

**ACER**

Agency for the Cooperation  
of Energy Regulators



**22<sup>nd</sup> SG Meeting**

**South Gas Regional Initiative**

**Madrid, 16<sup>th</sup> March 2015**

# Agenda

10:30-10:35	I. Opening I.1 Welcome I.2 Agenda and minutes of the last meeting (for approval)
10:35 – 11:30	II. Capacity Allocation Mechanism II.1 Results of the auctions using PRISMA (for information by TSOs) II.2 Status of the IT systems for the preparation of the first daily auction (for information by TSOs) II.3 Proposal of common methodology to maximize technical capacity (for information by TSOs)
11:30-12:15	III. Congestion Management Procedures III.1 Common OSBB methodology in the Region (for information by TSOs) III.2 Regulators reaction to the OSBB methodology (for information by NRAs)
12:15-12:45	IV. Iberian Gas Hub: update on the study on models for integration of the Spanish and Portuguese gas markets (for information by NRAs)
12:45-13:15	V. Balancing: implementation of the NC in the three countries (for information by NRAs)
13:15-13:45	VI. Infrastructures VI.1 Project candidates of PCIs in the Region (for information by TSOs) VI.2 Status of the adoption process of the second list of PCIs (for information by NRAs)
13:45-14:15	VII. Security of Supply VII.1 European Commission public consultation on revision of the <u>SoS</u> Regulation (for information by NRAs) VII.2 Role of LNG in South Region <u>SoS</u> (for information by NRAs)
14:15-14:30	VIII. AOB and next meetings

# ● II. Capacity Allocation Mechanisms

II.1. Results of the auctions using PRISMA

II.2. Status of the IT systems for the preparation of the first daily auction

II.3. Proposal of common methodology to maximize technical capacity

Area of work	Responsible	Starting	Deadline
Continue working on early implementation of CAM NC, allocating yearly, quarterly, monthly, daily and within-day capacity products at the two VIPs. Preparing the first day-ahead and within-day capacity auctions in the two VIPs for November 2015	NRAs-TSOs-stk	Permanent – binding in November 2015	
Participating in the ACER Roadmap for the early implementation of the CAM NC as part of the Core Group, CAM Coordination Group and EU Stakeholders group. Revisions and updates are coordinated by ACER/ENTSOG	NRAs-TSOs	Permanent – binding in November 2015	

## ● II. Capacity Allocation Mechanisms

### II.1. Results of the auctions using PRISMA

**(for information by TSOs)**

## ● II. Capacity Allocation Mechanisms

II.2. Status of the IT systems for the preparation of the first daily auction

**(for information by TSOs)**

## ● II. Capacity Allocation Mechanisms

II.3. Proposal of common methodology to maximize technical capacity

**(for information by TSOs)**

## ● III. Congestion Management Procedures

III.1. Common OSBB methodology in the Region

III.2. Regulators reaction to the OSBB methodology

Area of work	Responsible	Starting	Deadline
Assessment of the operational mechanisms from 1 October 2013: UIOLI LT, capacity surrender and OSBB. Cooperation works to approve the proposals by the TSOs in the region about incentive-based oversubscription and buy-back schemes	NRAs-TSOs	Initiated	Q1 2015
Analysis of the conditions for the implementation of firm day-ahead UIOLI by July 2016 in the region if the considered IP is declared congested in ACER's annual monitoring report	NRAs-TSOs-stk	Q3 2015	Q2 2016

## ● III. Congestion Management Procedures

### III.1. Common OSBB methodology in the Region

**(for information by TSOs)**

## ● III. Congestion Management Procedures

### III.2. Regulators reaction to the OSBB methodology

**(for information by Regulators)**

## ● III. Congestion Management Procedures

### NRAs reaction to OSBB proposal

- Welcome the **common procedure for the Region** – agreed by TSOs: **TIGF, REN and Enagás**.
- **Positive evaluation**, as a first step in the right direction to comply with European and national rules.
- **Methodology**: it will start with conservative figures and it will continue increasing the level of risk, once parameters values will be changed.
- **Fixed parameters could be revised** after the first year of application.
- **Implementation date** when IT systems are adapted to the application of daily auctions: November 2015 → April-October 2016.

## ● IV. Hub

### IV.1. Iberian Gas Hub: update on the study on models for integration of the Spanish and Portuguese gas markets

Area of work	Responsible	Starting	Deadline
Evaluation of responses received by stakeholders in the public hearing to the study elaborated by Regulators for analyzing the models for the integration of the Spanish and Portuguese gas markets in a common Iberian natural gas hub	NRAs-TSOs-stakeholders	Initiated	Q1 2015
Preliminary analysis, impact assessment and roadmap design for the integration of Spain and Portugal gas markets into an integrated gas market in the South Region. Definition of tasks, responsibilities and deadlines	NRAs-TSOs-stakeholders	Q3 2015	Q4 2016

## ● IV. Hub

IV.1. Iberian Gas Hub: update on the study on models for integration of the Spanish and Portuguese gas markets

**(for information by Regulators)**

## ● V. Balancing

### V.1. Balancing: implementation of the NC in the three countries

Area of work	Responsible	Starting	Deadline
<p>Exchange information on the implementation of the Balancing NC in the three countries.</p> <p>Exchange experiences and updating of the process of merging the French balancing zones between PEG GRTgaz Sud and TIGF – foreseen in April 2015.</p> <p>Analyse the current configuration of national balancing zones and the integration in the region to help developing hubs.</p> <p>Regulators work in cooperation to progress on the harmonisation of balancing regimes.</p>	<p>NRAs-TSOs</p>	<p>Initiated</p>	<p>1 October 2016</p>

## ● V. Balancing

V.1. Balancing: implementation of the NC in the three countries

**(for information by Regulators)**

## V. Balancing NC implementation in the three countries

### FRANCE

- The “Trading region South”, a single market zone including GRTgaz South zone and TIGF, will be implemented **from 1 April 2015**. Both TSOs will share a single trading point in southern France. They will keep two distinct balancing systems but they will use the same balancing marginal prices.
- The balancing network code will be fully implemented in France **in October 2015**, consistently with CRE deliberation of 15 January 2015:  
<http://www.cre.fr/en/documents/deliberations/approval/balancing-rules-grtgaz-tigf>

## ● V. Balancing NC implementation in the three countries

### SPAIN

- In September 2014, GTS (the Technical System Manager, the agent in charge of the balancing) –following article 52 - sent a justified request to the CNMC asking for an extension of the period to implement the code – **by 1 October 2016**.
- In October 2014, CNMC accepted the request. The answer was also sent to European Commission and ACER.
- The CNMC proposal of “**Circular**” to regulate the gas balancing is submitted to **Public Consultation until 23 March 2015**.

<http://www.cnmc.es/es-es/energ%C3%ADa/consultasp%C3%BAblicas.aspx>

- **Establishment of an organised gas market in Spain**
  - **A Draft Law amending Hydrocarbons Act, to establish an organised gas market, is in process in the Parliament.**
  - The market will operate as a exchange, with physical delivery of gas at the Spanish balancing point.
  - The Draft Law defines the products to be contracted in the market:
    - Short term products will include, at least, products to be delivered until the last day of the following month.
  - The market is set up as “**Trading Platform**”, as defined in article 10 of the Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks.
  - The Law establishes the requirements for the shareholders of the platform, including OMIE, Enagas-GTS, traders and financial entities.

## ● V. Balancing NC implementation in the three countries

### PORTUGAL

- During this month, ERSE received from REN Gasodutos (TSO) – following article 52 – a justified request asking for an extension of the period to implement the code – **by 1 October 2016**.
- ERSE is preparing the acceptance of the request, which has to be sent to European Commission and ACER during the next 3 months
- In March it's foreseen the beginning of working meetings with TSO, DSO and suppliers to discuss the framework to implement balancing NC.
- **The public consultations to approve the new framework regarding Balancing NC, are foreseen for the 2<sup>nd</sup> semester.**

## ● VI. Infrastructures. Projects of common interest

VI.1. Project candidates of PCIs in the Region

VI.2. Status of the adoption process of the second list of PCIs

Area of work	Responsible	Starting	Deadline
<p>Input from the NRAs and TSOs in the region to ENTSOG for the preparation of the EU-wide investment plan. Next TYNDP is expected to be published in 2015. Elaboration of the third edition of GRIP South will be published in 2016</p>	<p>TSOs</p>	<p>Q1 2015</p>	<p>Q2 2016</p>
<p>Participation in the regional working group focused on the PCIs identification process: second Union list of gas PCIs is foreseen to be adopted by the EC in 2015. Regional cooperation to take decision on CBCA under requested by TSOs in the South Region. Monitoring the development of the PCIs in the region</p>	<p>NRAs - TSOs</p>	<p>Permanent</p>	

- VI. Infrastructures. Projects of common interest

- VI.1. Project candidates of PCIs in the Region

**(for information by TSOs)**

- VI. Infrastructures. Projects of common interest

VI.2. Status of the adoption process of the second list of PCIs

**(for information by Regulators)**

## ● VI. Infrastructures. Projects of common interest

### VI.2. Status of the adoption process of the second list of PCIs

- **Last Regional Group meeting** was held on 2 March. Main points discussed were:
  - ✓ **State of the play of the 2<sup>nd</sup> PCI selection process:** Promoters will be contacted to start applying the project specific CBA: information must be provided via 3 questionnaires (financial, economical and qualitative) by end of March. The PS CBA would be finished in mid April.  
 Three additional RG meetings are foreseen in March, April and May to finish the list before submitting it to ACER, by late May. ACER opinion would be released at the end of August and the list would be adopted by late November
  - ✓ **TYNDP:** ENTSOG informed that the new version would be published by mid March
  - ✓ **JRC Methodology to assess candidates:** comments received have been analyzed by JRC. Most of them were considered out of scope of JRC. Possibility to send additional comments till 9 March.
  - ✓ **Promoters' presentation on each candidate**
  - ✓ **Outstanding questions** affecting the SGRI: PCI's clusters.

## ● VII. Security of Supply

VII.1. European Commission public consultation on revision of the SoS Regulation

VII.2. Role of LNG in South Region SoS

## ● VII. Security of Supply

VII.1. European Commission public consultation on revision  
of the SoS Regulation

**(for information by Regulators)**

## ● VII. Security of Supply

### VII.1. European Commission public consultation on revision of the Regulation No 994/2010 on SoS

- ✓ **On 16 October 2014, the EC published a Stress Test Communication**
  - Goal: analyze the effect of disruption of gas supplies from Russia
  - Conclusions: the Regulation has improved Europe's gas security on terms of both prevention and mitigation. However, a "*one-size-fits-all*" approach is not appropriate
  
- ✓ **Following this publication, the EC launched a Public consultation on the revision of the Regulation No 994/2010**
  - Agenda : the revision is forecast by the end of the year
  - Objective : identify the areas where improvements to the Regulation is required
  - Structure : two pillars are identified : prevention and mitigation
  
- ✓ **The CEER SoS TF is preparing:**
  - An answer to the EC public consultation
  - A concept paper on SoS leading to a CEER Position Paper on SoS

## ● VII. Security of Supply

### VII.2. Role of LNG in South Region SoS

**(for information by Regulators)**



CEER Workshop on the role of LNG to improve regional SoS in Europe

Tuesday, 17th March 2015, 11:15 – 17:15 (Registration starts at 11:00)

Madrid – C/ Alcalá 47 - 28014

CNMC premises

# VII. Security of Supply

## VII.2. Role of LNG in South Region SoS

- ✓ SGRI:
  - 10 terminals in operation
  - 96 bcm regas capacity (187 in Europe)
- ✓ In an emergency situation, LNG may contribute to SoS. LNG flow and storage can offer **benefits** (stated by EC and Member States).
- ✓ CEER is fostering debate among the stakeholders involved.
- ✓ A **workshop will be held in Madrid** to open a discussion to analyse the LNG industry, to assess European LNG status and challenges to improve regional and European SoS.
- ✓ Views, proposals and measures will be incorporated into the “CEER Public Deliverable on LNG role to improve regional SoS”.

### Agenda

11:00 – 11:15	Registration
11:15 – 11:30	Opening and welcome
	Opening remarks Mr Fernando HERNANDEZ, CNMC
11:30 – 12:15	LNG markets and Security of Supply
	Moderator Mr Thomas FARMER, OFGEM
	Global market and European position Mr Takuro YAMAMOTO, IEA
	Consultation on European SoS Regulation Ms Beatriz SINOBAS, EC
12:15 – 13:45	Technical roundtable
	Moderator Mr Yves PONCELET, CREG
	State of art and cost/benefit analysis of new projects Mr Jorge SENDAGORTA, SENER
	Operational aspects of LNG terminals in SoS Mr Wim GROENENDIJK, GLE
	New services offered in the LNG terminals Mr Risto RENIER, FLUXYS
	Stress tests Mr Christophe POILLION, GIE
13:45 – 14:30	Lunch/refreshments
14:30 – 16:00	LNG: an overview of its future in Europe
	Moderator Ms Ana BARRERA, CNMC
	LNG flows: contracts and destination clauses Mr Richard SUNCAN, BP
	Demand and supply balance Mr Armand KHAYAT, TOTAL
	Demand side flexibility Ms Anetta STAWINSKA, IFIEC
	How to develop an European LNG hub Mr Carlos HUMPHREY, GAS NATURAL FENOSA
16:00 – 17:00	Discussion: LNG role in SoS
	Moderator Mr Benoît LESNAULT, CRE
	Market-based vs interventionist measures Mr Francisco de la Flor, ENAGAS
	Action plan in an emergency situation Mr Kostas KANELLOPOULOS, RAE
	Regulatory framework Mr Benoit LESNAULT, CRE
17:00 – 17:15	Closing of the workshop
	Closing remarks Ms Rocío PRIETO, CNMC

# VIII. AOB and next meetings - 2015

JANUARY						
L	M	X	J	V	S	D
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

FEBRUARY						
L	M	X	J	V	S	D
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

MARCH						
L	M	X	J	V	S	D
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

APRIL						
L	M	X	J	V	S	D
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

MAY						
L	M	X	J	V	S	D
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

JUNE						
L	M	X	J	V	S	D
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

JULY						
L	M	X	J	V	S	D
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

AUGUST						
L	M	X	J	V	S	D
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

SEPTEMBER						
L	M	X	J	V	S	D
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

OCTOBER						
L	M	X	J	V	S	D
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

NOVEMBER						
L	M	X	J	V	S	D
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

DECEMBER						
L	M	X	J	V	S	D
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		