



## **“SOUTH GAS REGIONAL INITIATIVE. WORK PLAN 2015-2016”**

- Comments from EDP –

The development of European Network Codes pursues, among other things, the necessary harmonization to encourage the cross border flows and market integration aiming at the accomplishment of an Internal Energy Market.

Taking into account the above mentioned, EDP considers that SGRI should focus on the coherent implementation of the Network Codes in the different entry exit systems of the south region. Many relevant issues of the network codes should be developed by NRAs, so different points of view or treatment should limit the efficacy of the harmonization, limiting the chance to get an actual Internal Energy Market.

### Proposal:

- To consider in the working plan the “permanent” objective of ensuring a coherent implementation of the various Network Codes, especially those Network codes which are circumscribed to each entry-exit system (i.e. balancing, tariffs).

### **Capacity Allocation Mechanism**

Together with the issues or actions included in the Draft Working Plan, EDP considers that operative issues associated to the use of the allocated capacity should be developed as soon as possible and in a coordinated manner in order to avoid any type of distortion in the use of the booked capacity. Among others, the issues to be considered would be:

- Unique contact point, in order to avoid having to speak or operate with two TSOs in parallel for the use of a bundled capacity.
- Unique nomination/renomination.
- Ensure the coherence between the clauses of the capacity booking contracts.

To sum up, we can say that while companies are obliged to have the same shipper at both sides of the border, to book a bundled capacity, etc. the TSOs manage independently many relevant things related to capacity use. In our point of view, this situation should be avoided, especially when the focus is on the development of an integrated market.



Proposal:

- Develop as soon as possible and in a coordinated manner all operative issues related to the use of the booked capacity.

**Congestion Management Procedure:**

- In EDP's view, before designing a roadmap on the implementation of firm day-ahead UIOLI, the SGRI should:
  - Review and optimise the use of the OSBB
  - Analyse taking into account CMP regulation, if the required conditions for developing short term UIOLI are fulfilled in the different interconnection points.

Proposal:

- Review and optimise the use of the OSBB
- Analyse taking into account CMP regulation, if the required conditions for developing short term UIOLI are fulfilled in the different interconnection points.

**Balancing:**

Regarding the implementation of the Balancing Network Code, there are different initiatives or proposals in the countries covered by the SGRI:

- Spain: CNMC has presented some ideas about the implementation of the NC in the Spanish entry-exit system.
- France: a public consultation has been launched by CRE with the aim to determine the implementation of the Network Code.

In this context, EDP considers that SGRI should work to get a coherent implementation of the Network Codes in the different entry exit systems of the south region, and not only to ensure the sharing of information. Many relevant issues of the network codes are going to be developed by NRAs, so different points of view or treatments will limit the efficacy of the harmonization, limiting the chance to get an actual Internal Energy Market.

Proposal:

- Consider in the working plan the "permanent" objective of ensuring a coherent implementation of different Network Codes, especially in the balancing Network codes that it is circumscribed to each entry-exit system.



### **Tariffs:**

Regarding this issue, the Draft document mentions the ERSE/CNMC's analysis about tariffs and the possible pancaking and the CNMC proposal of methodology for determining access tariffs in the Spanish gas system. EDP believes that focus should be put in the regulatory harmonisation between the countries in order to ensure that interconnection tariffs are developed in a compatible way, avoiding market distortions and ensuring the implementation of compatible tariffs structures in the different entry-exit systems of the region, and especially between Spain and Portugal, head towards the creation of a single Iberian gas market.

#### **Proposal:**

- Consider in the working plan the works needed to make compatible the applied tariffs structures in the different entry-exit systems of the region, and especially between Spain and Portugal.

### **Infrastructures**

Together with the integration between gas systems of the south region, EDP considers that a regional perspective followed by an European over, should be considered in what new capacity and infrastructure planning is concerned, coherent with the actual essence of the identification of Common Interest Projects. This way, the efficiency of new investments should be guaranteed as well as the efficiency of the “regional gas system”.

In this context, the objective should be to eliminate the bottlenecks currently existing in the region (i.e. between Grt Gaz sud and Grt Gaz nord) with the aim to encourage the flows between the south region and the European hubs, and vice versa. All those suppose a real improvement of the security of supply and a needed step to achieve the internal Energy Market.

#### **Proposal:**

- Considering a Regional perspective followed by an European over in the planning of new capacity and infrastructures, coherent with the actual essence of the identification of Common Interest Projects.
- Eliminate the bottlenecks that currently are in the region (i.e. between Grt Gaz sud and Grt Gaz nord) with the aim to encourage the flows between the south region and the European hubs, and vice versa.

### **Hub development:**

- Taking into account the planning proposed by Regulators, the “Preliminary analysis, impact assessment and roadmap design for the integration of Spain and Portugal gas markets into an integrated gas market” would have as starting date the Q4



2016. EDP considers that these works should be realized as soon as possible establishing a common roadmap, with explicit stepping stones, with the aim to get an Iberian Gas Market. These works should be completed during Q1/Q2 2015.

- Together with the above mentioned, SGRI should develop its work in order to ensure the compatibility between the new Iberian market and the markets which are going to merge in France. All that with the aim to encourage gas flows between the markets of the SGRI area.

Proposal:

- “Preliminary analysis, impact assessment and roadmap design for the integration of Spain and Portugal gas markets into an integrated gas market”. Q1/Q2 2015
- Planning to make compatible Iberian gas and French markets/systems. Starting date Q1 2015-..... Ongoing nature.