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

**16th March 2015, from 10.30 h to 13:30 h**

CNMC premises - Alcalá, 47, Madrid

**List of participants**

| Last name | First name | Organisation |
| --- | --- | --- |
| Adán | Mary Paz | ENAGAS |
| Alaejos | Arturo | Ministry of Industry, Energy and Tourism of Spain |
| Alizo | Antonio | Gas Natural Comercializadora |
| Alonso | Alejandro | CNMC |
| Alonso | Nuria | CNMC |
| Alves | Gonçalo | Galp Gas Natural |
| Amundarain | Mikel | EDP |
| Andérez | David | ENDESA Energía |
| Andre | Gabriel | TIGF |
| Argüelles | Pablo | EDP |
| Barrera | Ana | CNMC |
| Basagoiti | Pedro | OMIE |
| Biet | Gregory | TIGF |
| Bouvier | Christophe | GRTgaz |
| Cabanillas | Manuel | Gas Natural Fenosa |
| Caeiro | Matías | Gas Natural Fenosa |
| Carbayo | Juan | Cepsa G.C. |
| Caunedo | Ángela | EDP |
| Correia | Arnaldo | OMIP SGPS, S.A. |
| De la Flor | Francisco | ENAGAS |
| De Vicente | Mª Angeles | ENAGAS |
| Del Rio | Rafael | IBERDROLA |
| Diniz | Valter | REN |
| Dodu | Sebastien | EDF |
| Doyhamboure | Gilles | TIGF |
| Fernández | María | BP Gas Europe |
| Fernández | Jorge | Iberiangashub.com |
| Fernández | Susana | Ministry of Industry, Energy and Tourism of Spain |
| Flórez | Javier | EFET |
| Fort | María Eugenía | Gas Natural Fenosa |
| Franco | Álvaro | ENDESA |
| Gwenael | Guillou | GDF SUEZ |
| Hidalgo | Ana María | ENAGAS |
| Jiménez | Mª Carmen | Unión Fenosa Gas |
| Junco | María | ENAGAS |
| Lopera | Montserrat | Gas Natural Comercializadora |
| López | Manuel | ENAGAS |
| López | Sergio | Ministry of Industry, Energy and Tourism of Spain |
| Lucio | Jorge | Galp Gas Natural |
| Ludena | Cristina | RWE |
| Madiec | Philippe | GRTgaz |
| Martínez | Jorge | Unión Fenosa Gas |
| Meixus | Tania | ENAGAS |
| Molinero | Sara | Gas Natural Fenosa |
| Monco | Guillermo | ENAGAS GTS |
| Monedero | Teresa | CNMC |
| Muñóz | Patricia | GDF SUEZ |
| Muñóz | Marta | SHELL ESPAÑA |
| Nofuentes | Manuel | ENERGYA VM |
| Oliver | Paula | Sonatrach GC |
| Parada | Luis Ignacio | ENAGAS |
| Peitet | Thomas | TIGF |
| Pérez | Juan | SEDIGAS |
| Pinto | Ana | EDP |
| Pires | Antonio | AGN |
| Poillion | Christophe | GRTgaz |
| Prieto | Rocío | CNMC |
| Ranea | José Antonio | ENDESA |
| Raoux | Alain | TOTAL / UPRIGAZ |
| Remont | Sophie | Ministry of energy of  France |
| Rodríguez | Celia | IBERDROLA |
| Romero | Fátima | ENAGAS |
| Rottenberg | Jacques | Elengy |
| Santamaría | Ivana | BP Gas |
| Santamaría | Raúl | MIBGAS |
| Sierra | David | Gas Natural Fenosa |
| Suárez | Ana | Ministry of Industry, Energy and Tourism of Spain |
| Tascón | Laura | CNMC |
| Tordjman | Florence | Ministry of energy of  France |
| Turón | Juan | ENEGYA VM |
| Vela | Diego | ENAGAS |
| Verdelho | Pedro | ERSE - Portugal |
| Vozmediano | Carmen | IBERDROLA |
| Yunta | Raúl | CNMC |

***All documents presented in this meeting are available on ACER webpage:***

[http://www.acer.europa.eu/Events/22nd-SG-Meeting/default.aspx](https://extranet.acer.europa.eu/Events/22nd-SG-Meeting/default.aspx)

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

The chair welcomed all participants and expressed her pleasure to host this twenty second Stakeholders Group meeting.

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

The agenda and minutes of the last meeting were approved with no changes.

1. **Capacity allocation mechanism**
   1. **Results of the auctions using PRISMA**

TSOs presented the results of the three types of auctions that have taken place in the region, since September 2014, using PRISMA: annual yearly capacity auctions, annual quarterly capacity auctions and rolling monthly capacity auctions.

There has not been demand for capacity from Portugal to Spain and from Spain to France. All the capacity allocated was in the direction from France to Spain and from Spain to Portugal.

The clearing price was the reference price at every auction except for the annual yearly and quarterly auctions in VIP PIRINEOS. The clearing price was 16% over the reference price for the gas years 2014 and 2015 and 6% for the first and second quarter of gas year 2014 in VIP PIRINEOS.

For the gas year 2014 (October 2014-September 2015) and the gas year 2015 (October 2015-September 2016), the percentage of the bundled capacity allocated, out the offered capacity, was 30% and 50% respectively in VIP IBERICO. The percentages were 96% for 2014 and 25% for 2015 in VIP PIRINEOS.

The annual quarterly capacity auction took place in June 2014. It was allocated the same quantity in the four quarters in VIP IBERICO (7%). The percentages were higher in VIP PIRINEOS: 65%, 74%, 56% and 54% for the Q1, Q2, Q3 and Q4 in the gas year 2014.

In relation to monthly auctions, in VIP IBERICO (Spain-Portugal direction), the percentages of capacity allocated of the monthly bundled capacity offered were 7% in October, 12% in November, 10% in December, 10% in January, 12% in February and 5% in March. In the direction France to Spain, the percentages were: 34% in October, 69% in November, 87% in December, 0% in January, 18% in February and 23% in March.

**Regulators welcome that all TSOs in the Region have joined PRISMA although the issue of its cost allocation for Spanish and Portuguese TSOs remain.**

* 1. **Status of the IT systems for the preparation of the first daily auction**

TIGF, REN and ENAGAS presented the roadmaps to adapt their internal system to the daily auctions and secondary market functions in PRISMA, by the first of November 2015.

**Regulators emphasize the importance of preparing the IT systems to adopt the same gas day and (re)nomination cycles at the interconnection points in the Region by 1st November 2015.**

* 1. **Proposal of common methodology to maximise technical capacity**

According to article 6 of CAM NC, TSOs presented the principles of the methodology to calculate the capacity at the interconnection points in the Region, including the agreements in terms of demand criteria, infrastructures, operational settings and simulations. They shared the links to their websites where further information can be found.

Shippers’ main concerns are the need of technical information, network simulations and how to tackle the interruptible capacity.

**Maximisation of technical and bundled capacity at the IPs to be offered to the market is a priority in the Region. TSOs will submit to Regulators a Paper on the common methodology, before the first daily auction in OctoberNovember 2015.**

1. **Congestion Management Procedures**
   1. **Common oversubscription and buy back (OSBB) methodology in the Region**

TSOs (ENAGAS, TIGF and REN) presented the main principles of a common methodology of OSBB to offer additional capacity in the two VIPs. It is based on the difference between nomination and renomination, and proposes to offer additional capacity on a daily basis.

The general rules, specifications of communication, timeline for the BB process and the use of PRISMA were included in the presentation.

There are still open questions, such as the way to buy back capacities: primary reverse auction or secondary platform, how to fix the maximum buy-back price to be paid by both TSOs and how to split the costs of the buyback between the TSOs. The deadline of application depends on the development of their IT systems (April- October 2016)

Shippers asked for the possibility to offer additional capacity and sell it in the intraday auctions and for further explanation of the maximum price to buy the oversubscribed capacity. The time needed for launching BB do not allow to use the OSBB procedure intraday.

* 1. **Regulators reaction to the OSBB methodology.**

NRAs welcome the common procedure, agreed by the three TSOs. The initial conservative figures and parameters would be reviewed after the first year of application.

**TSOs will elaborate a common Paper on the OSBB methodology in the South Region to be presented to Regulators, that will be submitted to public consultation.**

1. **Hub**

The study elaborated by regulators on the analysis of the models for the integration of the Spanish and Portuguese gas markets in an Iberian natural gas hub was submitted to public consultation. The evaluation of responses will be finished in the coming weeks and it will be published.

1. **Balancing**

The three regulators presented the current status of the national implementation of the balancing NC.

**France:**

* The single market zone including GRTGaz South zone and TIGF (“Trading region South”) will be implemented from 1st April 2015. Both TSOs will keep two balancing systems but they will use the same balancing marginal prices.
* The balancing network code will be implemented in October 2015, consistently with CRE deliberation of 15 January 2015.

**Spain:**

* Following the European code, the balancing network code will be implemented in October 2016. A request for the deadline of implementation was submitted from ENAGAS GTS to CNMC. The answer was sent to the EC and ACER in October 2014.
* The CNMC Circular regulating the gas balancing was submitted to public consultation until 23 March 2015.
* CNMC informed on the draft law amending the Hydrocarbons’ act, establishing an organized gas market, which is going through the approval process in the Parliament.

**Portugal:**

* ERSE is preparing the acceptance of the request received from REN to implement the code in October 2016.
* The public consultations to approve the new framework regarding balancing code are foreseen for the second semester 2015, including the tariffs regime defining a proposal for intraday products that will be presented on 15th April.

Some comments were focused on the challenge to implement the balancing regime in Spain, due to the lack of a spot market. Shippers are worried about the technical steps and interim period, especially regarding information provision.

The implementation of the balancing regime in Portugal and Spain at the same time is welcome by shippers.

From CRE and the French Minister the balancing code should to be implemented as soon as possible. CRE also underlined the gas price transparency in the Iberian market and market based balancing measures are key in the creation of the gas hub.

ERSE highlighted the importance of the shippers’ involvement in the implementation of the code due to the complexity of dealing with two existing exit-entry zones.

1. **Infrastructure**
   1. **PCI projects candidates**

The current status of the candidate projects to PCIs were presented by the TSOs including MIDCAT and its enablers, and the third interconnection point between Portugal and Spain.

* 1. **Status of the adoption process of the second list of PCIs**

Regulators informed on the process of selection. The last Regional Group was held on the 2nd March, when promoters presented the candidates; JRC presented the methodology to assess candidates. Moreover, the TYNDP will be published by ENTSOG by mid March.

Shippers asked about the technical information (capacity, km…) and economic data (estimated investment cost), as well as simulation of demand and scenarios for the candidate PCIs. They claimed that projects need to be useful for the market and to promote competition.

Also, the role of ACER was discussed in the adoption process. Regulators explained that the Agency keeps a dialogue with ENTSOG in the process of adopting the CBA methodology. Later on, regulators play an important role in the CBCA decision. The CBA methodology is expected to be published in November.

CNMC stated that regarding this issue the role of the South Region is to provide information because the responsibility about PCIs is on the Regional group led by the European Commission.

**The South Gas Regional Initiative follows the process of adoption the PCI list, CBCA methodology and European Commission decisions in order to prioritize the projects that benefit the South Region to complete the creation of European internal market.**

1. **Security of supply**
   1. **. European Commission public consultation on the SoS Regulation revision**

The Security of Supply Regulation is under revision by the European Commission. A public consultation is open until 8th April. Among others, the open questions are based on the supply standards, prevention and mitigation measures, protected consumer and solidarity.

It was underlined the importance of regional cooperation between TSOs and regulators to contribute to improvements in security of supply.

* 1. **. Role of LNG in South Region SoS**

Regulators highlighted the significant role of LNG in the South region supported by the regasification capacity installed. They informed that the CEER LNG Task Force organizes a workshop in Madrid – CNMC premises - to open a debate on the issue. The participation of involved stakeholders is confirmed: consumers, shippers, operators, International Energy Agency, European Commission and regulators.

1. **AOB and next meetings**

Dates for next meetings will be planned in the coming months.

All documentation presented in the meetings of the Region can be found on the ACER website.

Finally, the high level coordination among the TSOs in the South Region was remarked and considered crucial to complete the creation of Internal Energy Market.