**52nd IG Meeting. South Gas Regional Initiative**

22nd November 2019, from 12:30 h to 14:30 h (telco)

**Minutes**

**List of participants**: ACER, CNMC, CRE, ENAGAS, ERSE, GRTGAZ, REGANOSA, REN, TERÉGA.

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

[https://www.acer.europa.eu/Events/52nd-IG-Meeting/default.aspx](https://extranet.acer.europa.eu/Events/52nd-IG-Meeting/default.aspx)

1. **1. Opening**

CNMC welcomed all participants to the 52nd Implementation Group (IG) and thanked them for their participation.

The minutes of the 51st IG SGRI was approved.

The agenda of the 52nd IG SGRI meeting was approved after modifying the order of the items, firstly addressing the items 3.2. and 5.1. together, both dealing with merger of market areas in France. The order of the agenda in the minutes has not been modified and all the information regarding the merger of market of areas in France is gathered under the item 3.2.

**2. WP First target: Use of infrastructures in the Region** (for information TSO)

**2.1. Follow-up of infrastructures developments (PCIs, TYNDP, GRIP…)** (for information by TSOs)

TSOs informed on the status of the infrastructures developments. There were presented the timeline and milestones of the 4th PCI selection process (4th final PCI list is expected to be drafted by October 2019 and published by Jan/Feb 2020) and TYNDP 2020 (TSOs are currently drafting the report whose publication is scheduled by December 2020). TSOs pointed out that the new PCIs list does not include any international connection pipeline in the Region (STEP project and the 3rd interconnection between Portugal and Spain).

**TSOs/NRAs will keep informed IG on the progress of the plans/projects for developing infrastructures.**

**2.2. Report on the use of VIP infrastructures October 16- Sept19: progress and work calendar** (for information by NRAs)

Until now, IG has approved the detailed index of the report and work timeline. The report will analyze data of three full years, Oct16-Sept19, in two deliverables: one intermediate that is expected to be delivered in December 2019 with data until June 2019, and the final report with data from Oct16 to Sept19, expected by March 2020. TSOs informed that drafting is in progress in accordance with the timeline agreed. TSOs will submit the first intermediate deliverable by late December 2019 and preliminary results will be presented in the next IG meeting. The final report is expected to be finished by the time agreed (March 2020).

**TSOs will present the intermediate deliverable by late December 2019 and they will inform in the next IG on preliminary results.**

1. **WP Second target. Market integration**
   1. **Follow-up of gas prices** (for information by NRAs and TSOs)

CNMC and TSOs updated IG on MIBGAS developments, the trend of market prices and the price spreads between MIBGAS, PEG, NBP and TTF.

With regard to the prices and global markets, the Asian LNG demand, weaker than expected, together with the relatively recent entry into in operation of new liquefaction plants (USA and Australia) have produced an LNG surplus that is being absorbed by EU markets as LNG last resort market. EU is receiving important amounts of LNG at relatively low prices and consequently LNG plants has registered a high level of utilization across de Region.

Regarding the Iberian Gas Market, liquidity is improving and the number of participants is increasing. In Spain, in terms of gas procurements, the low global LNG spot price has caused LNG imports to rise rapidly since April. This has led to use the storage capacity of the system in LNG tanks to close to the maximum capacity. MIBGAS prices, highly influenced by LNG prices, has dramatically dropped and several days has been the cheapest hub compared to TTF, NBP and PEG, leading to the reversion of flows in VIP Pirineos, exporting gas to France.

TSOs are working together in the analysis of the use of interconnections where the main drivers of gas prices in the Region will be analyzed.

**NRAs and TSOs will keep on following the evolution of gas prices in the Region. TSOs will analyze, in the report on the use of infrastructures, the main drivers of gas prices in the Region.**

* 1. **Update on the progress of merger of market areas in France** (for information by CRE)

*Note: under item 3.2. is also addressed the item 5.1.*

CRE informed about the merger of market areas in France, operational as of November 1st, 2018. After one year of functioning, it can be observed that the spreads North-South have disappeared, PEG-TTF spreads are close to zero or even felt to negative values and day-ahead bid-ask spreads in PEG has tightened. According to CRE, capacity at interconnection points was not altered and the cost to transit gas from the North to the South of Europe remained stable.

Although the merger results seems to be quite positive, some congestion episodes have happened, especially in summer period, mainly due to the underground storage injection period. This congestion was solved by the application of both contractual (interruption of interruptible capacity) and market based mechanisms, in particular using locational products (calls for locational spread). After one year of functioning of the single market area in France, CRE has conducted a public consultation to gather opinions from stakeholders to improve the functioning of the French market. In the consultation, there is a proposal aimed at avoiding/alleviating congestion episodes in the future consisting of lowering the nominal PITS (interconnection point between transmission and storage) exit level and improving the information on maintenance programmes and the management of the infrastructure maintenance between all different gas infrastructure operators (transmission, storage, and LNG terminals).

**In the next IG meeting, CRE will update on the progress of the merger of market areas in France.**

* 1. **Implementation of LT UIOLI mechanism at VIP Ibérico** (for information by NRAs)

CNMC informed on the status of the implementation of LT UIOLI at VIP Ibérico. Recently, REN and ENAGAS presented a joint proposal to NRAs. The NRAs has sent their common comments to TSOs just before the IG meeting. TSOs considered fifteen days time enough to give a response to NRAS on the comments.

Following the final version of the document expected by the next few days, the roadmap for the implementation of the LT UIOLI mechanism was agreed as follow:

* ERSE will approve the national legislation according to the corresponding procedure, which includes submitting the document to public consultation in Portugal. At the same time, the document will be submitted to public consultation in ACER´s website.
* NRAs will evaluate the stakeholder´s responses. In light of the responses, if needed, NRAs will ask TSOs to review the LT UIOLI draft.
* Final version of LT UIOLI will be submitted to IG for approval and it will be integrated in Portuguese regulation.

Although the specific dates are not fixed yet, ERSE confirm that it is expected to complete the whole process before the next auctions of yearly products to be held in July 2020.

**Once agreed the final draft, the document will be submitted to public consultation in Portugal and in ACER´s website before its final approval and implementation.**

1. **WP Third target. Contribution of gases to decarbonisation.** 
   1. **Follow-up** (for information by NRAs and TSOs)

GRTgaz presented a report on technical and economic conditions for injecting hydrogen into natural gas networks carried out by French operators. GRTgaz will kindly share (by email) the report[[1]](#footnote-1) with the IG members.

**NRAs and TSOs will keep on exchanging information about this issue.**

1. **WP Forth target. Other items for discussion**
   1. **Public consultation relating to the functioning of the single gas market area in France** (for information by CRE)

*Note: See item 3.2.*

* 1. **Status of Tariff NC implementation in the Region** (for information by NRAs)

1. **France** (for information by CRE)

CRE informed that public consultation on tariffs was closed by 5th October. They are waiting for ACER´s report. In the next IG meeting, CRE will update IG on the progress of the implementation of Tariff NC in France.

1. **Portugal** (for information by ERSE)

ERSE completed the NRA’s decision-making before the NC deadline and published transmission tariffs for 2019/2020 according to the new methodology (1st period with RPM started on 1st October 2019). ERSE briefly presented the key aspects of their methodology and explained that it has moved from a matrix methodology (until 2018/2019) to a modified CWD approach (as of 2019/2020).

1. **Spain** (for information by CNMC)

CNMC explained that the public consultation on tariffs methodology closed on 30th September and just before today IG meeting, CNMC has received ACER´s report. At a quick first glance of the ACER´s report, the opinion seems to be quite positive although it is mentioned that there is room for improvement, especially on transparency issues.

* 1. **Any other business**

ACER asked on the progress of the inclusion of Portuguese side in MIBGAS. It was informed that a proposal of new market rules to enable the trade of Portuguese products in MIBGAS has been submitted to ERSE and it is currently under assessment.

1. **Calendar for the next meeting.**

**Next IG meeting:** 27th February 2020 by telco (12:30-14:30).

1. *Note: Find below the report kindly shared by GRTgaz by email after the meeting.*

   [https://www.grtgaz.com/fileadmin/plaquettes/en/2019/Technical-economic-conditions-for-injecting-hydrogen-into-natural-gas-networks-report2019.pdf](https://urldefense.proofpoint.com/v2/url?u=https-3A__www.grtgaz.com_fileadmin_plaquettes_en_2019_Technical-2Deconomic-2Dconditions-2Dfor-2Dinjecting-2Dhydrogen-2Dinto-2Dnatural-2Dgas-2Dnetworks-2Dreport2019.pdf&d=DwQFAw&c=euGZstcaTDllvimEN8b7jXrwqOf-v5A_CdpgnVfiiMM&r=g-6c2AgSLD8C66YeApCIN40xynUfHJIlQYMoPe7zofY&m=gWKka6OBC3JtK4L2h8tPxUPMePgw67MXTU0kGAkWQiY&s=So995eSc6fqXmKh4cIq8fh7EztJEnAGydUoKAdAzwj4&e=) [↑](#footnote-ref-1)