**50th IG Meeting. South Gas Regional Initiative**

17th June 2019, from 11:30 h to 13:30 h (telco)

**Minutes**

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

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

[https://www.acer.europa.eu/Events/50th-IG-Meeting/default.aspx](https://extranet.acer.europa.eu/Events/50th-IG-Meeting/default.aspx)

1. **1. Opening**

CNMC welcomed all participants to the 50th Implementation Group (IG) and thanked them for their participation.

The minutes of the 49th IG SGRI and the agenda of the 50th IG SGRI meeting were approved.

**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 briefly informed on the status of the PCI selection process (4th final PCI list is expected to be approved by October 2019), about TYNDP 2020 (ENTSOE and ENTSOG are currently developing the joint scenarios, the final report is scheduled by December 2020) and timeline for publication of GRIP 2019 (envisaged by December 2019).

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

**2.2. VIP Ibérico: update on capacity offered in yearly auctions for the period 2019-2024** (for information by TSOs)

ENAGAS and REN presented the agreement reached between the two TSOs with regard to the capacity to be offered in VIP Ibérico in yearly products auctions for the next five years. In this sense, it was explained that technical capacities in this period are 144/80 (SP-PT/PT-SP) GWh/d and it will be offered all the technical capacity available after discounting the reserves of capacity for quarterly auctions, in accordance with the CAM NC, and the capacity booked through LT contracts.

CNMC thanked ENAGAS and REN for the work done to make possible the offer of maximum capacity to the market.

**2.3. Update on the report on use of VIP infrastructures October 16- April19: draft index and work calendar** (for information by NRAs)

CNMC presented a proposal of index and potential timeline to complete the deliverable on the use of infrastructures in the Region for the period Oct16-Apr19. The index proposed is slightly different from the index of the previous report, approved by 2017, but the information requested is mainly the same. The report is structured around five chapters in which it is analyzed: 1) the current situation of the technical capacity and the available capacity to be auctioned in the period, 2) capacity bookings in the period analyzed, 3) use of capacity, 4) congestion and CMP application and 5) conclusions and recommendations. CNMC explained in detailed what information is expected from TSOs in each chapter. The index will be sent for comments and online approval by the 24th June and it was proposed to have the report ready for approval by December 2019.

Terega asked why TSOs have to provide NRAs with data that are already public and asked about the distribution of responsibilities between TSOs/NRAs. NRAs explained that although every TSO, on its side, publishes most of the information contained in this report, the aim of the report is to make an assessment of the functioning of the interconnections which requires a joint assessment of the data of every TSO involved. With regard to the responsibilities of TSOs/NRAs, it was explained that the analysis and recommendations are jointly drafted by both but in no way TSOs will have to support conclusions or recommendations that they do not agree with. In case of different opinions, if no agreement is reached, the report will clary it and gather opinions separately.

TSOs proposed to extend the period of analysis until September 2019, in order to have the assessment of information for three full gas years. It was agreed to modify the period of analysis to Oct16-Sept19 and deadline of the report accordingly. TSOs committed to provide IG with two deliveries of the report: one intermediate deliver in December 2019 with data from Oct16 to Jun19, and the final report with data from Oct16 to Sept19 by March 2020 (for approval).

**The period of analysis of the report on the use of infrastructures in the Region is extended until September 2019 (period of analysis: Oct16-Sept19) and the deadline is modified accordingly (new deadline: March 2020).**

**TSOs will keep informed IG on the progress of the report. They committed to provide IG with two deliveries: one intermediate in December 2019 (report with Oct16-Jun19 data) and the final report in March 2020, for approval (with Oct16-Sept19 data).**

**CNMC will send the draft index for comments and online approval by 24th June.**

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

CNMC briefly presented the trend of market prices and the price spreads between SGRI and neighboring countries´ hubs. Also, **PEGAS,** the pan-European gas trading platform operated by Powernext, will launch spot and futures contracts for the **Spanish Virtual Balancing Point (PVB)** on June 18th and MIBGAS Derivatives started the trading of LNG products on Tuesday, June 11.It enables the negotiation of LNG products in all existing regasification plants in Spain: Barcelona, Sagunto, Cartagena, Huelva, Mugardos and Bilbao.

On its side, ENAGAS explained that a potential explanation for the downward trend of prices might be due to the competition between Russian gas and LNG from the USA. It seems that Russia is decreasing prices with the aim of maintaining their market share, trying to counteract the arrivals of cheap LNG from the USA. With regard to the impact of the merger of market areas in France, ENAGAS explained that the merger seems to have an impact on the capacity bookings in VIP Pirineos (yearly product oct18-sept19 was totally booked, the auction closed with a premium after several rounds), what seems to show that market agents were anticipating opportunities to make money by flowing gas from France to Spain. On the French side, interruptible capacity has been offered in 151 days and the capacity has been highly contracted and effectively used. It is observed that the spread of prices MIBGAS-PEG has increased slightly (from an average spread of 2.5 Euros to 2.3). Somedays in summer, the use of the interconnections doesn’t match the price spreads; i.e., the price spread on 10th June rose 4.5 €/MWh, but only around 50% of the contracted capacity was used.

**NRAs and TSOs will keep on following the evolution of gas prices in the Region.**

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

Due to time constraints, it was agreed to postpone this item for the next IG meeting.

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

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

REN updated on the implementation of the UIOLI LT in VIP Ibérico on the Portuguese side. REN explained that the subject was added to the agenda of a scheduled meeting between REN and ENAGAS planned to occur by the end of this month. The aim is to implement the Portuguese mechanism in 2019 and in such a way that can contribute to a harmonized UIOLI LT mechanism at the SGRI area.

**REN will keep informed IG on the progress of the implementation of UIOLI LT in VIP Ibérico on the Portuguese side.**

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

TSOs explained that ENTSOG has made available a platform where TSOs can upload information about projects on contribution of gases to decarbonisation currently under development. ENAGAS and GRTGaz briefly explained the projects which they are currently participating in. Additionally, they noted that many other associations (not only TSOs) are developing projects in this field. Lastly, in line with the Madrid Forum discussions, it was mentioned the need for aligning terminology with regard to the different kind of gases.

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

1. **WP Forth target. Other items for discussion**
   1. **Regulatory developments in Spain:**
2. **Public consultation on balancing regime** (for information by CNMC)
3. **Public consultation on access regime** (for information by CNMC)

CNMC explained that there are currently several regulatory developments in progress in Spain and, in concrete, they presented main changes introduced by two new pieces of regulation modifying the balancing regime and access regime in force, respectively. CNMC shared the link where these two pieces of regulation, and their corresponding explanatory documents, can be found, and invited the attendants to submit comments (deadline for comments: 5th July).

* 1. **Any other business**

ERSE updated IG about the progress of the inclusion of the Portuguese side in MIBGAS. A proposal of new market rules to enable the trade of Portuguese products in MIBGAS is currently under public consultation in the Market Agents Committee of MIBGAS and it will be approved by mid July. ERSE pointed out that it is crucial the approval of these new rules by the Spanish Ministry.

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

**Next IG meeting: 12th September 2019.**