

DDC/TER/2014-182

South Gas Regional Initiative Work Plan 2015-2016

TIGF Contribution

TIGF welcomes the opportunity to take part in this consultation regarding work plan 2015-2016 of the SGRI. TIGF takes this chance to provide comments on several points of this plan.

Rationale and objectives

□ The **interconnection capacity between France and Spain has increased** after two coordinated Open Season procedures to foster new investments. By 2015, the interconnection capacity between France and Spain will be 7.5 bcm in the flow sense from Spain to France, and 5.5 bcm from France to Spain.

⇒ 225GWh/j firm from Spain to France, 165GWh/j firm + 60GWh/j interruptible from France to Spain.

□ SGRI has made progress since 2011, to early implement the CAM NC (published in October 2013 and applicable as of 1 November 2015). The **first coordinated auction to allocate capacity products at the interconnection points in the South Region** took place in March 2014; when firm bundled and unbundled yearly products were auctioned at the two virtual interconnections points (FR-ES and PT-ES borders) via PRISMA platform. In June 2014 quarterly products were allocated following the same pattern. Consequently, monthly products are foreseen to be auctioned in September 2014.

⇒ Monthly products have actually already started being auctioned in September 2014, with bundled products at the VIP Pirineos.

Capacity allocation mechanisms (CAM)

□ The first coordinated mechanism to allocate capacity products according to the CAM NC at all IPs between entry-exit systems in the South Region took place in March 2014. This pilot project follows the calendar and procedure of the NC, when firm bundled and unbundled yearly products were auctioned at the two virtual interconnections points (FR-ES and PT-ES borders) via PRISMA platform. In June 2014 quarterly products were auctioned at PRISMA on both borders. Monthly products start being auctioned in September 2014.

⇒ On the French side, unbundled daily products have started being auctioned in October 2014 at the VIP Pirineos.

□ Continue working on early implementation of CAM NC, allocating yearly, quarterly, monthly, daily and within-day capacity products at the two VIPs. Preparing the first daily capacity auction in the region to be held in November 2015. The PRISMA platform could be used in all region depending on the cost level allocation to the TSO's.

⇒ Daily auctions to be held in November 2015 will concern the bundled capacity as daily unbundled capacity has already started being auctioned in October 2014 on the French side. November 2015 is also the target date for auctioning the within-day bundled capacity at the VIP Pirineos.

⇒ Also, two other objectives consist in:

- joining the secondary market to develop the liquidity of bundled capacity between shippers as an alternative to prevent/manage contractual congestion
- being compliant with article 6 of CAM NC regarding capacity calculation and maximization

Congestion management procedures (CMP)

□ The final goal on CMP for 2016 is the harmonization of CMPs in the whole region and the implementation of rules on CMP at all the interconnections in the region. The tasks foreseen for 2015-2016 will consist of:

- II. 1. Assessment of the operational mechanisms from 1 October 2013: UIOLI LT, capacity surrender and OSBB. Cooperation works to approve the proposals by the TSOs in the region about incentive-based oversubscription and buy-back schemes.
- II. 2. Designing a Roadmap on the implementation of firm day-ahead UIOLI to be implemented by July 2016 in the region.

⇒ TIGF is currently developing in coordination with Enagas a procedure to implement the OSBB mechanism. As additional capacity for oversubscription should be offered on daily products at the earliest, the whole

mechanism would start being implemented at the earliest in November 2015 when daily bundled capacity is being offered at the VIP Pirineos.

- ⇒ Following the publication of the “*Guidance on best practices for congestion management procedures*” by the EC in last July, TIGF’s understanding of ST UIOLI (FDA UIOLI) mechanism is that it may be considered as an option 2 in case the OSBB would not be implemented or not working efficiently. In other words, it is necessary to implement one mechanism or the other, but not both, with a preference for the OSBB. Therefore, this statement should be taken into consideration in the work plan 2015-2016.

Infrastructures. Projects of Common Interest

□ *The final goal on investment in new infrastructure for 2016 in the SGRI would be setting up a permanent framework of cooperation between TSOs (including ENTSOG), and stakeholders, for the elaboration of the UE-wide ten year network development plan and update of the regional investment plans. Also, the participation of Member States is paramount in the identification of the projects of common interest and the CBCA requests in the region.*

- ⇒ The TYNDP will become a 20-year network development plan from 2015

□ *Participation in the regional working group focused on the PCIs identification process: second Union list of gas PCIs is foreseen to be adopted by the EC in 2015. Regional cooperation to take decision on CBCA requests by TSOs in the South Region.*

- ⇒ TIGF wonders whether the regional cooperation is the only approver for CBCA requests.