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

Last name	First name	Organisation
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

Last name	First name	Organisation
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

I. Opening

I.1 Welcome

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

I.2 Approval of the agenda and minutes from the last meeting

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

II. Capacity allocation mechanism

II.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.

II.2 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.

II.3 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.

III. Congestion Management Procedures

III.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.

III.2 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.

IV. 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.

V. 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.

VI. Infrastructure

VI.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.

VI.2 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.

VII. Security of supply

VII.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.

VII.2. 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.

VIII. 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.