**47th IG Meeting. South Gas Regional Initiative**

**28th June 2018, from 11:00 h to 14:00 h**

Teleconference

Minutes of Meeting

**List of participants**

List of participants: CNMC, ENAGAS, REN, ERSE, Teréga, ACER, CRE, GRTGaz

***All documents presented in this meeting are available on the ACER web page:*** [https://www.acer.europa.eu/Events/47th-IG-Meeting/default.aspx](https://extranet.acer.europa.eu/Events/47th-IG-Meeting/default.aspx)

1. **I. Opening**

The chair welcomed all participants to the 47th Implementation Group (IG) meeting.

The minutes of the 46th IG SGRI and the agenda of the 47th IG SGRI meeting were approved.

**II.WP First target: Use of infrastructures in the Region**

**II. 1. CMP: potential for further coordination** (for discussion NRAs and TSOs)

The Chair invited TSOs to present the analyses of the UIOLI LT mechanism at both VIPs, in particular:

* In VIP Pirineos: ENAGAS and Terega presented what had happened in the auctions already held (in particular in auctions closed with premium) if the underused capacity had been removed from capacity holders and it had been offered in that auctions.
* In VIP Iberico: Since LT UIOLI mechanism must be developed in Portugal, analyzing historical flows and LT bookings at both sides in order to decide how to define the mechanism was done

The conclusions of the analysis can be summarized as follow:

* It has been detected underused capacity in both VIPs.
* In VIP Pirineos where the UIOLI LT mechanism is in place:
	+ All other things being equal, if the 22 GWh/d detected as underused would have been offered in monthly auction for “January 2017” product (auction closed with premium), the capacity requested would have been allocated in the first bidding round and, consequently, shippers may have paid no premium for the capacity booked.
	+ The UIOLI LT mechanism is in place in VIP Pirineos but the triggering conditions defined at both sides of the IP are different. Although both set of conditions fulfils the CMP guidelines, the different criteria applied on Spanish and French sides makes the UIOLI LT mechanism inapplicable in practice.
	+ In French side the underused capacity is not removed unless the IP is “congested” while at Spanish side congestion is not required to apply the mechanism.
* In VIP Iberico, the mechanism had not been developed yet, but it must be done. In order to define the UIOLI LT mechanism, ERSE proposed to jointly define the mechanism to be applied. Involved NRAs agreed on the need to coordinate themselves to define the UIOLI LT mechanism in VIP Iberico.

NRAs and ACER thanked TSOs for the work done that puts on the table the issues arising when CMP mechanisms are tried to apply in practice. CMP mechanism with different triggering conditions at both sides of an IP might make the mechanism inapplicable in practice. This might be happening in other IPs across Europe. The analysis shows that there is room for improvement on CMP guidelines: they should be applied following common detailed rules across EU. This analysis can be considered as a case study for potential amendments of CMP guidelines in the future.

With regard VIP Iberico, UIOLI LT mechanism must be developed. ERSE proposed to implement a common set of rules in the South Region. ERSE was invited to present a proposal to be discussed among NRAs. ACER proposed to discuss this proposal in the CAM TF in order to have a broader approach. .

**NRAs thanked TSOs for the analysis of UIOLI LT in VIP Pirineos showing that there is room for improvement and specifically for further coordination in the application of this CMP mechanism. The analysis can be considered a case study for potential amendments of the CMP guidelines in the future.**

**With regard to VIP Iberico, ERSE will present a proposal to be discussed among NRAs and in the CAM TF.**

**II. 2. Follow-up of the functioning of the OSBB** (for information by TSOs)

The Chair invited TSOs to inform about the functioning of the OSBB since the entry into operation of the mechanism. TSOs presented some figures about the number of days in which OS has been offered/not offered (and why) and about the kind of capacity offered (bundled/unbundled). Since last IG meeting, no OS capacity offered has been sold at any of the VIPs. The Chair thanked TSOs for their presentation on the OSBB mechanism, that it seems to be working smoothly. TSOs were invited to keep informing on the functioning of the mechanism.

**TSOs will keep informed the IG members on the functioning of the OSBB mechanism.**

**III. WP Second target: Balancing regimes in the Region, follow-up of the balancing regimes from 1st October 2016 to 30th September 2017** (for information by NRAs):

The Chair reminded that a first draft of the report, elaborated with the information received, has been circulated among IG members. The Chair presented the main findings and recommendations of the report. Some ideas/proposals about the potential for implementation of cross border balancing actions of TSOs and the consistent regulatory developments needed, such as registration of TSOs as market agents, or the possibility to use of the IP capacity for free, or nearly free, for balancing purposes were discussed. The Chair noted that the aim of this proposal is just to discuss the potential for cross border trade to undertake more efficient and cost-effective balancing actions. The floor is open to explore this possibility (or not) in the future although it is noted that this is just a first brainstorming. It is up to the IG members to keep on studying it.

The Chair kindly asked IG members to review the draft report and to complete missing information. TSOs statistics (chapter 3) is the part of the report where more information is missing, in particular, from the French side. Comments and/or additional information are welcome *asap* but no later than the 10th July. The final version of the report will be sent for online approval no later than 7th September.

**The first draft of the balancing regime in the Region was presented. Comments and missing information to complete the report are welcome until the 10th July. Final approval of the document is envisaged by the 7th September.**

**IV. WP Third target. Market integration** (for information by NRAs and TSOs)

**IV.1. Iberia**.

With regard to the inclusion of Portuguese VTP in MIBGAS, there are no news since the last meeting. CNMC informed that it is envisaged that CNMC is granted with new powers and duties..

**CNMC and ERSE will keep on working on the inclusion of Portuguese VTP in MIBGAS. Both NRAs will keep informed IG about the state of play of the Portuguese VTP**

 **IV.2. France: gas prices and internal congestions.**

1. **Follow-up of gas prices**

Unlike the previous year, during the last month TRS prices are higher than MIBGAS prices and, consequently, exportations from Spain to France has increased, even one day this week the net gas flow was in that direction.. A combination of issues might explain this fact: significant internal congestion in France (North-South congestion), injection period in UGS in France, etc. Anyway, it seems good news since both markets and interconnections are working properly.

1. **Merger of market areas: functioning of the gas system.**

No news since the last meeting. Merger and development of infrastructures are on track by the 1st November.

**IG will keep on following the evolution of prices and spreads and the proper functioning of the markets.**

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**CRE will update the group on the progress of the creation of the single gas market area in France.**

 **V. WP Fourth target. Infrastructures.** (for information by NRAs)

The Chair updated on the state of play of the STEP project. NRAs are currently waiting for TSOs to send the additional information requested to complete the investment request. The investment request is expected to be ready in July.

 **TSOs/NRAs will keep informed IG on the progress of the plans/projects for developing infrastructures, in particular, about the state of play of the STEP project.**

**VII. AOB**

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**VIII. Calendar for the next meeting.**

**Next IG meeting: 16th October 2018** (in person back to back with Madrid Forum meeting).