**51th IG Meeting. South Gas Regional Initiative**

12nd September 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/51st-IG-Meeting/default.aspx](https://extranet.acer.europa.eu/Events/51st-IG-Meeting/default.aspx)

1. **1. Opening**

CNMC welcomed all participants to the 51th Implementation Group (IG) and thanked them for their participation.

The minutes of the 50th IG SGRI and the agenda of the 51th 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 informed on the status of the infrastructures developments. Three processes are currently in progress: 4th PCI selection process (4th final PCI list is expected to be approved by October 2019), TYNDP 2020 (TSOs are currently drafting the report whose publication is scheduled by December 2020) and GRIP 2019 (report expected by December 2019). With regard to the GRIP, CRE asked about the specific issues addressed in the report, in concrete, about projects related to energy transition. TSOs explained that the document is still under drafting but they advanced that issues such as sustainability, flexibility and electrification of the economy have been taken into account.

**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)

CNMC presented the report’s index approved in the last meeting that is structured around the following five chapters: 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. As agreed in the last IG meeting, the period of analysis will encompass three complete gas years, from October 2016 to September 2019. TSOs committed to provide IG with two deliveries of the report: one intermediate deliver in December 2019 with data until June 2019, and the final report with data from Oct16 to Sept19 by March 2020 for approval. TSOs informed that they are already drafting the report under Teréga coordination. They informed that the report is progressing in accordance with the timeline proposed.

**TSOs will keep informed IG on the progress of the report, which is progressing in accordance with the schedule.**

1. **WP Second 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. The Iberian Gas Market is growing in both number of participants registered, that reached 100 in July, and traded volumes, specially the month ahead product (M+1) that overcame 2.173 GWh, the highest volume ever traded in MIBGAS. In the summer period, prices followed a downward trend in all EU markets and price spread has been significantly reduced, especially in September when MIBGAS price reached the lowest value since the beginning of trading in MIBGAS (8,28 €/MWh) and occasionally fell below the rest of European markets prices. This might be explained by the confluence of several factors: mild temperatures, wind shifted CCGT in electricity generation, expectations of high amount of arrivals of both LNG and gas pipeline from Algeria…

On its side, ENAGAS presented the evolution of prices together with the use of capacity in VIP Pirineos. ENAGAS explained that since the merger of areas in France it can be observed a higher rate of use of VIP Pirineos and shorter and less volatile spreads of prices between the Spanish and French markets, which reached around 1-2 euros/MWh. Before the merger more periods of convergence of prices were observed, but higher spreads. CRE noted that not only the merger of areas in France are impacting the prices; also important LNG arrivals are driving down the prices and there might be many other factors affecting them. ERSE highlighted that prices should be analyzed together with negotiated volumes. ENAGAS proposed to create a group to analyze prices. CNMC noted that this is out of the scope of the work program but, since TSOs are working together in the analysis of the use of interconnections, it could be included a chapter in the report analyzing the main drivers of gas prices in the Region.

**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)

CRE informed about the merger of market areas in France completed in November 2018. They reported that it can be observed that, after the creation of PEG, the spreads North-South have been removed. Since the merger, prices have fallen, spreads PEG-TTF are close to zero or even felt to negative values and day-ahead bid-ask spreads has tightened. With regard to VIP Pirineos, the flows to Spain(via Pirineos point) increased by 58%, reflecting the increase of 40% of the flows from North to South of France that were made possible by the merger of the zones. CRE noted that the interconnection is far from being congested neither entry nor exit direction.

**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 and ENAGAS updated the IG on the implementation of the UIOLI LT in VIP Ibérico on the Portuguese side. They presented a proposal of UIOLI LT mechanism agreed between both TSOs to be applied in VIP Ibérico in a coordinated manner. They noted that some issues must be further clarified with the NRAs. In response to these uncertainties, CNMC indicated that the UIOLI LT mechanism on Spanish side should be applied in the same way in VIPs Iberico and in VIP Pirineos and kindly requested Portuguese and Spanish TSOs to make an effort in this respect. With regard to the draft, ERSE noted that since the withdrawal of capacity is based on a pure calculation, the participation of the NRAs in the decision should not be required and CNMC referred that existing rules in Spain don’t establish such decision by the NRA. The proposal is being finalized to be sent to NRAs for their assessment .

The way forward: once agreed the final draft, the document will be submitted to public consultation in Portugal before its final approval and implementation.

**TSOs and NRAs will agree on a final draft. The document will be submitted to public consultation in Portugal before its final approval and implementation.**

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

TSOs briefly explained the projects on contribution of gases to decarbonisation currently uploaded in the ENTSOG platform (innovative projects platform). In line with the Madrid Forum discussions to align terminology with regard to the different kind of gases, it was mentioned the initiative of the Florence School of Regulation that held an online debate on common terminology for gases on 11st September.

**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)

With regard to the two new pieces of regulation (Circulars) modifying the balancing regime and access regime in force in Spain presented in the last IG, CNMC explained that the public consultation closed on 31st July, Circulars were updated in line with comments received. The process for approval is running according to the schedule.

CNMC informed that currently a public consultation on the methodology concerning access tariffs related to transmission network, local networks and LNG facilities is ongoing. CNMC shared the link where this piece of regulation and their corresponding explanatory documents can be found, and invited everybody to participate (deadline for comments: 30th September).

* 1. **Any other business**

ERSE made an update on the information given in the last 50th IG Meeting regarding the MIBGAS market rules, which consultation process on the Market Agents Committee was extended until 13th September (according with the latest available information). ERSE suggested CNMC to review together the changes.

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

**Next IG meeting: 22**nd November 2019 (by telco).