

**Common Proposal for the Coordinated
Implementation of
the Long-Term Use-It-Or-Lose-It Mechanism
at VIP Ibérico**

REPSOL response



Repsol S.A. (hereinafter, "REPSOL"), received on February 7th, 2020, for a hearing through ACER's website, the "Common Proposal for the Coordinated Implementation of the Long-Term Use-It-Or-Lose-It Mechanism at VIP Ibérico" (hereinafter, the "Proposal").

REPSOL welcomes the opportunity to provide our comments to ERSE & CNMC consultation on the UIOLI LT (*Long-Term Use-It-Or-Lose-It*) mechanism. Thus, it has been considered by REPSOL to develop the following contributions to the Proposal:

General Comments. –

The CMP mechanisms regulated in the Annex I of the Regulation (EC) 715/2009 have been historically applied in a non-harmonized way in the Interconnections of the South Gas Regional Initiative and its application has been dependent on the different interpretations of the TSO in both sides of the border.

Related to this, REPSOL is of the opinion that the application of the proposed mechanism may be further harmonized in order to prevent misunderstandings and different ways of application. This consideration is quite important in a context where the booked capacity is being increasingly bundled and the VIP IBERICO is starting to be quite congested. Therefore, REPSOL considers that a full alignment and more concretion in the terms defined in the *Specifications to the Proposal* is desirable.

Specifications to the Proposal. –

Original text	New proposal
<p>5. In addition, when the TSO detects that there is continued underutilization of the contracted capacity, it will check whether the network user has offered the capacity on the secondary market under reasonable conditions.</p> <p>Reasonable conditions will be considered if the price offered by the user is equal to or lower than the maximum value between the capacity reserve price at the time of the offer, the price of the capacity in the capacity market at that time, if any, and the price at which the user acquired the capacity offered.</p>	<p>5. In addition, when the TSO detects that there is continued underutilization of the contracted capacity, as defined in the point 4 of this document, it will check whether the network user has offered the capacity on the secondary market under reasonable conditions.</p> <p>Reasonable conditions will be considered if:</p> <p>(1) the price offered by the user is equal to or lower than the maximum value between the capacity reserve price at the time of the offer, and the price of the capacity in the capacity market at that time, if any; and the price at which the user acquired the capacity offered.</p>

<p>These data must be provided by the network user, at the request of the TSO if necessary.</p>	<p>(2) the amount of the capacity offered on the secondary market is equal to or higher than the underutilized one during the period of reference.</p> <p>These data must be provided by the network user, at the request of the TSO if necessary.</p>
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Original text	New proposal
<p>6. Booked capacity may be withdrawn where there is continuous underutilization of capacity and capacity has not been offered under reasonable conditions on the secondary market.</p>	<p>6. Booked capacity may must be withdrawn by the TSO if the network user:</p> <p>(1) fulfils the criteria established in the point 4 of this procedure and</p> <p>(2) it has not offered the capacity on the secondary market as established in the point 5 of the procedure.</p> <p>where there is continuous underutilization of capacity and capacity has not been offered under reasonable conditions on the secondary market.</p>

Original text	New proposal
<p>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.</p> <p>(...</p>	<p>8. Each TSO will share the results of the analysis with the adjacent TSO every year before the end of April, and before 15 the end of May, the capacity will be withdrawn. it will be decided whether or not to withdraw the underutilized capacity for the following gas year.</p> <p>(...)</p>

Original text	New proposal
<p>15. Without prejudice of no. 16, the TSO of the interconnections will provide network users with the following information annually before the end of May:</p> <ul style="list-style-type: none"> - Contracts that are subject to revision. - The capacity to be withdrawn and the calculations that lead to the determination of mentioned capacity. - The allocation processes in which the capacity to withdraw would be offered. - The periods in which the capacity to withdraw cannot be offered in the secondary market. 	<p>15. Without prejudice of no. 16, the TSO of the interconnections will provide network users with the following information annually before 15 the end of May:</p> <ul style="list-style-type: none"> - Contracts that are subject to revision. - The capacity to be withdrawn and the calculations that lead to the determination of mentioned capacity. - The allocation processes in which the capacity to withdraw would be offered. - The periods in which the capacity to withdraw cannot be offered in the secondary market.

Original text	New proposal
<p>16. The network users whose capacity rights are to be withdrawn can submit a reasoned objection to the TSO, until 5 calendar days after receiving the draft decision with the information referred to in the previous paragraph.</p> <p>The TSOs shall evaluate the objection and take a final decision, after receiving the objection, informing the network user of their final decision and of their assessment of the objection.</p>	<p>16. The network users whose capacity rights are to be withdrawn can submit a reasoned objection to the TSO, until 5 calendar days after receiving the draft decision with the information referred to in the previous paragraph.</p> <p>The TSOs shall evaluate the objection and take a final decision, after receiving the objection and based on the criteria settled in points 4 and 5, informing the network user of their final decision and of their assessment of the objection.</p> <p>This final decision shall be validated by the Regulators at both sides of the border.</p>