October 20, 2014

Contribution of UPRIGAZ to ACER’s consultation on South Gas Regional Initiative work plan 2015-2016

UPRIGAZ is in full support to the ACER’s work plan 2015-2016 on the South gas regional initiative.

This work plan is aiming at providing better integration of the Iberian gas market and the markets of Northern Europe.

However UPRIGAZ considers that reaching this target requires the development of a common Iberian Gas Hub and marketplace.

The goal should be to introduce a fairer price reference for the gas traded on the Iberian market and, as a further step, to enhance market-based cross-border natural gas transactions across the Southern Europe region.

UPRIGAZ is in favor of the Implicit Allocation of Capacity mechanism as a first step to nurture liquidity on the Iberian gas market and foster market integration. The feedback on implementation of Market Coupling in France suggests that this step can be developed without major difficulties. In the case of the Iberian market, the implicit allocation model is advisable, since it does not require a high level on harmonization of national legislations.

UPRIGAZ is not however advocating for one specific model of integration, so long as the Spanish and Portuguese stakeholders are committed to develop, as soon as possible, an effective and liquid Iberian hub and marketplace, allowing the emergence of a fully representative pricing of natural gas on the Iberian market.