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**MCM-D**

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Your letter	Your letter
Our ref.	Our ref
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**Preferred Choice of Joint Capacity Booking Platform**

Dear Chris,

RWEST welcomes the opportunity to comment on your preferred choice of joint capacity booking platform to facilitate the EU Capacity Allocation Mechanism (CAM) Regulation.

RWEST uses the PRISMA European Capacity Platform extensively in a number of EU gas markets in which it operates and is generally happy with the efficiency and functionality of the platform. We agree with your preliminary conclusion that PRISMA offers the best technical and practical solution for meeting your CAM requirements.

Under the CAM Regulation, available capacity at EU interconnection points will need to be allocated on a bundled basis to support hub-to-hub trading. This raises a number of issues and challenges for the GB gas market which will need to be carefully resolved in conjunction with the connected TSOs (both merchant and European) and with shippers. We do not see any significant benefits arising from National Grid offering unbundled entry/exit capacity at a new Bacton interconnection point before such issues are resolved, and the desire for early participation in the PRISMA initiative should not compromise the process of finding an efficient solution to bundling capacity in GB.

PRISMA is currently a not-for-profit company which is funded by its shareholders. But it is not inconceivable that at some future date its articles may be changed to allow it charge for its services and earn profits. It could also conceivably be sold to an unregulated business. Whilst the likelihood of such events happening may seem remote now, were they to occur they would present very serious concerns for shippers once PRISMA was established as the monopoly, or dominant, provider of bundled capacity, both primary and secondary<sup>1</sup>. To this extent we would ask National Grid to provide formal assurance to GB shippers that they expect

<sup>1</sup> Under the CAM Regulation, primary bundled capacity is not allowed to be re-sold on the secondary market as unbundled capacity, which is likely to incentivise secondary trading of bundled capacity on the PRISMA platform.

PRISMA to remain a not-for-profit company and for Ofgem to highlight any regulatory measures that be available to ensure this persists.

As regards secondary capacity, whilst we recognise this functionality is still under development, nothing should be put in place which forces shippers to use the PRISMA platform to execute secondary trades for bundled capacity. In addition to secondary trading functionality, PRISMA should provide shippers with the capability of registering bilateral secondary trades through the platform free of charge<sup>2</sup>. To the extent it does not, this capability should be provided by the interconnected TSOs separately.

Finally, we would welcome National Grid's and Ofgem's views on whether PRISMA may constitute a multilateral trading facility (MTF) under the Markets in Financial Instruments Directive (MiFID) and, if so, what the associated consequences would be under the European Market Infrastructure Regulation (EMIR) and other financial market regulation.

Yours sincerely,

RWE Supply & Trading GmbH



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<sup>2</sup> Which would adjust each shipper's respective bundled capacity holding with each adjacent TSO.