**22nd IG Meeting. South Gas Regional Initiative**

**25th March 2013,** from **15:00 h** to **17:00 h**

Videoconference

**List of participants**

| Last name | First name | Organisation |
| --- | --- | --- |
| Andrade | Tiago | REN |
| Aoun | Marie Claire | CRE |
| Cachão | Alexandre | REN-Gasodutos |
| Cornibert | Laurent | GRTgaz |
| Delahitte | Gaston | TIGF |
| de Vicente | Maria Angeles | Enagas |
| Diniz | Valter | REN |
| Domingues | António | ERSE |
| Ferreira | Liliana | ERSE |
| Furtado | Pedro | REN |
| Doyhamboure | Gilles | TIGF |
| Huerre | Thomas | GRTgaz |
| Impuesto | Fernando | Enagas |
| López | Manuel | Enagas |
| Léveillé | François | CRE |
| Milheiras | Hélder | ERSE |
| Moreno | Beatriz | CNE |
| Mouro Vaz | Francisco | REN-Gasodutos |
| Mousinho | Maria do Céu | REN |
| Oliveira | Paulo | ERSE |
| Parada | Luis Ignacio | Enagas |
| Poillion | Christophe | GRTgaz |
| Prieto | Rocío | CNE |
| Tomaz | Rui | REN |
| Yunta | Raúl | CNE |

***All documents presented in this meeting are available on ACER web page***

[http://www.acer.europa.eu/Gas/Regional\_%20Intiatives/South\_GRI/22th\_GRI\_IG/default.aspx](http://extranet.acer.europa.eu/en/Gas/Regional_%20Intiatives/South_GRI/22th_GRI_IG/default.aspx)

1. **Opening**
   1. **Welcome**

The chairs welcomed all participants and expressed their pleasure for holding this 22nd Implementation Group (IG) meeting.

* 1. **Approval of the agenda and the last meeting minutes**

The agenda was approved without changes. The minutes of the 21st IG meeting were approved, with comments from REN. Enagás also required NRAs to clarify what type information, according to these minutes, must be provided on IT development and on the long term vision of the CAM roadmap.

1. **Congestion Management Procedure CMP**

Regulators presented TSOs some slides on the three CMPs (surrender capacity, LT UIOLI and oversubscription and buy-back) that must be implemented in the Region by 1st October 2013. The slides showed the principles already agreed by NRAs and the remaining issues to be discussed and proposed by the TSOs.

TSOs agreed with the main principles agreed by NRAs; the discussion was focused in the following aspects:

Capacity surrender

* Allocation of available unbundled capacity before the allocation of surrendered capacity.

TSOs expressed their need to think carefully how to deal with this capacity that, according to the Regulation, must be allocated before the surrendered capacity (preference for bundled it)

* Surrender of monthly products

TSOs explained that they cannot accept surrender of monthly products, since they cannot be sold due to the schedule of the auctions (under CAM network monthly products are commercialised through rolling monthly auctions).

* Possible fees for users that surrender capacity

TSOs are considering the need to charge primary holders with a fee for reselling the surrendered capacity in order to dismiss users to book too much capacity initially. ERSE has not adopted a final opinion on this, but they consider that it is not a big issue for Portugal, and in any case the fee should be small and it would not increase Portuguese TSOs’ revenues. CRE hasn’t also got to a final decision; it depends of results of the French public consultation on CMP. At this stage CRE is not in favour of a systematic fee, as it considers that the capacity surrender is part of the basic transmission service associated to the capacity bookings of the network user.. However, CRE recognises that charging to the initial holder of the capacity the difference (if positive) between the initial price and the reallocation price makes sense as it would limit opportunistic behaviour of the initial holder of the capacity. CNE considers that a fee cannot be needed, especially if the primary capacity holder need to pay the price difference if the capacity is resold at a lower price and also because they risk ending up with non flat capacity. This issue will be further discussed in the next SGRI meetings.

* How to deal with surrendered capacity that is reallocated at a price lower than the initial price.

The TSOs’ proposal is to charge primary holders the difference if the surrendered capacity is resold at a lower price than the one paid by the primary holder. GRTgaz explained that it aims to avoid tricky behaviours, like users reserving more capacity than they need, surrender the capacity and afterwards buying it back themselves at a cheaper price. CNE estimate that the possibility to reallocate surrendered capacity is low although they will think about it more carefully. This issue will also be further discussed in the next SGRI meetings.

LT UIOLI

* The periods in which the use of 80% of contracted capacity is required in order not to trigger the mechanism

Participants expressed different opinions whether the use of 80% of contracted capacity is required in just in one of the two periods (1st April- 1st September and 1st October – 30th March) mentioned in the Regulation or in both. According to informal discussions with CE, it is sufficient for a network user to use an average of 80% in one of the periods to avoid losing the capacity.

* The formula to calculate the capacity use

With regard to TSOs’ proposed formula, some examples are required for an appropriate assessment. CNE proposed not to apply the mechanism if just in one month of the six month period the capacity use is above 80%. Enagas considers that this wouldn’t comply with the Regulation, explaining that, according to the Regulation, the use must be in the average in the whole six month period. There is agreement that the approach would cause problems to users which main consumers are CCGTs. The discussion is focused on how to understand the Regulation.

OSBB

* Products including additional firm capacity

Participants agreed that additional firm capacity will be offered only for next year: yearly product (y+1), quarterly products, monthly products and daily products.

* The IT tool to buy-back the oversold firm capacity

CNE thinks that the IT platform to sell primary capacity can be also used to buy back the capacity. TSOs stated that PRISMA does not support this service neither is planning to support it. GRTgaz explained that PRISMA is working on secondary market, and then they will move into within-day products.

* How TSOs and users can share the cost and benefits of this mechanism

Both NRAs and TSOs recognise the difficulty of implementing this mechanism. They consider that it cannot be applied at the French-Spanish border because these IPs are physically congested, and that the application at the Portuguese-Spanish border shouldn’t cause much problems, since in these IP there is plenty of available capacity to be booked (there’s no contractual or physical congestion) and the level of utilisation is low. Attendants informed that some countries are going to ask for an exemption in order to delay the implementation of this mechanism. The possibility to test the mechanism in some IPs before introducing it in every IP was proposed. France is thinking about the possibility to implement it at their border with Germany and Belgium, once finished their public consultation on CMPs.

***Agreements and work plan***

1. **By 22nd April**, TSOs will produce and provide NRAs with a **document developing in further detail how capacity surrender and LT UIOLI mechanism will be applied,** detailed procedures including the different timescales, examples and implementation agenda.

In particular, regarding LT UIOLI, TSOs will clarify their proposal and explain why the measure of capacity to be released will be carried out in the yearly auctions. They’ll also include a definition for “systematic downwards renominations” and provide suggestions on how to decide if unused capacity has previously been offered by the user in the secondary capacity market under reasonable conditions. Since the proposal mean starting applying a common UIOLI mechanism at the French-Spanish border by 2015, TSOs will identify problems arisen by the application of slightly different mechanisms on both sides of the border, in particular if this approach can lead to have a different capacity released on each side.

1. **By 14th May**, TSOs will send a document containing **the completed detailed definition of capacity surrender and LT UIOLI mechanism,** as well as **detailed proposals of an overselling and buy-back mechanism**, detailed procedures including the different timescales, examples and implementation agenda for the three CMPs.
2. **During June,** NRAs will give feedback to TSOs on their proposals and **TSOs will amend the mechanisms** accordingly.
3. **In July, a Public Consultation** on the procedures will be conducted in the Region.
4. **NRAs would approve the mechanisms in September**, which would enter into force on 1 October.
5. **AOB and next meetings**

Tentative dates for next meetings are indicated below. Comments and proposals on alternative dates can be provided by e-mail.

* 30th April: 19th SG.
* 12th June: 23th IG.