

SOUTH GAS REGIONAL INITIATIVE WORK PLAN 2015-2016



EFET comments – 24 October 2014

The European Federation of Energy Traders (EFET)¹ welcomes the opportunity to contribute to the public consultation on the SGRI Work Plan 2015-2016.

EFET would recommend SGRI to work towards getting a coherent implementation of the Network Codes in the different entry exit systems of the South region, especially those Network Codes which apply to each entry-exit system, **the Network Codes on Balancing and on Tariffs for instance**. Many relevant issues of the Network Codes are subject to the NRAs' work, so different points of view or treatments could limit the efficiency of the harmonization process, reducing the chance to reach an actual Internal Energy Market.

Below you can find some suggestions for improvement in four main areas: Capacity Allocation Mechanism, Interoperability and data exchange, Infrastructure and Hub development.

Capacity Allocation Mechanism

Among other issues or actions of the draft Working Plan, EFET believes that **operative issues associated to the use of the allocated capacity** should be taken into account as soon as possible and in a coordinated manner. For instance, SGRI should consider the following:

- A unique contact point, in order to avoid contacting two TSOs in parallel for the use of a bundled capacity.
- A unique nomination/renomination.
- Ensure the coherence between the clauses of the capacity booking contracts.

Interoperability and data exchange

The draft Working Plan includes an action on harmonization of the reference temperature. However, the Interoperability Network Code, submitted by ENTSOG

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and currently under comitology, does not require a harmonization of the combustion reference temperature. Article 14 of the proposed Network Code specifies that alternative reference conditions can be used provided that conversion factors are applied accordingly. In other words, no gas exchange between quantities expressed in different reference conditions would be done without the use of the relevant conversion factors to homogenize the exchanged quantities.

Changing the combustion reference temperature can have economic consequences for suppliers because the reference temperature cannot be easily changed in their long term supply contracts. Therefore, we propose not to include it in the work programme of SGRI.

Infrastructure

Together with the integration of the gas systems in the South region, EFET recommends that new capacity and infrastructure planning is considered from a regional, as a first step, but also from a European point of view, as a next step. This should happen in the context of the current work on the Projects of Common Interest and should aim to encourage the needed investments, and bring forward the **efficiency of the “regional gas system”**.

In this regard, the objective should be to eliminate the **bottlenecks** that currently are in the region (i.e. between GRT Gaz Sud and GRT Gaz Nord) in order to facilitate the flows between the South region and the European Hubs, and vice versa. This requires improvement of the security of supply and it is an essential milestone on the way to achieving the Internal Energy Market.

Hub development

According to the planning proposed by Regulators, the “Preliminary analysis, impact assessment and roadmap design for the integration of Spain and Portugal gas markets into an integrated gas market” should start in Q4 2016. EFET would like to emphasize the importance of initiating as soon as possible the work on establishing a common roadmap, with explicit step stones, towards implementing the Iberian Gas Market. Ideally this could be aimed for Q1/Q2 2015.

Furthermore, we would like to encourage SGRI to organize its priorities towards **making compatible the new Iberian market and the markets which are going to merge in France**, with the main objective of facilitating the gas flows between the markets of the SGRI area.