



Evaluation Report

of the joint Capacity Platform of European
Transmission System Operators

PRISMA

Reporting Period: 1 October 2013 – 30 September 2014

PRISMA 
EUROPEAN CAPACITY PLATFORM

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1. Introduction / Context

On 10 November 2014, PRISMA launched a public consultation on the PRISMA functionalities and the process for amending the General Terms & Conditions (GTCs). The purpose of this consultation was to collect the views of the stakeholders in order to further develop the PRISMA platform and its functionalities as well as to receive market feedback concerning the process for amending the GTCs.

The public consultation launched by PRISMA solicited feedback from various stakeholders and closed on 28 November 2014. The consultation resulted in a total of 13 responses.

2. Objective of the Evaluation Report

The objective of this evaluation report is to provide a detailed analysis on the responses received in the consultation and to focus on key issues raised by the respondents.

Moreover, a dedicated part of this evaluation report will also give statistical information about the auctions that took place during the reporting period and about the trades concluded on the secondary market. In addition, the evaluation report will provide a detailed analysis of the occurrences of undersells in capacity auctions and of the size of price steps.

As a result, the aim and purpose of this evaluation report is, along with the statistical evaluation of auctions and of the concluded trades which took place between 1 October 2013 and 30 September 2014, to evaluate the platform's auction process and usability as well as the process for updating GTCs. Any reference made to the PRISMA platform shall therefore refer to the status of the platform during the reporting period. However – regardless of the evaluation's results – the adjustment possibilities are very limited. This applies particularly to the auction mechanisms used for the allocation of capacity on the PRISMA platform since the corresponding regulations for the allocation of transport capacities have been determined by the COMMISSION REGULATION (EU) No 984/2013 from 14 October 2013, which establishes the Network Code on Capacity Allocation Mechanisms (NC CAM) and will apply on a European-wide level as of November 2015.

3. About PRISMA

PRISMA European Capacity Platform is the operator of a joint European gas capacity booking platform. The PRISMA platform was founded by the following 19 European Transmission System Operators (TSOs): Bayernets, BOG, Energinet.dk, European, Fluxys Belgium, Fluxys Tenp, Gas Connect Austria, GRTgaz, Gastransport Nord, Gascade Gastransport, Gasunie Deutschland Transport Services, Gasunie Transport Services, GRTgaz Deutschland, Nowega, ONTRAS, Open Grid Europe, SNAM Rete Gas, TAG, terranets bw, and Thyssengas.

In 2014 National Grid and Premier Transmission Limited (both on 1st of January) and BBL Company (on 1st of July) also became shareholders of PRISMA.

Also, the PRISMA platform was used during the period from 1st of October 2013 to 30th of September 2014 by following TSOs to offer transmission capacity: GOA, jordgas Transport, NEL, OPAL, ENAGÀS and REN. PLINOVODI started auctioning capacity on the 17th of November 2014.

The objective of the company is, among other things, the development and operation of an electronic platform for the allocation of capacities in gas transmission grids as well as for services related to the capacity allocation mechanisms and congestion management procedures.

The PRISMA platform itself serves exclusively as a marketing platform. All capacity contracts initiated on PRISMA are solely concluded between the TSOs and the shippers involved and are fulfilled and managed outside of and independently from PRISMA. Accordingly, PRISMA itself does not offer any capacity rights and does not become a contractual partner involved in the capacity contracts or agreements concluded. The transmission system operator is responsible for the offerings and arrangement of the corresponding capacity products as well. PRISMA offers shippers the following services:

- central registration with all TSOs
- overview of all bookable network points
- auctions for annual, quarterly, monthly and day-ahead products at European at National and cross-border network points

- the booking on a first-committed-first-served (FCFS) basis of capacities which are not legally required to be auctioned (FCFS means that the capacity is awarded in line with the chronological order of the booking requests)
- the conversion/upgrade of interruptible capacities to firm capacities
- the return/surrender of firm capacities
- functionalities for the secondary market

4. Evaluation of the primary capacity market

Entry and exit capacities to adjacent entry/exit systems can be acquired at PRISMA by means of auctions as well as – for some TSOs – by means of FCFS bookings.

The following chapter will go into more detail regarding all auctions that took place between the 1st of October 2013 and 30 September 2014 (trading period) at PRISMA. FCFS bookings are not part of this evaluation.

Annual, quarterly and monthly capacity products are awarded via an ascending clock auction algorithm which means that the auctions take place in several consecutive bidding rounds. Day-ahead capacities are auctioned using a uniform-price auction algorithm where capacity bids are placed, evaluated and allocated in a single bidding round. Each product available on the platform has defined trading days which are published in the auction calendar of the PRISMA platform. Both auction mechanisms are implemented as laid down by NC CAM, detailed material of how the algorithms work is provided in the download section of the PRISMA platform.

4.1. Yearly Auctions

The yearly auctions for annual capacities took place on the 3rd March 2014. Moreover, an additional yearly auction was held on 1 September 2014 to market transmission capacity for Gasunie Transport Service. Depending on the respective transmission system operator and the current national regulations, up to 15 gas years (GY) were offered, for GY 2014/2015 to GY 2028/2029. The reason for different yearly auctions as well as for the difference in the number of auctioned gas years as to what is described in NC CAM is a result from the currently varying national regulations which will prevail until NC CAM is applicable as of November 2015.

Of the total offered capacity of 5,439 GWh/h (total capacity of all offered gas years) 52 GWh/h were allocated.

The following table and diagram show the capacities offered and marketed in the yearly auction.

GY in GWh/h	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23
offered	320	287	220	221	236	284	289	353	384
allocated	30	12	4	3	-	-	-	-	-

GY in GWh/h	23/24	24/25	25/26	26/27	27/28	28/29	Total
offered	414	420	438	504	532	539	5,439
allocated	-	-	-	0.5	1	1	52

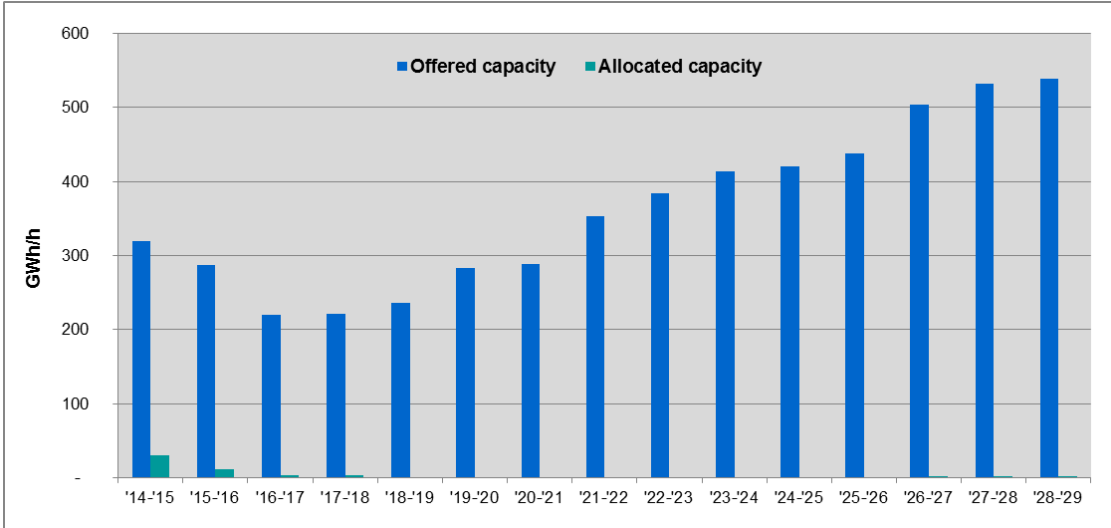


Figure 1: Results of yearly auctions

4.2. Quarterly Auctions

Quarterly auctions were held between February and July 2014. Again, the reason for different quarterly auctions during 2014, which is different as to what is described in

NC CAM, is a result from the currently varying national regulations which will prevail until the NC CAM is applicable as of November 2015.

Of the 1,226 GWh/h that were offered in total, 30 GWh/h were allocated. The following tables show both the time periods as well as the offered and market transmission capacity for the quarterly auctions.

Capacities in GWh/h	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Sum
offered	312	299	301	301	1,226
allocated	6	8	6	6	30

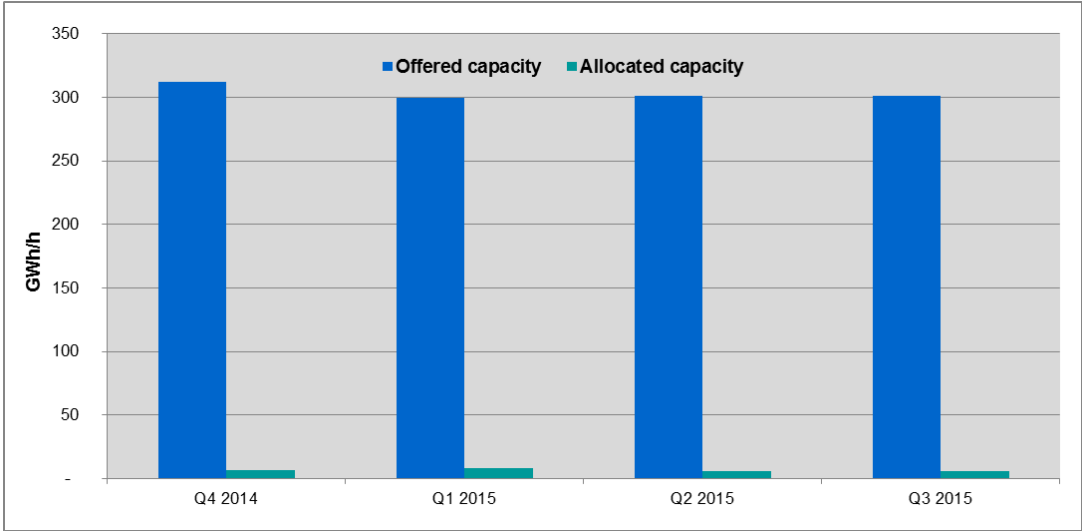


Figure 2: Results of quarterly auctions

4.2. Monthly Auctions

Monthly products are offered on a regular basis about two weeks before the beginning of the respective month. In total 4,120 GWh/h were offered; out of which 189 GWh/h were allocated.

Capacities in GWh/h	Nov. 13	Dec. 13	Jan. 14	Feb. 14	Mar. 14	Apr. 14	Mai. 14
offered	230	237	232	253	403	409	406
allocated	10	10	17	21	9	12	25

Capacities in GWh/h	Jun. 14	Jul. 14	Aug. 14	Sep. 14	Oct. 14	Sum
offered	408	405	403	390	342	4,120
allocated	31	13	9	18	15	189

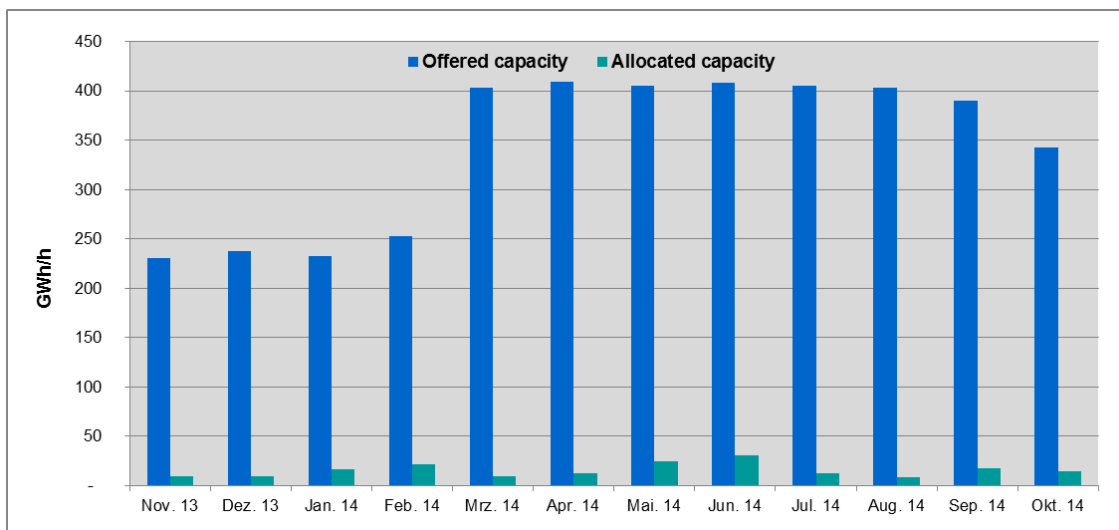


Figure 3: Results of monthly auctions

4.3. Day-Ahead Auctions

From October 2013 until September 2014 a total capacity of 140,692 GWh/h was offered on a day-ahead basis. Out of the total offered capacity 5,920 GWh/h were allocated until September 2014.

Capacities in GWh/h	Oct. 13	Nov. 13	Dec. 13	Jan. 14	Feb. 14	Mar. 14	Apr. 14
offered	8,395	8,429	8,478	9,129	11,392	12,438	12,790
allocated	350	315	476	423	287	334	661

Capacities in GWh/h	Mai. 14	Jun. 14	Jul. 14	Aug. 14	Sep. 14	Sum
offered	13,192	14,006	15,592	13,762	13,087	140,692
allocated	726	421	488	543	896	5,920

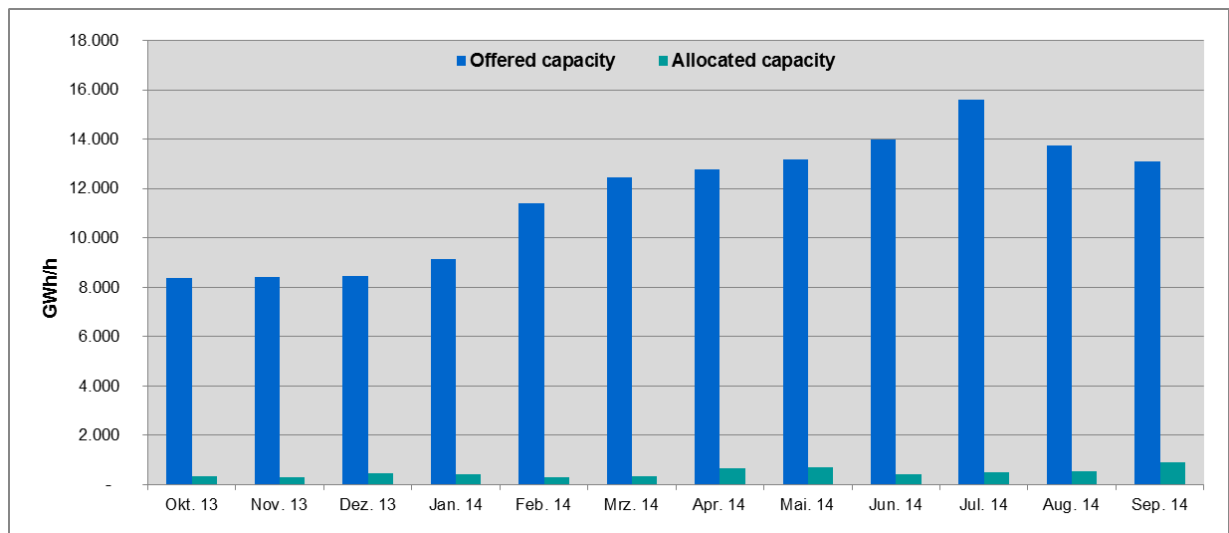


Figure 4: Results of daily auctions

Day-Ahead information (average per day)	01 Oct '13 – 30 Sep '14
offered capacities	385.5
allocated capacities	16.2
number of auctions	153.9

5. Evaluation of secondary market

On the 1st of January 2014 specific functionalities for supporting the trading activities on the secondary market were implemented on PRISMA platform.

Due to these new functionalities traders have now the possibility to place trade proposal to buy or sell transmission capacity using different procedures – Over the Counter (OTC), Call for Orders (CFO) or First-Committed-First-Served (FCFS) – and with different transaction typology (Assignment or Transfer of use).

As of the 30th of September traders could buy or sell transmission capacity in the following countries: Austria, Belgium, France, Germany, Italy and The Netherlands.

In the period under evaluation 328 secondary trades were concluded via PRISMA platform for a total amount of 137,5 GWh/h.

Concluded Trades	Number of Traders	Traded capacity in GWh/h	Transaction typology		Different procedures		
			Assignment	Transfer of use	OTC	CFO	FCFS
Daily	75	30,5	0	75	75	0	0
Monthly	57	19,2	43	14	57	0	0
Quarterly	50	23,1	25	25	50	0	0
Yearly	50	20,5	36	14	50	0	0
Other run time	96	44,2	47	49	92	4	0
Total	328	137.5	151	177	324	4	0

6. Assessment of the Evaluation Questionnaire

On 10th November 2014, PRISMA started a public consultation on the current functionalities of the platform as well as a process for amending the PRISMA's General Terms and Conditions. The evaluation questionnaire was sent to all registered users and was also made available in the download section of the PRISMA platform for all shippers and other interested parties.

The questionnaire gave market participants the opportunity to express their ideas concerning two topical areas:

1. Questions on the PRISMA platform

- General Aspects
- Transparency and Usability
- Support
- Communication
- Auction Mechanism

2. Questions on the process of amending the GTCs of the PRISMA platform

- Transparent description of the PRISMA platform in the GTCs
- Information process of the GTC publication

13 companies participated in the survey; the limited participation of shippers makes the results of this public consultation not representative of perception that shippers (currently more than 400 shippers are registered on PRISMA platform) have about the functionalities implemented on PRISMA platform.

However the TSOs directly involved in PRISMA platform together with PRISMA European Capacity Platform identified the need to improve the usability of specific processes of PRISMA platform. Accordingly, TSOs directly involved in PRISMA platform together with PRISMA European Capacity Platform launched at the end of 2014 a project together with EFET to understand which functionalities should be improved from a usability point of view.

The various topical areas were individually assessed as follows:

6.1. General

<i>1=very good, 2=good, 3=satisfactory, 4=could be improved or 5=urgently needs improvement</i>	1	2	3	4	5	No answer / I don't know	Average	Result of the last Public Consultation
Please grade the PRISMA platform website on the overall content.	8	5	0	0	0	0	1.4	2.5
Please grade the PRISMA platform website on the ease of navigation.	8	1	2	2	0	0	1.8	3
Please grade the PRISMA platform website on the overall look.	0	3	6	4	0	0	3.1	2.3
How safe do you feel when you are buying capacity via PRISMA.	2	3	2	2	2	2	2.9	2.0
Total							2,3	2,45

The *General* section of the questionnaire, which covers the overall structure of the PRISMA, website received a "good" rating on average; this rating is in line with the results of the previous public consultation.

6.2. Transparency and Usability

<i>1=very good, 2=good, 3=satisfactory, 4=could be improved or 5=urgently needs improvement</i>	1	2	3	4	5	No answer / I don't know	Average	Result of the last Public Consultation
How would you rate the user-friendliness of the PRISMA platform (separated into the main navigational areas of PRISMA)?								
Main navigational area "Auctions"	3	3	4	2	1	2	2.6	2.7
Main navigational area "Bookings"	1	3	6	2	0	1	2.8	2.5
Main navigational area "Network Information"	1	6	5	0	0	1	2.3	3.1
Main navigational area "Customer Centre"	1	5	5	2	0	0	2.6	2.6
Main navigational area "Secondary trading"	0	4	8	0	0	1	2.7	
How would you rate the website structure of the PRISMA platform?	1	4	5	3	0	0	2.8	2.6
How would you rate PRISMA's ability to resolve problems arising from the use of the platform?	1	5	1	5	0	1	2.8	2.6
How would you rate the way that auction results are presented?								
as an active participant in an auction	0	6	3	2	0	2	2.6	3.0
as an observer of an auction	1	3	4	3	0	2	2.8	2.9
How would you rate the ability to follow auction proceedings?								
as an active participant in an auction	0	4	6	1	0	2	2.7	2.7
as an observer of an auction	0	4	6	0	0	3	2.6	2.8
						Total	2,66	2,75

The responses of the **Transparency and Usability** section, which covers such topics as the user friendliness of various navigational areas and the presentation of the auctions and their processes, were generally positive and in line with the previous public consultation.

As already mentioned, PRISMA European Capacity Platform is performing a detailed analysis with members of EFET about how to improve the usability of PRISMA platform.

The results of the project will help TSOs directly involved in PRISMA platform together with PRISMA European Capacity Platform to identify which functionalities will have to be improved to better support the process of buying capacity.

6.3. Support

<i>1=very good, 2=good, 3=satisfactory, 4=could be improved or 5=urgently needs improvement</i>	1	2	3	4	5	No answer / I don't know	Average	Result of the last Public Consultation
How would you rate PRISMA's customer support (User Helpdesk) in general?	2	7	3	0	0	1	2.1	2.2
How would you rate PRISMA's platform support?	2	7	2	1	0	1	2.2	2.4
How would you rate PRISMA's technical support (e.g. in case of a platform failure)?	2	3	4	3	0	1	2.7	2.3
Total							2,33	2,30

The *Support* section of the questionnaire, which covers PRISMA's platform support as well as the technical customer assistance, received a "good" rating on average. Also in this case the rating is in line with the results of the previous public consultation.

6.4. Communication

<i>1=very good, 2=good, 3=satisfactory, 4=could be improved or 5=urgently needs improvement</i>	1	2	3	4	5	No answer / I don't know	Average	Result of the last Public Consultation
How would you rate PRISMA's communication in general?	1	7	2	3	0	0	2.6	2.4
How would you rate the publication of auction results?	2	2	6	1	0	2	2.5	2.9
How would you rate the information provided by PRISMA in case of a cancelled auction?	1	2	4	0	1	5	2.8	3.0
How would you rate the communication in cases of disturbances / failures on PRISMA?	1	2	5	0	1	4	2.7	2.6
Total							2,65	2,72

The responses to the *Communication* part of the questionnaire, which covers the platform's communication strategy with its customers, was generally positive.

6.5. Auction Mechanism

<i>1=much too small, 2=too small, 3=exactly right, 4=too large or 5=much too large</i>	1	2	3	4	5	No answer / I don't know	Average	Result of the last Public Consultation
How would you rate the ratio of small to large price steps? (Please answer in the comment field)	2	1	5	0	0	5	2.1	3.3

The evaluation of the *Auction Mechanism* section, which covers the auctions' price steps/increments and bidding windows, was that the ratio of small to large price steps is too small. This is in line with some participants' comments about specific cases of large price steps being too small implying that the respective auctions take too long (several days up to even weeks) before closing.

Transport capacity was sold in 8,141 out of 59,408 auctions (yearly, quarterly, monthly and day-ahead capacity auctions) carried out in the period between the 1st of

October 2013 and 30 September 2014. Out of these 8,141 auctions, the 349 auctions below (4.2%) ended with a price surcharge to be added to the starting price:

- 11 of 1,235 yearly capacity auctions,
- 17 of 553 quarterly capacity auctions,
- 30 of 1,462 monthly capacity auctions
- 291 of 56,158 day-ahead auctions.

In 216 of the 349 auctions with a surcharge (63%), the offered capacity was fully marketed which means that no undersell occurred in any of these auctions.

In order to make proper statements concerning the value of the auction algorithm, it is necessary to view the occurrences differently depending on whether it occurred in ascending-clock auctions for yearly, quarterly or monthly capacity or whether the undersell occurred in day-ahead auctions which take place on the platform in a single bidding round.

Undersells in ascending-clock yearly, quarterly and monthly auctions with a surcharge to the starting price took place as described in the table below:

Undersell = X	Number of Occurrences	Percentage of Total Number
0%	0	0%
0 < X < 10%	31	63,3%
10 < X < 20%	1	2,0%
20 < X < 30%	6	12,2%
30 < X < 40%	4	8,2%
40 < X < 50%	1	2,0%
50 < X < 60%	0	0%
60 < X < 70%	1	2,0%
70 < X < 80%	1	2,0%
80 < X < 90%	0	0%
90 < X < 100%	1	2,0%
100% ¹	3	6,1%
	49	100%

1 100% of undersell can happen in case of competing auctions

As can be seen in the table above, undersells rarely occur in the period under analysis in ascending-clock auctions that end with a surcharge (49 out of 3,250 yearly, quarterly and monthly auctions, i.e. in 1,5% of cases). In those auctions which led to an undersell, the undersell on average amounted to 291,852 kWh/h (standard deviation 932,370 kWh/h) at an average offering of 1,467,883 kWh/h in the respective auctions. Because an undersell in a yearly, quarterly or monthly auction does not mean that the non-awarded capacities are not available to the market but rather, that the non-marketed capacities are offered anew in shorter periods, the transmission system operators consider the occurrences of undersells in ascending-clock auctions acceptable and currently do not see the need to adjust the price steps in these auctions.

Undersells in uniform day-ahead auctions with a surcharge to the starting price took place as described in the table below:

Undersell = X	Number of Occurrences	Percentage of Total Number
0%	0	0%
0 < X < 10%	1	1.2%
10 < X < 20%	3	3.6%
20 < X < 30%	0	0
30 < X < 40%	4	4.8%
40 < X < 50%	0	0
50 < X < 60%	0	0
60 < X < 70%	4	4.8%
70 < X < 80%	1	1.2%
80 < X < 90%	4	4.8%
90 < X < 100%	1	1.2%
100% ²	66	78.6%
	84	100%

² 100% of undersell can happen in case of competing auctions

6.6. PRISMAs New General Terms & Conditions

<i>1=very good, 2=good, 3=satisfactory, 4=could be improved or 5=urgently needs improvement</i>	1	2	3	4	5	No answer / I don't know	Average	Result of the last Public Consultation
How would you rate the overall description of the platform structure in PRISMA's GTCs?	1	3	4	2	0	1	2.7	2,4
How would you rate the description of the registration process in PRISMA's GTCs?	1	5	2	2	0	3	2.5	2,2
How would you rate the description of the booking/trading formats in PRISMA's GTCs?	0	6	1	2	1	3	2.8	2,6
How would you rate the transparent description of the data usage in PRISMA's GTCs?	0	4	4	2	0	3	2.8	2,5
How would you rate the information process of PRISMA concerning the publication of new GTCs?	2	4	0	2	0	7	2.3	2,4
Total							2,62	2,42

The evaluation of the process for updating *GTCs* of PRISMA was generally positive and in line with the results of the previous public consultation.

6.7. Other Comments

In the *Other* section shippers were given the chance to remark on other platform-related topics which were not yet covered in any of the previous sections.

One topic that was raised by a number of users was the performances of specific functionalities of PRISMA Platform. PRISMA European Capacity Platform launched a specific project to identify possible solutions to this problem; market participants, and in general any stakeholder, will be informed about the results of this analysis in due time.

7. Conclusion and Outlook

The period between October 2013 and September 2014 was extremely successful for the TSOs involved in PRISMA and for PRISMA European Capacity Platform itself with regards to the developments of PRISMA platform.

In this period the number of products and IPs marketed via PRISMA platform significantly increased; this went in parallel with the increase of Shippers and Traders registered in PRISMA (in October 2014 the registered shippers and traders were respectively 400 and more than 1,200 while in the same month of 2013 they were 296 and 892).

The TSOs involved in PRISMA will continue to rigorously follow this valued path and intend to develop and improve the platform even further in the coming months and years.

The TSOs and PRISMA will also continue to work closely together and consult with all market participants, European partners, National Regulatory Authorities and European Institutions in order to further build upon and reinforce the current acceptance of the platform.