compliance with the requirements of CAM and CMP at IPs. However, GDF SUEZ considers that these new rules are going to:

1. reduce the flexibility at Bacton. Today, the current model secures a certain flexibility of Bacton usage which guarantees the security of supply for the UK. The proposed new model will not ensure that all capacities at Bacton are used efficiently and with as much flexibility they currently have.
2. give the possibility for arbitrage between UKCS and IP due to interactions between the CAM auction and the UNC auction.

In addition, it appears that the following structuring points for GDF SUEZ have not been tackled in this consultation.

1. the split of the technical capacities between UKCS and IP : GDF SUEZ agrees with the Ofgem view presented in its open letter from December 2013. In particular relating to the division of capacity between the two ASEPs, our preferred option is that the baseline of the European IP ASEP would be the sum of the declared technical capacity of BBL and IUK (ie, 1302.0 GWh/day). The UKCS ASEP baseline would then be the existing Bacton ASEP baseline less the capacity provided to the European IP ASEP (ie, 481.4 GWh/day).
2. the mechanism of the calculation of the overrun charges at the NTS Entry points : GDF SUEZ agrees with the Ofgem view presented in the appendix 5 of its open letter from December 2013. In fact, in order to maintain flexibility at the Bacton ASEP, a shipper would be able to flow into GB up to the aggregate level of entry capacity held by that user at Bacton across both ASEPs, without incurring any overrun charges.

3. the harmonisation of reference conditions at IP between the transitional period (CAM¹ and the implementation of the Mod 519²).

Finally, GDF SUEZ has some remarks about the process of IP auctions:

1. surrender Process : in the case of a bundled surrender offer, GDF SUEZ requests to recover a bundled product after the process.
2. LT UIOLI process : according to the paragraph 3.6.11), any unsold LT UIOLI quantity from an auction shall be entered into the next relevant yearly, quarterly or monthly auction(s). Is the daily auction going to be taken account?
3. GDF SUEZ requests some explanation about the necessity to put in place a minimum eligible quantity for a bid or for a surrender offer of 100,000 kWh/d.
4. Considering the fact that NTS exit and entry reserve prices are not published before the march auctions is completely unacceptable and it will result in non participation of the bidding on these auctions. So, GDF SUEZ needs to have the publication of the NTS exit and entry reserve prices no later than 2 months before the march auctions.
5. Moreover, GDF SUEZ hopes that the tarification network code will require publication before the auctions.

¹ 1st November 2015

² 1st April -May 2016