**19th IG Meeting. South Gas Regional Initiative**

**28th March 2012,** from **10:30 h.** to **14:00 h**

CNE premises, Madrid

**List of participants**

| Last name | First name | Organisation |
| --- | --- | --- |
| Alonso | Alejandro | CNE |
| Alvarez | Mauricio | Naturgas Energía |
| Alaejos | Arturo | Ministry of Industry, Tourism and Trade, Spain |
| Auffant | Marino | CRE |
| Barrera | Ana | CNE |
| Bravo | María Teresa | Enagas |
| Chacartegui | Nerea | Enagas |
| Delvincourt | Thibaud | Ministry in charge of Energy, France |
| De Vicente | María Ángeles | Enagas |
| Diniz | Valter | REN Gasodutos |
| Esnault | Benoît | CRE |
| Fernández | Susana | Ministry of Industry, Tourism and Trade, Spain |
| Fernández | Elena | Enagas-GTS |
| García | Ana Belén | Enagas-GTS |
| García | Joaquín | CNE |
| González | Clara | CNE (parcial) |
| Huerre | Thomas | GRTgaz |
| Lejona | Idoia | Enagas |
| Mathieu | Carole | CRE |
| Miglio | Maximiliano | TIGF |
| Moncó | Guillermo | Enagas-GTS |
| Monedero | Teresa | CNE |
| Moreira | Herminio | ERSE |
| Moreno | Beatriz | CNE |
| Oliveira | Paulo | ERSE |
| Parada | Luis | Enagas |
| Prieto | Rocío | CNE co-chair |
| Rodríguez | Jorge | CNE |
| Yunta | Raúl | CNE co-chair |

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

The chairs welcomed all participants, who attended in Madrid and by videoconference from France, and expressed their pleasure for holding this 19th Implementation Group (IG) meeting.

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

The agenda was approved.

The minutes of the 18th IG meeting were also approved, without any comments.

1. **Update of the South Gas Region Work Plan**

The chair presented the main modifications introduced in the Region Work Plan [“***20120328\_Meeting Guide.pptx”***], which responds to the XXth Madrid Forum requirement to prioritise work in the Regions on pilot projects, roadmaps on CAM and to regularly update of their Work Plans. This update has already been sent to ACER and published on its webpage.

The chair congratulated attendants for the progress made in the Region, and encouraged them to continue working hard. Regulators underlined the importance of the ongoing work on the CAM pilot testing project between Portugal and Spain, following ACER priorities.

1. **Capacity Allocation Mechanism harmonisation: CAM to apply in the interconnection Spain-Portugal**

The chair presented slides [“***20120328\_Meeting Guide.pptx”***] which summarise the agreed principles on the CAM between Portugal and Spain, reached by TSOs and Regulators. They are referred to the capacity and product definition, the auction development, the products’ price, the gas year and gas day and units to be applied. The process will be launched in June 2012.

Additionally, ENAGAS, on behalf of the Spanish and Portuguese TSOs, presented a non-exhaustive index [***20120328\_TSOs\_CAM\_v1.pptx”***] for the CAM project Information Memorandum, which will describe in detail products to be offered, the auction mechanism, participants’ requirements, etc. The Information memorandum, which should be similar, in some points, to those produced for the former Open Seasons developed in the Region, is currently under development and a first version is expected by mid April. The aspects of the process that TSOs are still to define are:

* Required guarantees to participate in the auction: TSOs consider necessary the establishment of guarantees that assure participants will contract the capacity assigned in the process. Two possibilities were presented by TSOs: the signature of an ex-ante contract (a framework contract which would describe all the obligations and responsibilities, except the contracted product and its price, which would be defined after the auction), or the establishment of financial guarantees by the participants before the auction.
* Mechanisms to cover auction costs, if technical developments are necessary (not foreseen at this time)
* How to reflect the capacity allocated to the participant in a single contract when this capacity is not flat during the 12 months period
* Nomination of the bundled capacity and matching procedures
* How to trade capacity in the secondary markets, which must be offered as bundled capacity in both, the Spanish and the Portuguese secondary capacity market.
* Whether interruptible capacity to be offered in the process will include backhaul capacity.

TSOs proposed to establish the obligation for shippers to bid at least a minimum of 500.000 kWh/d, as well as to establish a minimum amount of 100.000 kWh/d for the shipper to accept the allocation. They also explained that, since two auctions could be developed (one for firm capacity and other for interruptible capacity, if all firm capacity is sold), the process would run along June and mid July.

Regulators also summarised the main comments received from Stakeholders, on the CAM project between Spain and Portugal.

The attendants discussed the fact that although the CAM pilot project in the SGRI follows basically ENTSOG’s Network Code, some differences remain like the period and the auction design. This is because the project started before the Network Code was published by ENTSOG and then the project was based on Network Code drafts, which suffered several modifications during its elaboration process. However, future applications of the mechanism in the South Region will have the final CAM Network Code version into account. In any case, ACER and Regulators assessed the pilot project as highly positive, since it would provide an important experience which will facilitate the complete adoption of the Code.

In any case, there was a general agreement to follow the Network Code as much as possible.

On the other hand, TSOs reminded the Spanish Ministry the need for the appropriate regulation developments which allow them to apply the CAM designed. The Spanish Ministry pointed out that, since it is a common procedure developed and applied in a coordinated way with Portugal, they need to coordinate any action with the corresponding Portuguese authorities. ERSE indicated that they are the relevant authority to approve the procedure.

***Agreements and next steps***

TSOs will keep the IG participants informed about the progress on the Information Memorandum development and will finish a first draft by 20 April, which will be sent to the group for comments. The draft will be amended with the IG comments by mid May and presented to Stakeholders in the next SG meeting, which is programmed on 31 May.

1. **Regional Investment Plan in the South Region (GRIP)**

Regulators share with the audience the Stakeholders’ comment received up to date on the GRIP [“***20120328\_Meeting Guide.pptx”***]. There’s only one response received, which mainly underlines the need for a deeper analysis, the need to justify the infrastructures proposed in the GRIP, as well as the required financing to develop these infrastructures. Regulators committed themselves to send their comments in the next months, based on a carefully analysis of the hypothesis used by TSOs in the plan and the investments that the proposed infrastructures involve (demand forecast, security of supply parameters, etc.).

On this issue, the attendants were informed that the kick-off meeting of the Electricity and Gas Working Groups for North-South Interconnections in Western Europe (PCI) was going to take place on 30th March.

1. **MIBGAS: Study on cross border tariffs between Portugal and Spain**

Regulators presented a summary of the Stakeholders’ comments received during the public Consultation on the Study on cross border tariffs between Portugal and Spain [“***20120328\_Meeting Guide.pptx”***]. 16 responses have been received, which show a great interest from the market’s side. In general, Stakeholders welcome the study and consider it as a good first step into a more integrated Iberian gas market. Stakeholders outline the importance of advancing also in CAM and Balancing harmonisation. These responses have been loaded on ACER’s web page, where they can be consulted.

***Agreements and next steps***

Regulators agreed on elaborating a document reviewing and analysing the comments received, which would be published by mid May. Regulators will analyse later on possible regulatory changes to facilitate trade between Spain and Portugal.

1. **Transparency: questionnaires to check compliance with Regulation 715/2009**

Regulators provided the group with the preliminary assessment of TSOs, SSOs and LSOs compliance with Regulation 715/2009 - transparency requirements, once analysed and corrected the answers to the questionnaires Regulators had sent in December 2011. In general, the degree of compliance is high in the Region.

Attendants were also informed that, according to the Region’s work plan on transparency, the Public Consultation on operators’ responses to the questionnaires is open until 20th April.

***Agreements and next steps***

Regulators will study and share with operators the comments received from Stakeholders during the Public consultation. Afterwards, they will work on a proposal to improve the compliance on transparency in the Region, if necessary.

1. **AOB and next meetings**

The following meeting (16th SG meeting) will be held on 31 May.