



35th IG Meeting. South Gas Regional Initiative

16th February 2016, from 11:00 h to 13:00 h

Teleconference

List of participants

Last name	First name	Organization
	Natalie	ERSE
	Elder	ERSE
Alonso	Nuria	CNMC
Batista	Helena	REN
Bartok	Csilla	ACER
Camarillo	Javier	ENAGAS GTS
Costa	Raquel	REN
Diniz	Valter	REN
Domingues	Antonio	ERSE
Esnault	Benoit	CRE
Ferreira	Sandra	ERSE
Izquierdo	Paloma	ENAGAS
Jaselskyte	Zivile	ACER
Leite	Henrique	REN
Moreno	Beatriz	CNMC
Oliveira	Gonçalo	REN
Parada	Luis	ENAGAS
Petitot	Thomas	TIGF
Prieto	Rocío	CNMC
Romero	Fátima	ENAGAS
Tadeu	Alexandre	REN
Tascón	Laura	CNMC
Varela	M ^a Dolores	ENAGAS
Verdelho	Pedro	ERSE
Yunta	Raúl	CNMC

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

<http://www.acer.europa.eu/Events/35th-IG-meeting/default.aspx>

Field Code Changed

I. Opening

The chair welcomed all participants to the 35th Implementation Group (IG) meeting. The agenda was approved without changes, as well as the minutes of the previous IG meeting.



II. CMP: common methodology of OSBB in the Region

Regulators welcome improvement introduced by TSOs in the OSBB methodology, but outlined there are still some room for improvement regarding the following aspects, on which Regulators asked TSOs to provide some information in the current meeting:

1. Treatment of renominations: when the buy-back procedure is launched.

TSOs explained that the main objective of restricting renomination rights is avoiding manipulation by shippers, which may have interest in trigger the buy-back mechanism. They explained that in Spain, CNMC's Circular 1/2013 blocks renominations upwards, and indicated that blocking renominations downwards aims at preventing TSOs from buying back more capacity than necessary.

In general, Regulators do not think that restricting renomination rights is necessary. In particular, CRE proposes a solution consisting in not restricting re-nominations of shippers which do not actively participate in the buy-back procedure and applying buy-back to all the capacity that has been oversold, instead of buying back only the nominations above the technical capacity. CRE considers that shippers which participate in the buy-back procedure may either be forbidden to re-nominate upwards or allowed to re-nominate on an interruptible basis. CRE also proposes that shippers which have sold back capacity don't get the buy-back financial compensation if after the procedure they renominate downwards.

ERSE, however, underlines that, at the Portuguese-Spanish border, the situation is very different compared to the French-Spanish border. At the Portuguese-Spanish border there is a low level of capacity utilization, which results in low possibility of applying the buy-back procedure. ERSE also considers that restricting renominations in the VIP would be an infringement of the Balancing Network Code, causing, at the same time, problems for Portuguese shippers to balance. Therefore, they propose to avoid any kind of renomination restrictions, at least at this border. Both, CNMC and the Spanish TSO, state that it is not possible for Spain to apply different mechanisms on each of its borders. CNMC remarks the importance of having a common European approach on the OSBB implementation, to reach a internal gas market.

On this issue, participants agree that:

- 1- ERSE will write and send a proposal on the renomination rights treatment which can be applied on both, the Portuguese-Spanish and the French-Spanish border.**
- 2- ACER will ask other regulators how they are dealing with the buy-back mechanism and renominations, and report on this issue in the next SGRI meeting.**

2. Application of the pro-rata mechanism when the buy-back procedure cannot provide the required reduction of nominations

TSOs noted that, in each country, there are provisions in the national regulation on how to manage the cases when the buy-back procedure cannot provide the reduction of nominations required by TSOs. They propose applying the pro-rata mechanism to all the users which nominated their booked capacity, reducing bundled and unbundled capacity proportionally to the nominated capacity, after the total nominated quantity has been reduced according to the results of the buy-back procedure. TSOs shall pay network users the removed pro-rated capacity at the daily reference price applicable on the gas day.



CNMC and CRE agree with TSOs on this proposal.

3. Application of the most efficient buy-back procedure (call for offers versus reverse auctions).

TSOs have consulted PRISMA on the possibility of using reverse auctions to apply the buy-back mechanism. They insisted on the fact that the possibility of launching the buy-back mechanism is very low but it need to be applied automatically. TSOs are currently analyzing the information provided by PRISMA.

III. Interoperability NC. Latest development and next steps in the Region

TSOs present the latest advancements in the Region: the nomination, re-nomination and matching procedures are effectively working since 1 November 2015. Additionally, two solutions have been implemented regarding data exchange: an integrated and an interactive data exchange solutions.

The main issues ongoing on interoperability are the review of the interconnection agreements, which TSOs expect it will be finished by May, as well as the publication of harmonized information on gas quality (Wobbe-index and gross calorific value).

Regulators ask TSOs to keep them informed on the progress on the Interoperability Network Code implementation

IV. Infrastructures. Status of PCIs in the Region

TSOs report on the latest progress on PCIs in the Region. CEF grants for studies have been assigned to REN, Enagás and TIGF related to the PCIs projects foreseen in the Region. In July 2015, grants were assigned to REN for studies on the 3rd interconnection between Spain and Portugal. In January 2016 similar grants were assigned to Enagás and TIGF, in order to perform studies on the Midcat project.

In January 2016, as well, the Regulation approving the second PCIs list was published in the Official Journal of the European Union.

Regarding implementation of PCIs projects in the Region, a new meeting of the high level group, organized by EC, was held on 27 January 2016. Its aim was to define a plan and discuss the results of the study "*Costs and benefits of improving the gas interconnection of the Iberian Peninsula with the rest of Europe*", developed by Ramboll consultants. The EC gave participants two weeks for sending comments on this report.

Next meetings: to decide by email