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## Implicit allocation of interconnection capacity in VIP IBERICO

The goal of this paper is to reach an agreement about how to allocate capacities through an implicit mechanism in order to reach further Iberian gas market integration.

Taking into account the discussions inside the working team for the development of MIBGAS, which included NRAs, TSOs and the market Operator (MIBGAS), NRAs have decided to put aside some capacity from the bundled firm interconnection capacity offered at VIP IBERICO via PRISMA, in order to be allocated implicitly according to users' trades in MIBGAS. The implicit allocation mechanism includes daily-day-ahead and intraday-within-day capacity products, and also monthly products.

In the meeting held on 24 October by ERSE and CNMC, NRAs agreed the capacity quantities to put aside for the implicit allocation and the procedure to develop, as follows:

- i. A maximum amount of 9 GWh/day of firm bundled interconnection capacity at VIP IBERICO, in both directions, are reserved to be allocated implicitly via MIBGAS, and therefore they will be put aside from the interconnection capacity offered at PRISMA auctions as annual, quarterly, monthly, daily-day-ahead and intraday-within-day products.
- ii. 3 GWh/day of the reserved interconnection capacity will be implicitly allocated as monthly products at MIBGAS. The capacity not allocated in this procedure will go back to PRISMA. The non allocated capacity will be offered as daily-day-ahead products in PRISMA capacity auctions.<sup>1</sup>
- iii. 3 GWh/day of the reserved interconnection capacity will be implicitly allocated as daily-day-ahead products at MIBGAS. The capacity not allocated in this procedure will be included in the implicit capacity to be offered as intraday-within-day products at MIBGAS.
- iv. 3 GWh/day of the reserved interconnection capacity, at least, will be implicitly allocated as daily-within-day products at MIBGAS. This quantity will be increased by the daily-day-ahead capacity offered implicitly at MIBGAS and not allocated.

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<sup>1</sup> MIBGAS monthly products for month M are traded during all days of month M-1, from Monday to Friday. These daily sessions finish at 17:00 CET. PRISMA daily auctions for the following day also finish at 17:00 CET. If the last day of the month M-1 is a labor day (from Monday to Friday), it will not be possible to offer the not allocated monthly implicit capacity in PRISMA corresponding to the first day of the month M.

These quantities are for the first stages of the market coupling process. After assessing market performance, CNMC and ERSE could revise and modify the previous quantities after consultation of interested parties.

In order to illustrate the capacity reservation for implicit allocations at MIBGAS, some examples are showed hereafter:

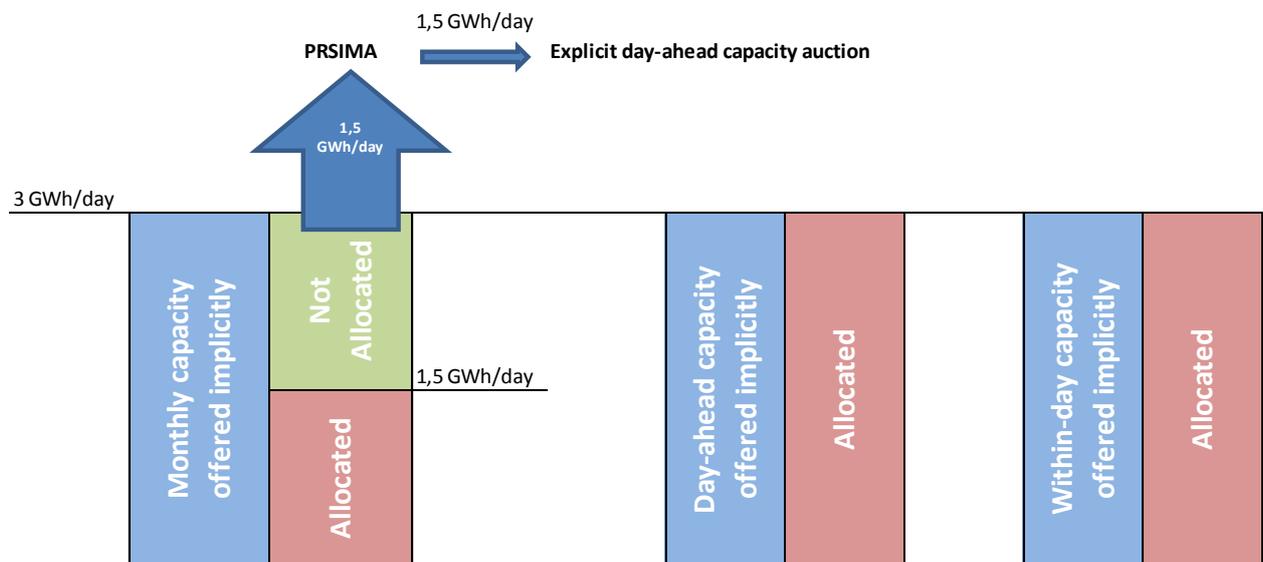
- Capacity offered in the implicit allocation = 3 GWh/day + 3 GWh/day + 3 GWh/day

Allocated implicitly = 3 GWh/day + 3 GWh/day + 3 GWh/day = 9 GWh/day



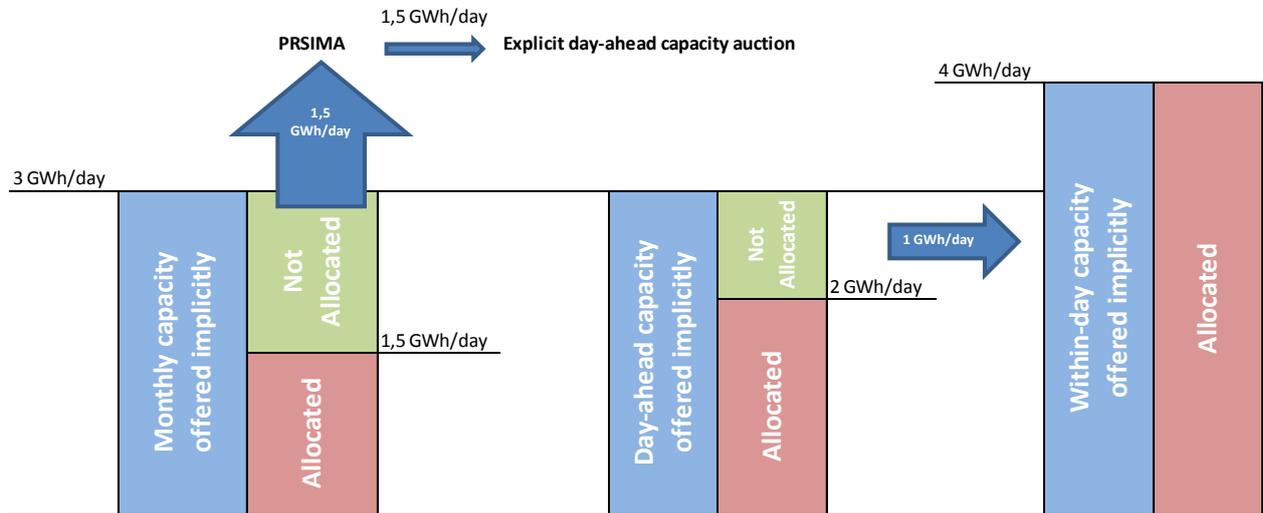
- Capacity offered in the implicit allocation = 3 GWh/day + 3 GWh/day + 3 GWh/day

Allocated implicitly = 1,5 GWh/day + 3 GWh/day + 3 GWh/day = 7,5 GWh/day



3. Capacity offered in the implicit allocation = 3 GWh/day + 3 GWh/day + 4 GWh/day

Allocated implicitly = 1,5 GWh/day + 2 GWh/day + 4 GWh/day = 7,5 GWh/day



4. Capacity offered in the implicit allocation = 3 GWh/day + 3 GWh/day + 4 GWh/day

Allocated implicitly = 1,5 GWh/day + 2 GWh/day + 3 GWh/day = 6,5 GWh/day

