

# Market information regarding VIP-implementation

## (24 August 2018)

Article 19 Paragraph 9 of the Regulation (EU) 2017/459 (NC CAM) foresees the establishment of virtual interconnection points (VIP). The concerned German Transmission System Operators (TSOs) have informed market participants on 1 March 2018 and on 31 May 2018 on the intermediate status of implementation as well as on the discussions with the regulatory authorities on European and national level. Today, we would like to inform you about the current status of the implementation of VIPs (24 August 2018).

### **Functionality-Process**

As the result of the Functionality Process, ACER and ENTSOG have provided jointly developed proposals for amendments of the Network Code CAM to the European Commission (EC) in June 2018 in order to create more legal certainty. During a meeting with representatives of the Member States on 20 June 2018 the EC stated that an amendment to the NC CAM is not feasible before 2020. Furthermore, ACER and ENTSOG have published a letter of the EC dated 6 August 2018. In this letter, the Directorate-General for Energy of the EC communicates its interpretation of the NC CAM requirements. According to the EC, a legal clarification via a prompt NC amendment will not take place. From the EC's point of view, Art. 19 (9) NC CAM implicitly requires the integration of already contracted capacity in the VIP despite the wording "available capacities". The Federal Network Agency (Bundesnetzagentur) has already informed the German TSOs that she does not share this interpretation and that in consequence the dual system has to be implemented in Germany. Also the German TSOs thus continue with the implementation of the dual system.

### ***What does the „dual system“ contain in detail?***

The main details of the „dual system“- which have been agreed with the Bundesnetzagentur - are listed in the following. The rules apply at the earliest starting on or referring to 01.11.2018. Should the establishment of a VIP be delayed, the rules only apply starting on or referring to the date of the establishment of the respective VIP. It has to be considered that a VIP can only be implemented in case of an agreement on the establishment and the implementation details of the VIP between the partners on both sides of the border. As long as a VIP has not been formed at a border, the current rules for the IPs at that border continue to apply.

### **Basic model:**

- Establishment of a VIP in addition to the existing IP
- Contracts that exist on the date of VIP-establishment (existing contracts) remain at the IP. An option to transfer these contracts to the VIPs is not foreseen

### **Capacities:**

- The technical capacity at the IP corresponds to the level of the capacity which is contained in existing contracts on the date of VIP-establishment. After the end of a contract the capacity becomes available and is marketed at the VIP
- The technical capacity of the VIP consists of the available capacities of the IPs constituting the respective VIP

#### **Process for existing contracts:**

- Nominations for existing contracts take place at the IP, Nominations for new contracts at the VIP
  - Should existing contracts at the other side of the border be transferred to the VIP, the existing contracts are to be nominated at the IP on the German side and at the VIP on the other side. The German TSOs together with the partners on the other side of the border will ensure the execution of the transport
- CMP-Measures:
  - Capacity surrendered from existing contracts is remarketed at the VIP
  - Long Term UIOLI: Identification of the congestion will consider all relevant points, identification of use and withdrawal per IP, marketing of withdrawn capacity at the VIP
  - Short Term UIOLI: Identification of the limits for application and renomination per IP, marketing of capacities made available at the VIP
  - Secondary marketing of existing contracts takes place at the IP

#### **Nomination management / Matching:**

- Contractual verification of nominations at each IP and at the VIP
  - Afterwards aggregation of received nominations per border in order to ensure the transport execution also in cases where existing contracts are transferred to the VIP on the other side of the border
- Aggregated nominations are transmitted to the adjacent TSOs for the matching
- Over-nomination:
  - Balancing group managers can only over-nominate at the VIP
  - Over-nomination at the IP is excluded as all available capacity is marketed at the VIP
  - The complete booking of the VIP capacities is the condition for allowing over-nominations at the VIP

#### **Capacity Conversion:**

- „Bundling Conversion“ (NC CAM):

- Converting an unbundled existing contract on the German side of the IP is only possible by booking bundled capacity at the IP until the date of VIP establishment
  - Unbundled IP-capacities on the German side of the IP cannot be converted anymore after the date of VIP establishment
  - Should an unbundled existing contract on the other side of the border be transferred to the VIP, the conversion via booking of bundled capacity at the VIP should still be possible based on the requirements of the TSO on the other side of the border
- „Upgrade Conversion“ (GasNZV):
    - Conversion of existing contracts for interruptible capacity or firm capacities with interruptible elements at the IP to firm capacities or firm capacity products with less interruptible elements are only possible by booking such capacities (according to TSO specific product ranking) at the IP until the date of VIP establishment
    - After the date of VIP establishment, an upgrade at the IP is not possible anymore

***Way forward***

The TSOs responsible for each VIP will inform the market on a continuous basis on the implementation status at the respective VIP.