



37th IG Meeting. South Gas Regional Initiative

31st May 2016, from 11:00 h to 13:00 h

CNMC premises

List of participants

Last name	First name	Organization
Andre	Gabriel	TIGF
Alonso	Alejandro	CNMC
Alonso	Nuria	CNMC
De la Flor	Francisco	ENAGAS
De Vicente	María Ángeles	ENAGAS
Diniz	Valter	REN
Esnault	Benoit	CRE
Galletta	Riccardo	ACER (telco)
García Rosado	Ana Belén	ENAGAS GTS
Junco	María	ENAGAS GTS
Mangin	Claude	GRTGaz (telco)
Monedero	Teresa	CNMC
Moreno	Beatriz	CNMC
Parada	Luis	ENAGAS
Prieto	Rocío	CNMC
Rodríguez	Carmen	ENAGAS
Romero	Fátima	ENAGAS
Teixeira	Eduardo	ERSE
Trindade	Artur	ERSE
Verdelho	Pedro	ERSE
Yunta	Raúl	CNMC

All documents presented in this meeting are available on the ACER web page:

<http://www.acer.europa.eu/Events/37th-IG-Meeting/default.aspx>

I. Opening

The chair welcomed all participants to the 37th Implementation Group (IG) meeting.

The agenda was approved.

Enagás pointed out that 36th Implementation Group (IG) minutes do not include their position in favor of considering restrictions of renominations in the OSBB mechanism when buy back process is launched. They will send a text to be included in the minutes. Accordingly, minutes will be modified.



II. CMP: common methodology of OSBB in the Region: timeline for implementation

After the approval of the Region's OSBB methodology in the past meeting, regulators presented next steps.

OSBB document must be published in the websites of NRAs and ACER. CNMC informed that has already published it.

The deadline for OSBB implementation was fixed in April 2017 and TSOs were asked to explain the ongoing works to implement the mechanism. TSOs explained that PRISMA is analyzing the proposal of the TSOs and they are waiting for the response of PRISMA with a final budget. Regarding the concrete mechanism to be implemented, REN stressed that it should not be taken for granted that the mechanism to implement OSBB will be reverse auctions. Call for Orders is also a possible option under study and the choice will depend on the level of cost and benefits of each solution.

On this issue, participants agreed TSOs will keep NRAs informed on the progress in implementation of the OSBB mechanism.

III. Interoperability NC. Latest development and next steps in the Region

NRAs presented the last developments and next steps regarding IO NC implementation. The interconnection agreement template was published in ENTSOG website on 11 April. It seems that it won't be necessary to use the template since TSOs will be able to reach an agreement. NRAs will monitor the implementation of the IO NC as from 1st May 2016 and regulators asked TSOs about the latest progress in IO NC implementation.

TSOs exposed the progress in IO NC implementation:

- Harmonization of reference conditions (art 13 and 14), Enagás has submitted to CNMC the analysis of the implementation of this point in April 2016.
- Short term monitoring on gas quality (art 16) is already implemented in the TSOs websites,
- Information provision on short term gas quality variations (art 17), Enagás has submitted to CNMC the selection of the parties that receive information on gas quality variations in April, TIGF is finalizing the list, REN is assessing the list and the level of IT developments and GRTgaz proposes a service called QUALiPgaz that is pending to be updated.
- Current data exchange (chapter V) complies with the requirements of article 21.
- Regarding interconnection agreements (IA), TSOs explained that they are working in the draft of two different documents of interconnections agreements (French-Spanish and Portuguese-Spanish interconnections) complying with NC's requirements. The documents is currently under finalization. Most of the topics are already covered just pending to agree on some small details. The agreement is close and the document will follow shortly. Once final version of the documents are available, it will be open a two months period of public consultation.



The deadline to submit IA was fixed at 30th June but TSOs explain that it will not be possible to have them for that date so TSOs were invited to give a commitment date to submit the IAs.

TSOs committed themselves on the following deadlines:

- **France. IA at the end of June 2016 + 2 months of public consultation**
- **Portugal. IA at the end of July 2016 + 2 months of public consultation.**

Both IA will be made available for NRAs assessment by September (although TSOs will submitted them informally as soon as they are available).

Regulators will have one month to assess the IA compliance with IO NC.

IV. Balancing

CNMC explained the regulatory developments (both already done and currently under development) with regard to the balancing NC. The Balancing NC will come into force on 1st October 2016 in Spain and Portugal.

TIGF explained that the balancing code has been in place in France since October 2015. After briefly explaining how it is working in France, TIGF exposed that it is about to be launched a public consultation (in July-August) in order to assess some changes of existing rules regarding parameters determining marginal price and linepack flexibility. In September, they will assess whether it is appropriate to establish new parameters or not.

Regarding Portugal, ERSE is working in developing of balancing regulation. As in Spain, the balancing NC will come into force on 1st October 2016. High-level rules are already established and detail rules are envisaged to be approved soon. ERSE highlighted that the implementation of balancing is a challenge because presently there is no spot market with standardized products in Portugal.

On this issue, participants agreed to keep informed SGRI IG on the implementation of the balancing NC

V. Market integration

NRAs presented prices and flows at VIP Pirineos and VIP Ibérico.

The Spanish hub (MIBGAS) started functioning in December 2015. Most of the negotiations in MIBGAS are about day ahead and within day products. In these first months of functioning, it can be seen the convergence in prices with neighboring hubs. Furthermore, it can be seen that flows behavior are consistent with price movements (when there is no price convergence (prices in France are lower than in Spain, Spain imports heavily while when there is convergence there are both importing and exporting flows).

Regarding market integration of Spanish and Portuguese markets, it was run a public consultation where stakeholders showed their interest of integrating markets as much as



possible. In this sense, it was explained that CNMC and ERSE have agreed on a roadmap for market integration. The first steps consist of:

1. ERSE envisages to approve the MIBGAS' market rules soon,
2. A bilateral working group between Portugal and Spain is established. The first meeting will be next 22nd of June in CNMC premises to approve the terms of references ToR to develop implicit allocation mechanisms according to the model previously approved by ERSE and CNMC.
3. A Memorandum of Understanding MoU will be develop to supervise the market and to exchange information.

These are short-term targets since the very last aim is getting further integration in the long term by creating a trading region.

Enagás showed the shortcomings of the implementation of implicit allocation mechanisms, which is not one of the three models for integration included in the GTM2, and it is now only included in an appendix as a fine-tune model to be implemented between two already liquid hubs. There is no previous experience on the use of this mechanism in the gas sector between two different countries and, consequently, they consider that the results are unpredictable if applied to a large part of the capacity, and at best, innocuous if applied to a minor portion of the capacity. Therefore, Enagás suggested to think about a more ambitious integration model for the long-term, in line with one of the three models included in the GTM2. ERSE responded that according to the studies, this is the most appropriate model in the short term.

Regarding harmonization with France, CRE stated that everything is progressing properly.

Next 22nd June, it will take place the kickoff meeting between NRAs and TSOs to discuss on the Iberian market integration.

VI. Work Plan

The Work Plan of the SGRI was discussed. The Work Plan is structured under five main work streams: CMP, balancing, market integration, infrastructures and interoperability. On Enagás request, it was added the "follow up of South GRIP" among the issues to be treated under infrastructure topic.

Participants will send their proposals for the SGRI WP 2017-2018 to Regulators by e-mail before next IG meeting scheduled by 18th July.

VII. Infrastructures

Every TSO presented the list of infrastructures reported to ENTSOG to be included in the TYNDP 2017. Next year will follow the NRAs opinion.

Next IG meeting: 18th July 2016.