

ENDESA comments to ENAGAS and REN common proposal for the coordinated implementation of the Long-Term Use-It-Or-Lose-It mechanism at VIP Ibérico (February 2020)

In the context of the South Gas Regional Initiative, the 7th of February we received from the Portuguese and Spanish NRAs for comments the ENAGAS and REN proposal on UIOLI LT scheme to be applied at VIP Ibérico. We attached below ENDESA comments to the ENAGAS and REN proposal.

The point 8 of the proposal establishes “*The capacity to be withdrawn shall be calculated as follows: the highest value of the utilization rate of the two periods will be subtracted in percentage from one hundred. The booked capacity by the network user for the following gas year shall be reduced by this percentage.*”. That means to consider the non-use rate of the capacity of the previous year (period April to March) to calculate the percentage of the booked capacity in the following gas year to be reduced.

We consider that this percentage or rate cannot be directly applied without taking into account the amount of capacity booked during the analysed two periods and the capacity booked in the following gas year (these quantities can be very different). We consider that the amount of capacity to be withdrawn (in GWh/day) should never be higher than the capacity non-used (in GWh/day).

Due to the above, we propose the following wording for the point 8:

“8. Each TSO will share the results of the analysis with the adjacent TSO every year before the end of April, and before 15 May, it will be decided whether or not to withdraw the underutilized capacity for the following gas year. The capacity will be withdrawn from the annual contracts (or contracts with a duration longer than one year if applicable) that the network user had in force at the time of the analysis for the period between October of the current year and September of the following year. The capacity to be withdrawn shall be calculated as follows: the highest value of the utilization rate of the two periods will be subtracted in percentage from one hundred. The booked capacity by the network user for the following gas year shall be reduced by this percentage. **The amount of capacity reduced in the following gas year will never be higher than the amount of capacity non-used in the two analysed periods.** The capacity not withdrawn from the user’s original contract, who retains his rights and obligations, will continue to be billed as before. The withdrawn capacity will be paid by the original holder until it is reallocated to another user.”