

# **German Transmission System Operators' Evaluation Report**

**“Determination in the Matter of Capacity Management and  
Auction Proceedings in the Gas Sector”**

**(KARLA, BK7-10-001)**

**Reporting Period: 1 May 2012 – 31 March 2013**

**26 April 2013**

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## Introduction

PRISMA European Capacity Platform GmbH (PRISMA) was founded as TRAC-X Transport Capacity Exchange GmbH in 2005 in Leipzig and the company restructured as resolved in the shareholders assembly on 4 December 2012 with registration in the commercial registry taking place on 28 December 2012. In the following report, any mention made of PRISMA, with regards, at least, to the time period prior to this restructuring, refers as well to TRAC-X.

The object of the company is, among other things, the development and operation of an electronic platform for the allocation of capacities (Primary Capacity Platform and Secondary Capacity Platform) in gas transmission networks as well as services related to the capacity allocation mechanisms and congestion management procedures.

In 2010, the German transmission system operators (TSOs) commissioned PRISMA with the task of creating and operating a platform for the awarding of primary capacities in Germany as required by § 12 Para. 1 S. 1 GasNZV (Gas Network Access Ordinance). TRAC-X primary (now PRISMA primary) was launched on schedule on 1 August 2011.

The German TSOs market their transport capacities on PRISMA primary in accordance with the requirements of the Gas Network Access Ordinance (GasNZV) and the KARLA Gas resolution - "Determination in the Matter of Capacity Management and Auction Proceedings in the Gas Sector" of 24 February 2011

PRISMA primary itself serves exclusively as a marketing platform. The entry and exit contracts concluded on PRISMA primary are solely between the transmission system operator(s) and the transport customers involved and are fulfilled and managed outside of and independent of PRISMA primary. Accordingly, PRISMA primary does not, themselves, offer any capacity rights and does not become a contractual partner involved in the entry or exit contracts or agreements concluded. The transmission system operator is responsible for the offerings and arrangement of the corresponding capacity products as well. PRISMA primary offers transport customers the following services:

- the ability to centrally register with all of the transmission system operators
- an overview of all German network operators' bookable network points
- the execution of auctions for firm annual, quarterly, monthly and daily products at market area- and cross-border interconnection points
- the booking of capacities which are not legally required to be auctioned according to the first-come-first-served procedure (FCFS procedure means that the awarding of capacities takes place in line with the temporal order in which each of the bookings was placed)
- the conversion/upgrade of interruptible capacities to firm capacities

- the return/surrender of firm capacities (since 1 April 2012)

The shareholders bayernets GmbH, European Energy Exchange (EEX), Fluxys TENP GmbH, GASCADE Gastransport GmbH, Gastransport Nord GmbH, Gasunie Deutschland Transport Services GmbH, GRTgaz Deutschland GmbH, Nowega GmbH, ONTRAS - VNG Gastransport GmbH, Open Grid Europe GmbH, terranets bw GmbH and Thyssengas GmbH have been joined by the transmission system operators Energinet.dk, Fluxys Belgium N.V./S.A., GRTgaz S.A., Gasunie Transport Services B.V., Snam Rete Gas S.p.A., Baumgarten-Oberkappel Gasleitungsgesellschaft mbH, Gas Connect Austria GmbH and Trans Austria Gasleitung GmbH as further shareholders of PRISMA effective on 1 January 2013.

## 2. Legal Basis and Aim of the Evaluation

The legal basis for the evaluation report is formed by clause 5 lit. b) of the Determination in the Matter of Capacity Management and Auction Proceedings in the Gas Sector (KARLA Gas). This requires transmission system operators, together with actual and potential auction participants, to regularly evaluate the auctioning procedure and report their findings to the German Federal Network Agency (BNetzA) at least once annually. This is to occur by the 1st of May each year.

The BNetzA has justified the evaluation requirement in Section 4.5.5.2 of KARLA Gas by stating that there is little previous experience with capacity auctions in the gas market. The annual evaluation is to form the basis of possible, necessary adjustments to the auction procedure and would, in particular, make early adjustments to the auctions' structures possible. The annual evaluation is to provide the market participants with a higher degree of planning security. Additionally, the yearly evaluations are meant to help avoid increased transaction expenses in capacity management for both the transmission system operators and the transport customers.

Resultantly, the aim and purpose of this evaluation report is, alongside the statistical evaluation of auctions which took place between 1 May 2012 and 31 March 2013, to evaluate as well the auction mechanism and the size of the price steps (increments) used. However – regardless of the evaluation's results - the transmission system operators believe that the adjustment possibilities are very limited. This applies particularly to the auctioning mechanism as the corresponding regulations concerning the allocation procedure are to be replaced and determined by the Network Code on Capacity Allocation Mechanisms (NC CAM)<sup>1</sup> and, following its having taken effect, European regulations which supersede national law.

Between 10 and 24 April 2013, the German transmission system operators published a draft of the evaluation report in the download section of PRISMA primary platform for consultation purposes. Network users were able to submit statements and opinions in writing to [jeremias.pressl@fnb-gas.de](mailto:jeremias.pressl@fnb-gas.de). However, no statements or opinions on the evaluation report draft were received by the TSOs.

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<sup>1</sup> The first draft of the final Network Code on Capacity Allocation Mechanisms (NC CAM) was presented to the Agency for the Cooperation of Energy Regulators (ACER) by the European Network of Transmission System Operators for Gas (ENTSOG) on 6 March 2013. Any references to NC CAM within this evaluation report – if not clearly stated otherwise – refer to this first draft of the NC CAM, which is available for download on the web pages of ENTSOG under the following link: <http://goo.gl/50txB>.



### 3. Evaluation

Entry and exit capacities can be acquired at PRISMA primary by means of FCFS bookings as well as by auction.

The following chapter will go into more detail regarding all auctions that took place between 1 May 2012 and 31 March 2013 (trading period) on PRISMA primary. FCFS awarding is not a part of this evaluation.

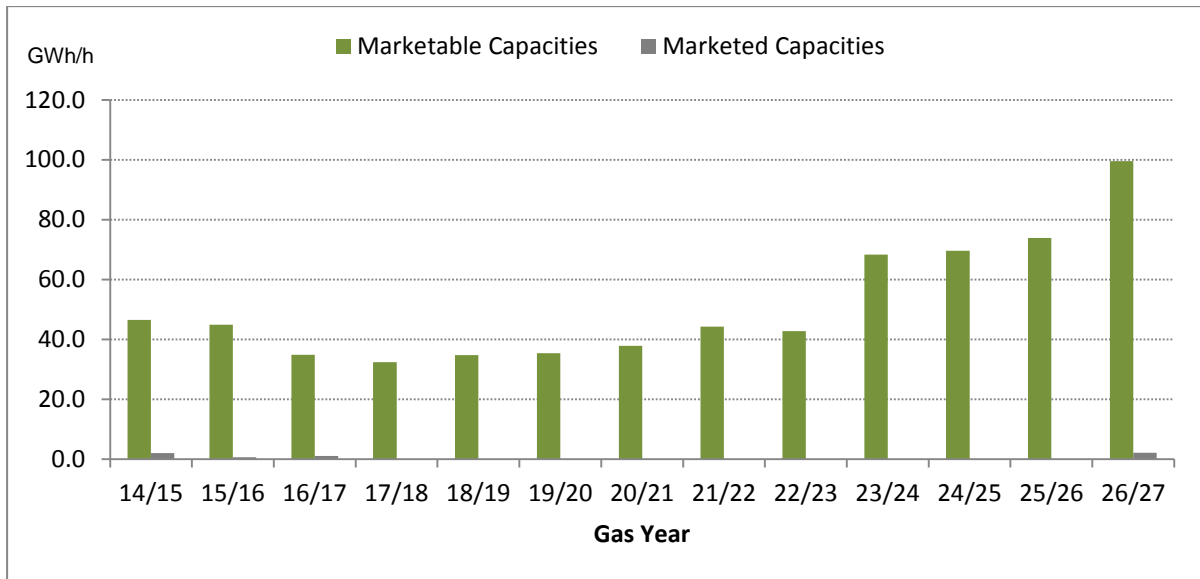
Annual, quarterly and monthly capacity products are awarded by means of a multi-stage auction procedure. Day-Ahead capacities are auctioned using a single-stage procedure. Each product has defined trading days which are published in the auction calendar on the PRISMA primary platform.

#### 3.1. Annual Auctions

The annual auctions for annual capacities took place on 2 October 2012. Depending on the applicable transmission system operator, up to 13 gas years (GY) were placed on offer, from GY 2014/2015 through to GY 2026/2027. Of the total of 665,665 GWh/h offered for all of these gas years, 5.6 GWh/h were marketed - this amounts to about 0.8%.

The following table and diagram show the capacities offered and marketed in the annual auctions.

in GWh/h	GY 14/15	GY 15/16	GY 16/17	GY 17/18	GY 18/19	GY 19/20	GY 20/21	GY 21/22	GY 22/23	GY 23/24	GY 24/25	GY 25/26	GY 26/27
offered	46.5	44.9	34.9	32.4	34.7	35.4	37.9	44.3	42.8	68.3	69.6	73.9	99.6
marketed	1.9	0.6	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.1



### 3.2. Quarterly Auctions

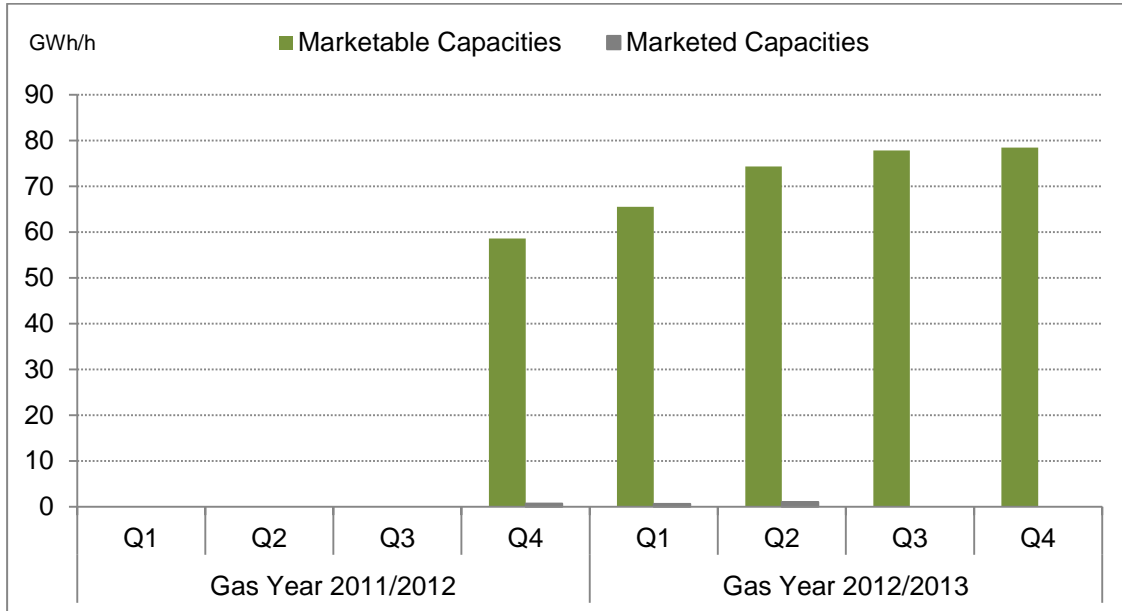
Three separate quarterly auctions had been held by the end of March 2013. The demand for the offered, quarterly capacity products was low for all of the three auctions. On average, around 3% of the offered capacities were marketed during the four quarterly auctions. The marketing margin was between 0% and 8 %. The following graphics and tables show both the time periods as well as the supply and demand details for the quarterly auctions.

			Quarterly Auctions			
			15./16.05.2012	14./16.08.2012	13./14.11.2012	12./13.02.2013
GY 2011/2012	Q1	01.10.11 - 01.01.11				
	Q2	01.01.11 - 01.04.11				
	Q3	01.04.11 - 01.07.11				
	Q4	01.07.12 - 01.10.12	X			
GY 2012/2013	Q1	01.10.12 - 01.01.13	X	X		
	Q2	01.01.13 - 01.04.13	X	X	X	
	Q3	13.04.01 - 13.07.01	X	X	X	X
	Q4	01.07.13 - 01.10.13	X	X	X	X
GY 2013/2014	Q1	01.10.13 - 01.01.14		X	X	X
	Q2	01.01.14 - 01.04.14		X	X	X
	Q3	01.04.14 - 01.07.14		X	X	X
	Q4	01.07.14 - 01.10.14		X	X	X



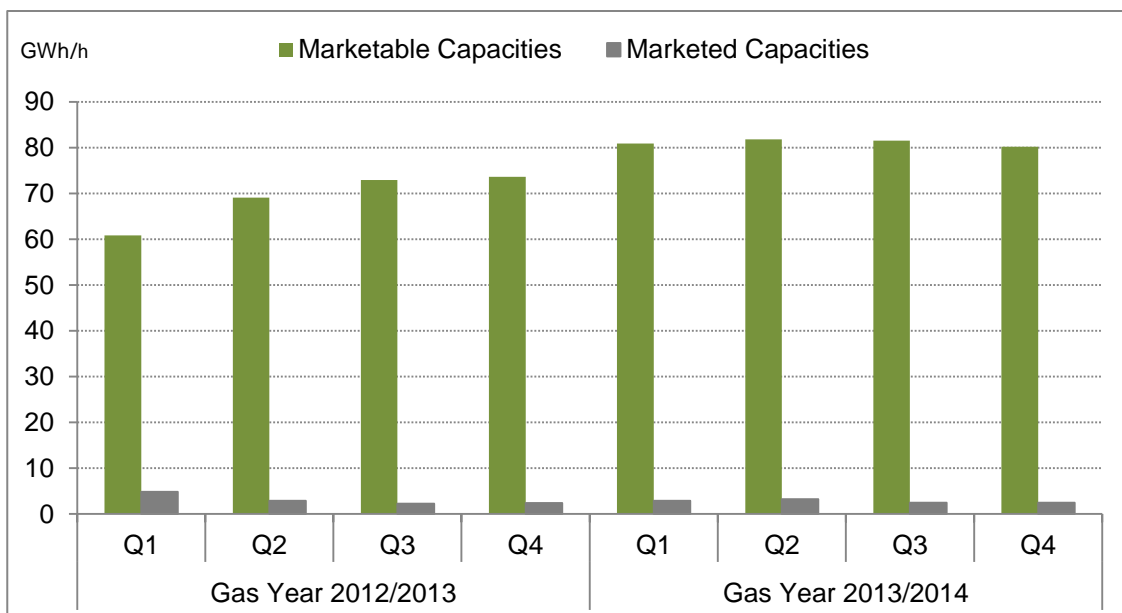
### Quarterly Auctions 15/16 May 2012

in GWh/h	GY 2011/2012				GY 2012/2013				Sum
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
offered				58.60	65.56	74.33	77.82	78.49	354.80
marketed				0.76	0.66	1.10	0.00	0.00	2,52



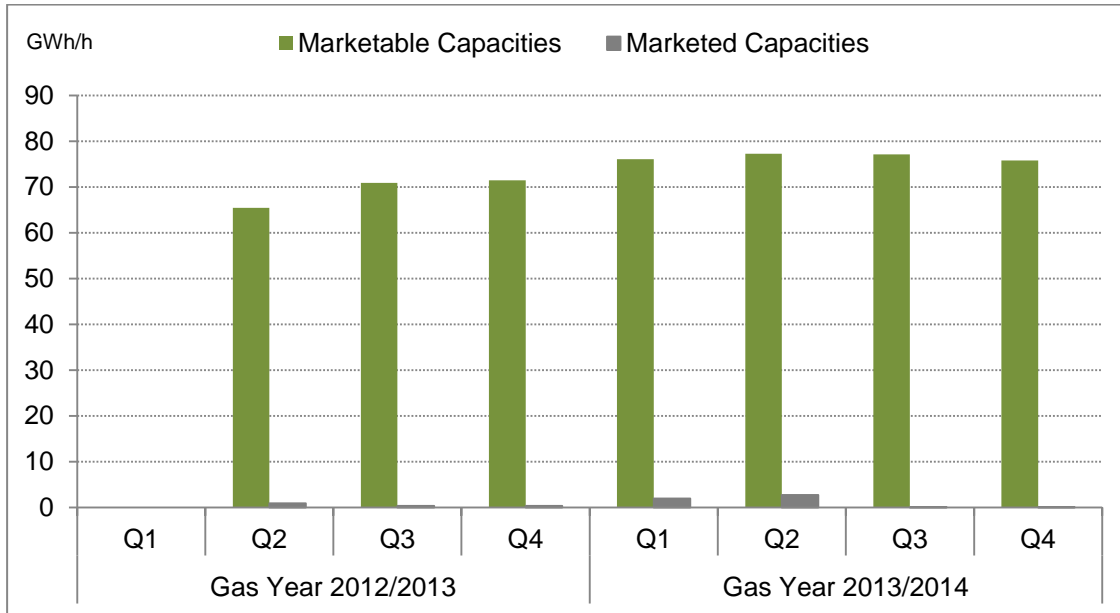
### Quarterly Auctions 14/16 August 2012

in GWh/h	GY 2012/2013				GY 2013/2014				Sum
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
offered	60.86	69.11	72.95	73.63	80.88	81.78	81.55	80.19	600.96
marketed	4.83	2.92	2.26	2.40	2.89	3.22	2.45	2.45	23.42



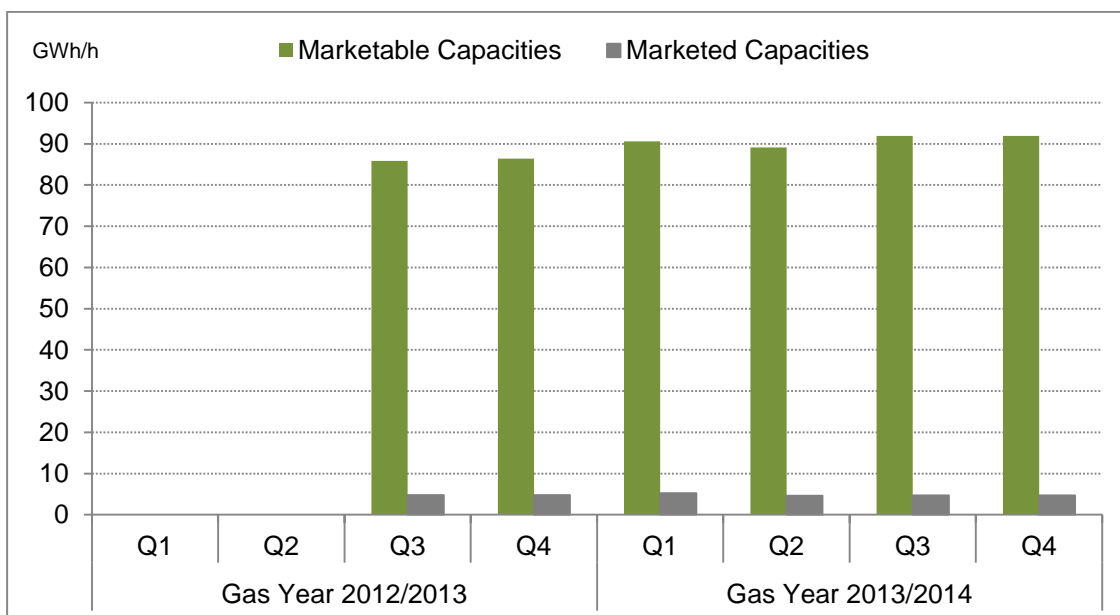
### Quarterly Auctions 13/14 November 2012

in GWh/h	GY 2012/2013				GY 2013/2014				Sum
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
offered		65.49	70.93	71.46	76.06	77.24	77.12	75.77	514.08
marketed		0.92	0.38	0.38	1.96	2.74	0.07	0.07	6.52



### Quarterly Auctions 12/13 February 2013

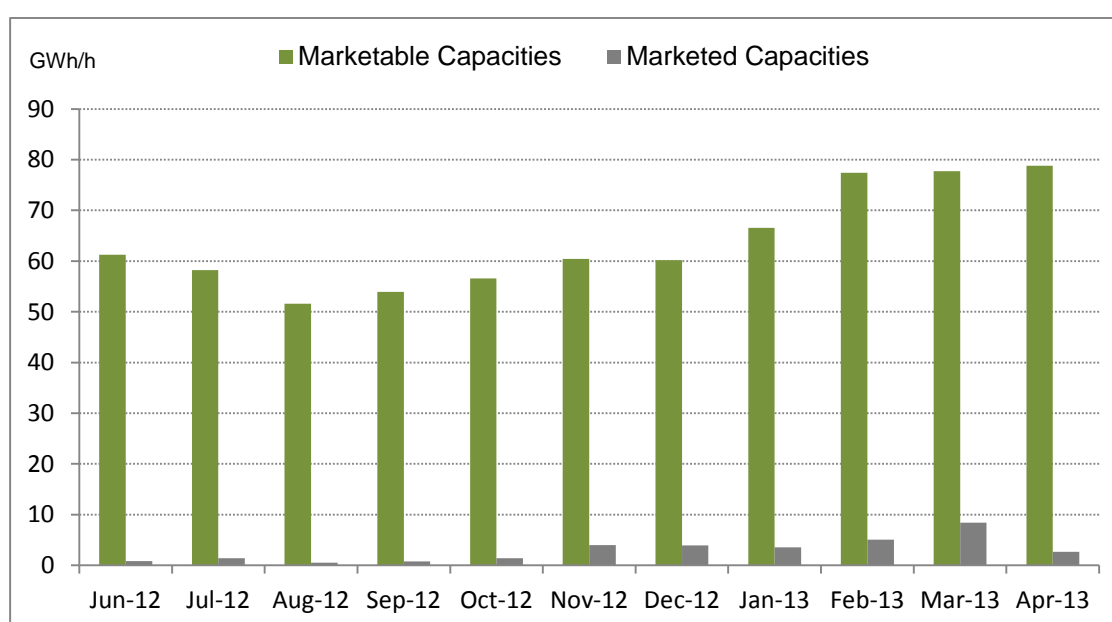
in GWh/h	GY 2012/2013				GY 2013/2014				Sum
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
offered			85.83	86.37	90.60	89.08	91.92	91.92	535.72
marketed			4.75	4.75	5.24	4.62	4.73	4.73	28.82



### 3.3. Monthly Auctions

Monthly products are offered regularly about two weeks before the beginning of the month. The marketing rate for the eleven evaluated monthly products between June 2012 and April 2013 (Usage Period) had an average of about 4.6%. There was, however, both a higher offering and marketing success rate in the winter months when compared to the summer months. The marketing rate of 1.0% in August 2012 was the lowest. March 2013 was the highest at 10.8%.

in GWh/h	Jun 2012	Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013	Apr 2013	Sum
offered	61.23	58.21	51.57	53.95	56.59	60.42	60.18	66.54	77.41	77.72	78.81	702.63
marketed	0.84	1.37	0.51	0.76	1.40	4.01	3.94	3.51	5.05	8.41	2.64	32.44

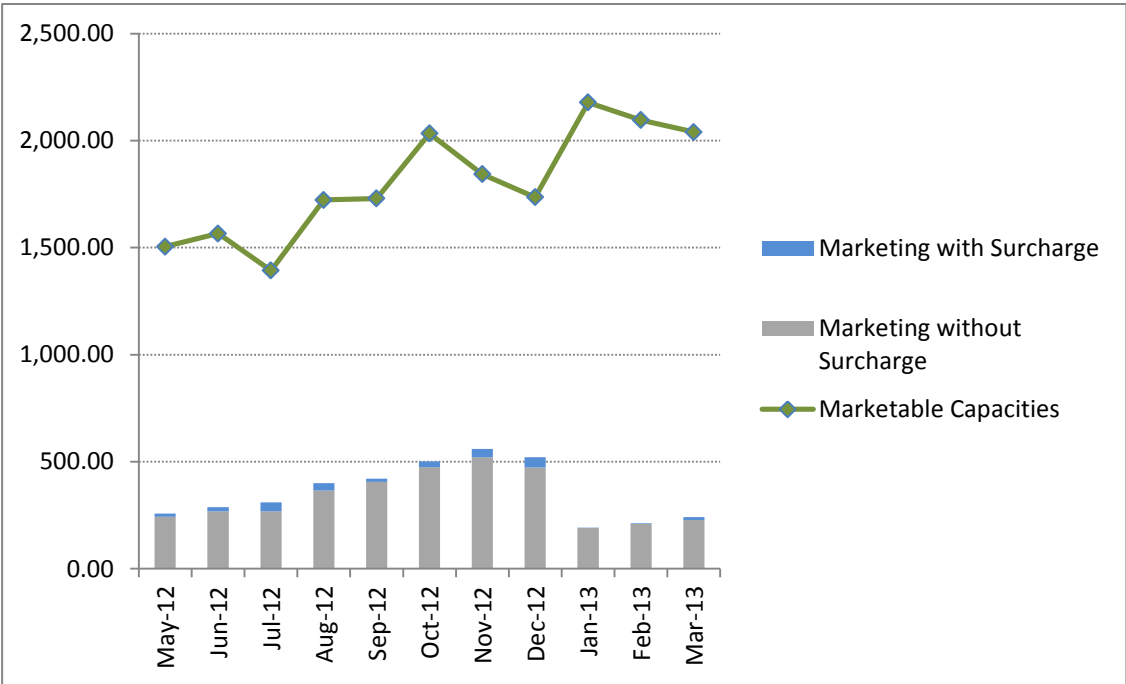


### 3.4 Day-Ahead Auctions

Since the introduction of the day-ahead auctions in April 2012, both the offerings of day-ahead capacities as well as the demand for them tended to rise during the period up to the end of 2012. As is the case with the auction results for annual, quarterly and monthly capacity products, a changing booking behavior on the part of the transport customers from long-term to short-term capacity products can be observed. An increase in the offered day-ahead capacities can be explained by the re-offering of non-marketed capacities in auctions for the next smaller capacity product.

In total, 24% of the day-ahead capacities offered between May and December 2012 were able to be marketed - this amounts to an average daily marketing of 13.3 GWh/h. The percentage of capacities without an auction surcharge (therefore until the 31 December 2012

at a total price of 0 Euro) was 22%, the percentage of capacities with an auction surcharge was 2%. Almost one quarter of the capacities awarded without a surcharge can be traced back to the conversion/upgrade of interruptible capacities which are subject to a fee.



On 31 October 2012 the BNetzA published resolution BK7-12-201 which amended the "Determination in the Matter of Capacity Management and Auction Proceedings in the Gas Sector" (KARLA Gas) The resolution provides that, beginning on 1 January 2013, day-ahead Capacities shall no longer be offered with a "0 euro starting price" but, rather, that this represents the regulated tariff meaning that daily products, as is the case with annual, quarterly and monthly products, are to be awarded in surcharge auctions in which the price reached at auction solely represents the surcharge to the regulated tariff.

The expressed reason for the change was the fact that - as can be seen above - a major part of the day-ahead capacities were auctioned at a total price of 0 euro and that a large percentage of these capacities were made up of non-marketed annual, quarterly and monthly products and not so that it would justify a starting price of 0 euro because of renomination limitations or other shortage management measures.

With this change in the price system at the beginning of the year, the demand for day-ahead capacities has declined drastically. This also minimizes the percentage of capacities marketed with an auction surcharge. In Q4 of 2012, an average of about 17.2 GWh/h were auctioned daily, in Q1 of 2013 this value declined to 7.2 GWh/h - a reduction of 58%. In total, 10% of the capacities offered since the beginning of 2013 have been marketed. As intended, only 0.2% of the marketed capacities can now still be traced back to the conversion of interruptible capacities.

average daily values in GWh/h	01.05.2012 - 31.12.2012	01.01.2013 - 31.03.2013	total
capacities offered	55.2	107.0	65.3
capacities marketed	13.3	10.9	12.8
percentage marketed	24%	10%	20%
capacities marketed without surcharge	12.3	10.7	12.0

### 3.5 Auctions with a Surcharge

In order to receive insight into the quality of the auction algorithm in general and to evaluate the price steps used in the auctions more specifically, the following is meant to – in line with the results of last year's evaluation report – provide an evaluation of the auctions which have resulted in excess demand between 1 May 2012 and 31 March 2013. The transmission system operators believe that this is exactly the place to find out whether the auction algorithm - implemented on PRISMA primary following consultation of the market participants and together with the BNetzA, as well as the size of the price steps were chosen correctly or if there is a need for adjustment.

Evaluation criteria for this sort of analysis are again to be the number of price steps which occur until the market price is found as well as the number of the so called undersells (the percentage of previously offered capacities which could not be assigned because of the auction logic despite an existing excess in demand at the starting price).<sup>2</sup> It is to be remembered however that in multi-stage auctions, the aim is to implement a mechanism which makes it possible for the transport customers to, on the one hand, approach the market price over several rounds of auctioning while, at the same time, bringing about the auction end (result) in an appropriate length of time.

For each auction product (monthly, quarterly, annual) two fixed-price increments (steps) were defined. (each being an increase on the regulated tariff):

- Large price steps amount to 10, 2.5 or 1 cent per kWh/h for the annual-, quarterly and monthly auction products.
- Small price steps amount to 2, 0.5 or 0.2 cent per kWh/h for the annual-, quarterly and monthly auction products.

In day-ahead auctions, bidders could place their quantity bids at any desired price which is a result of mark ups in price steps of 0.005 cent per kWh/h over the start price of zero.

<sup>2</sup> The examination and assessment of the bottleneck/shortage situation itself as well as the consequences to be drawn as a result of them is not to be a part of this evaluation report but shall, rather, take place as part of the transmission system operators' network development plan.

demand could be established in 6,893 out of 25,483 auctions (annual, quarterly, monthly and daily capacity auctions) carried out in the period between 1 May 2012 to 31 March 2013. Of these 6,893 auctions, 873 (12.73%) ended with a price surcharge in addition to the starting price:

- 0 of 356 annual capacity auctions,
- 12 of 1,311 quarterly capacity auctions,
- 2 of 482 monthly capacity auctions
- 859 of 23,334 day-ahead auctions

In 161 of the 873 auctions with a surcharge (18.4%), the offered capacity was able to be marketed fully meaning that an undersell did not occur. On average in these 873 auctions, the undersell had a value of 133,743 kWh/h (standard variance 220,894 kWh/h) at an average capacity offering of 431,089 kWh/h.

The specific frequency of the occurrence of undersells can be taken from the following general overview:

Undersell = X	Number of Occurrences	Percentage of Total Number
0%	161	18.4%
0 < X < 10%	195	22.3%
10 < X < 20%	107	12.3%
20 < X < 30%	55	6.3%
30 < X < 40%	49	5.6%
40 < X < 50%	65	7.4%
50 < X < 60%	38	4.4%
60 < X < 70%	37	4.2%
70 < X < 80%	36	4.1%
80 < X < 90%	59	6.8%
90 < X < 100%	41	4.7%
100%	30	3.4%
	<b>873</b>	<b>100%</b>

In order to make proper statements concerning the value of the auction algorithm, it is, however, necessary to view differently the occurrence of an undersell in multi-stage annual, quarterly and monthly auctions on the one hand and, on the other, day-ahead auctions which take place in a single stage.

Undersells in Multi-Stage Annual, Quarterly and Monthly Auctions:

Undersell = X	Number of Occurrences	Percentage of Total Number
0%	11	78.6%
0 < X < 10%	3	21.4%
10 < X < 20%	0	0
20 < X < 30%	0	0

30 < X < 40%	0	0
40 < X < 50%	0	0
50 < X < 60%	0	0
60 < X < 70%	0	0
70 < X < 80%	0	0
80 < X < 90%	0	0
90 < X < 100%	0	0
100%	0	0
	<b>14</b>	<b>100%</b>

It can be seen that undersells occur both relatively rarely and/or are relatively small in multi-stage auctions. In almost 80% of the cases in which these auctions led to a price surcharge in addition to the regulated tariff, the capacities could be marketed in full. In the auctions which led to an undersell, this was, on average, 7,984 kWh/h (standard variance 15,289 kWh/h) at an average offering of 287,345 kWh/h. Because an undersell in an annual, quarterly or monthly auction does not mean that the non-awarded capacities are not available to the marketplace but, rather, that the non-marketed capacities are offered anew in shorter periods, the transmission system operators find the occurrence of undersells in multi-stage annual, quarterly and monthly auctions acceptable and do not currently see the need to adjust the price increments in these auctions.

In order to be able to make reliable statements regarding how long the resolution of the bottleneck/shortage situation will take, the transmission system operators analyzed whether and to which extent the above mentioned retrograde step leads to a faster finding of the market price - after fewer rounds of bidding - than a mechanism which increases from the initially named price in small step increments steadily from the beginning onwards.<sup>3</sup> It was shown relatively clearly that the retrograde step procedure in 10 of 14 auctions (71.4 %) was superior to the alternative arrangement involving the invoking of increased prices based upon the small step increment.

#### Undersells in Single-Stage Day-Ahead Auctions:

<b>Undersell = X</b>	<b>Number of Occurrences</b>	<b>Percentage of Total Number</b>
0%	150	17.2%
0 < X < 10%	195	22.3%
10 < X < 20%	104	11.9%
20 < X < 30%	55	6.3%
30 < X < 40%	49	5.6%
40 < X < 50%	65	7.4%

<sup>3</sup> In concrete terms, this meant comparing the number of steps needed in reality with the number of steps needed theoretically when using the applicable small step increments. Only in this way was it possible to ensure that both methods result in the same final price.

50 < X < 60%	38	4.4%
60 < X < 70%	37	4.2%
70 < X < 80%	36	4.1%
80 < X < 90%	59	6.8%
90 < X < 100%	41	4.7%
100%	30	3.4%
	859	100%

In day-ahead auctions, undersells occur more frequently - as was shown in the last evaluation report (undersells in more than 80% of the cases in which the capacities could not be allocated at the auction's starting price). On average, the undersell in day-ahead auctions had a value of 135,738 kWh/h (standard variance 222,089 kWh/h) at an average capacity offering of 431,431 kWh/h.

The reasons therefore are, in the opinion of the transmission system operators, to be found less in the auction mechanism or the size of the price steps used in day-ahead auctions, but rather lie more likely in the (based on price spreads) similar, homogenous behavior of the transport customers which attempt to acquire capacities in single-stage day-ahead auctions at a certain price either totally or not at all. Additionally, the transmission system operators believe that the undersell problem in day-ahead auctions will be considerably improved with the adjustments to the single stage auction algorithm resulting from early implementation of NC CAM: both the so-called. "Fill-or-Kill" rule and a proportional allocation in cases of excess demand not resolved by prices shall counteract undersells.



## 4. Adjustments Based upon the Preceding Evaluation Report

Based on feedback received by PRISMA primary from the platform users as well as the BNetzA following the launch of the primary capacity platform, diverse alterations were made to the primary capacity platform prior to the end of 2012.

The following adjustments were made to the primary capacity platform:

### 1) Additional information in the booking and auction confirmation

#### a) expansion and changes within the booking and auction confirmation

- If the transport customer has chosen a (sub-) balancing group during the booking process, this will be shown.
- The respective details for a conversion from interruptible to firm capacities will be shown.

#### b) Additions to the Booking Confirmation

- Addition of the Network Point Name

#### c) Addition to the Auction Confirmation

- Addition Product Type (Annual, Quarterly, Monthly, Day-Ahead)
- Addition Starting Price for the Auction
- Addition Auction Surcharge to the Starting Price
- Addition of the Distribution Factor for Bundled Auctions and Notice Regarding the Distribution Factor

### 2) Bundling of Different Capacity Types

In July 2012, the possibility of bundling various capacity types (e.g. FAC, bFAC) was implemented in order to increase the flexibility of offered capacity products offered on the platform.

### 3) User Friendliness of the Download Section

Whereas the download section initially allowed for a mere listing of the documents available, new subcategories were added in 2012 to provide a better general overview. This sub-categorization allows the user to find specific documents more easily and quickly.

The following sub-categories are now part of the download section: TSO Documents, Documents for Transport Customers, General Information and Legal Information

### 4) Improvement of the Auction Overview/Auction Filter

In addition to that which was already available, further information has been added to the auction overview to make it easier for transport customers to filter according to certain criteria. As a result, the following information is now shown:

- The Marketed Capacity's Volume
- Auction Start Date

The auction details have been expanded with the following Information:

- Starting Price and Starting Date for the Auction
- Capacity Demanded per Auction Window
- Auction Surcharge per Auction Window
- Capacity Marketed in the Last Window
- Capacity Demanded in Competing Auctions<sup>4</sup>

The search option has also been expanded to include further categories in order to make it easier for users to search for specific auctions.

#### 5) Adjustment to the Day-Ahead Comfort Function

The day-ahead comfort function, which allows users to preset bids automatically on the platform, has been adjusted as follows:

- The ability to activate the comfort function at any time
- Display of all active comfort bids
- Ability to delete preset comfort bids

#### 6) Transparency

Another adjustment of PRISMA primary concerned the capacity auctions' data export. All auction information is now available - since August 2011 - in the platform's download section as an Excel document. The anonymized, monthly reports contain both information regarding all completed auctions and information regarding executed capacity conversions (interruptible to firm).

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<sup>4</sup> Competing auctions are carried out when the available capacity in one of the affected auction cannot be awarded without reducing the available capacity in other affected auctions either partially or in whole.

## 5. Conclusion

It remains possible to draw a positive résumé concerning the creation and operation of the primary capacity platform thus far. First of all, extensive changes and adjustments were made to the platform's functions following the first evaluation report in May 2012. Secondly, PRISMA primary has been established as a European capacity platform.

With regard to the auctions carried out between 01 May 2012 and 31 March 2013, the evaluation showed that transport customers' capacity demands are falling as a whole and that the short term capacity products are becoming more and more preferred as compared to long term capacity products.

Changing of the Starting Price for Day-Ahead auctions from 0 euro to the regulated tariff as of 1 January, 2013, led to a drastic fall in demand for daily products. This makes it clear that a considerable portion of the demand for "free of charge" day-ahead capacities (prior to 1 January 2013) could be traced back to conversions of interruptible capacities subject to a fee.

The analysis of the auction algorithms based on the auctions which triggered an excess in demand during the observation period has shown that, in particular, the multi-stage algorithm (incl. the price steps) does not require adjustment in the opinion of the transmission system operators. This is due to two factors. Firstly, the extremely low number of cases requiring the resolving of this excess (14 times in 2,149 annual, quarterly and monthly capacity auctions and, secondly, the low occurrence of an undersell within these 14 cases (3 undersells). The transmission system operators believe that the adjustment possibilities based on a national evaluation are very limited anyway because of the fact that the regulations concerning the allocation procedure are to be replaced and determined by the NC CAM and, following its having taken effect, European regulations which supersede national law.

Solely the size of the price increments shall represent parameters which might be adjusted on a purely national level should the need to do so be established in the future. The transmission system operators' are, however, of the opinion that there is currently no need to make adjustments to the increments and that, as a result of the above mentioned low occurrence of cases where excess demand must be resolved, the absolute size of the price steps as well as the proportion of "1 to 5" between the small and large steps in annual, quarterly and monthly auctions should be retained. In the overwhelming majority of the cases where excess demand must be resolved, a combination of large and small price steps leads to a determination of the market price more quickly than had the auction been carried out using only small price steps from the beginning.

The much more common occurrence of undersells in day-ahead auctions will probably be considerably reduced in the coming years by the early implementation of the NC CAM and the resulting adjustments to the day-ahead algorithm. Nevertheless, the transmission system operators are still of the opinion that undersells are not caused by the size of the price steps (0.005 €ct per kWh/h) but rather, in the commonly uniform (spread sheet) guided bidding behaviour of the transport customers.

In summary, the German transmission system operators see, based on the results presented, no need to implement adjustments to the auction system (excepting the changes that will result from the early implementation of NC CAM, see the next section).

## 6. Prognosis

As of April 2013, unbundled and bundled primary capacities at entry and exit points in Belgium, Denmark, Germany, France, Italy, the Netherlands and Austria may be marketed or acquired on PRISMA primary.

The aim is to offer, as far as is possible, new functionalities on the new platform which comply with the rules of the Network Code on Capacity Allocation Mechanisms (NC CAM)<sup>5</sup> which shall represent new framework conditions for capacity awarding in the near future. In doing so, the participating transmission system operators are taking a first, considerable step towards the harmonization of primary capacity marketing in Europe.

PRISMA primary, the new primary capacity platform operated jointly by all participating transmission system operators took the existing functions from the German capacity platform TRAC-X primary, but involves partially new rules and changed processes - in comparison with the period before April 2013 - for the transport customers as a result of the European orientation.

Considerable changes have been made to the following areas:

- Make up of standard products (adjustment to the marketing logic of the NC CAM)
- Make up of the auction calendar (adjustment to the calendar provided for in the NC CAM)
- Composition of the price increments (adjustment of price formation to specifications in the NC CAM)
- Composition of Day-Head Auctions (adjustment of the auction algorithm to specifications of the NC CAM)

Detailed Information can be found in the "Primary Capacity Platform Concept 6.0" which is available for download at [www.prisma-capacity.eu](http://www.prisma-capacity.eu).

**Disclaimer:** Should there be discrepancies between the interpretation of the German and English versions of this evaluation report, the German version shall prevail.

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<sup>5</sup>Note: The first draft of the final Network Code on Capacity Allocation Mechanisms (NC CAM) was presented to the Agency for the Cooperation of Energy Regulators (ACER) on 6 March 2012 by the European Association of Transmission System Operators (Europäischen Verband der Fernleitungsnetzbetreiber (ENTSOG)). When the NC CAM is mentioned in this report, this first draft of the NC CAM is meant unless otherwise expressly noted. This draft may be found at the following link to the ENTSOG website and is available there for download: <http://goo.gl/50txB>.