**12th RCC Meeting South GRI**

13th March 2013, 11:30 h - 13:30 h

**Teleconference**

**CONCLUSIONS**

| Participants | | | |
| --- | --- | --- | --- |
| **Aoun** | **Marie Claire** | **CRE** |  |
| **Barrera** | **Ana** | **CNE** |  |
| **Costa** | **Neuza** | **ERSE** |  |
| **Esnault** | **Benoit** | **CRE** |  |
| **Ferreira** | **Liliana** | **ERSE** |  |
| **Léveillé** | **François** | **CRE** |  |
| **Moreno** | **Beatriz** | **CNE** |  |
| **Oliveira** | **Paulo** | **ERSE** |  |
| **Prieto** | **Rocío** | **CNE** | **Co-chair** |
| **Tascón** | **Laura** | **CNE** |  |
| **Verdelho** | **Pedro** | **ERSE** |  |

**I. Opening**

The co-chair welcomed all participants to the twelve Regional Coordination Committee (RCC) meeting. The agenda of the meeting was approved without changes.

The main objective of this meeting was to discuss the Draft Roadmap on CMP implementation in the SGRI. In the last IG meeting, the TSOs presented some points of the Draft Roadmap in order to implement the three mechanisms considered in the Regulation that must be implemented by 1st October (capacity surrender, long term use it or lose it - LT UIOLI- and oversubscription and buy-back –OSBB-).

**II.0. General agreements regarding the CMP roadmap in the Region**

**Regulators agreed to** analyze the aspects already in discussion among TSOs to **give TSOs feedback on principles and criteria that they must take into account when defining the congestion management mechanisms**. Therefore, these minutes will be communicated to TSOs.

**Regulators also agreed to launch a public consultation** on the detailed draft proposal for the three CMP in Region, before approving the mechanism.

**II.1. Current developments on CMP at national level**

As a first stage, Regulators explained what developments were currently ongoing in their country.

* **France:**

CRE has been discussing the CMP implementation with TSOs, focusing in particular on the capacity surrender and OSBB mechanisms, since July 2012. Only minor changes, affecting data exchange on individual nominations, are necessary to adapt their already existing LT UIOLI mechanism. A public consultation will be launched by end of March and CRE deliberation is planned in May. Documents will be shared with the SGRI.

With regard to capacity surrender, this mechanism will be implemented at all their IPs, including third countries IPs. Consequently, it is necessary to take into account discussions in France in order to define a harmonized mechanism on the Spanish and French border. Some already discussed principles are:

* Surrender of annual (Y+1), quarterly and monthly products. The surrender of products beyond Y+1 is currently under discussion in France.
* Time stamp rule for the reallocation (surrendered capacity reallocated chronologically)
* Unsold surrendered capacity given back to the user after the rolling monthly auctions

Regarding OSBB gradual implementation has been proposed. The buy-back mechanism would be applied among the capacity holders using a pro-rata at a defined price, but this proposal is still under discussion. Implementation will require a statistical analysis for each IP. There is agreement that mechanism wouldn’t be applied, for the moment, at the French-Spanish interconnections, since they are physically congested.

* **Spain:**

In Spain there already exist UIOLI and surrender capacity, but they will be modified to adapt small aspects to the Regulation provisions. In order to establish coordinated CMP with the neighbouring countries at their borders, the CNE is waiting for a consensus on the CMP harmonization in the Region, before proposing changes in the national regulation.

* **Portugal:**

Portugal considered important to remind that, since long term capacity is not sold in the country, the application of LT UIOLI makes no sense.

**II.2. Implementation of Capacity Surrender by October 2013**

* Regulators’ **agreed principles:**
* TSOs must accept any surrender of capacity except for DA and WD. Total and partial surrender, both in quantity and period will be accepted.
* Shippers cannot impose conditions on the sale of their surrendered capacity.
* Surrendered unbundled capacity, when possible, will be bundled before sold.
* Primary holders retain rights and obligations till the surrender capacity is allocated.
* Surrender capacity to be reallocated only after all the available bundled capacity has been allocated. If available unbundled capacity exists, there are several possibilities:
* The TSO sell the bundled surrendered capacity in first place
* The TSO unbundles the surrendered capacity, and sell part of it once bundled to the available unbundled capacity. In this case, there is a risk that the initial holder of the bundled product ends up with only part of its surrendered bundled capacity sold and he retains his rights and obligations for the other part of the surrendered bundled product.
* This issue is currently discussed within the CAM TF of ACER.
* Surrendered capacity will be sold as short term products (yearly products as quarterly and monthly products, quarterly products as monthly products), surrendered monthly products remain the same.
* When several surrendered equivalent products exist, the allocation priority will be time stamp.
* Primary capacity holder will not receive any revenue coming from the sale of his surrendered capacity.
* **Other principles currently under discussion**
* The proposal of the TSOs to charge a fee for the shipper in case of a successful allocation of surrendered capacity is currently under discussion between CRE and the TSOs. CNE is in favour of not having any fee.
* In France, in case of price differences between the initial allocation and the reallocation, the current proposal under discussion is the following:
  + If the initial price (P1) is lower than the price when reallocated the capacity (P2): the shipper is relieved from any payment obligation.
  + If the initial price (P1) is higher than the price of the reallocated capacity (P2) : price invoiced to the shipper is the difference between P1 and P2.

It was underlined by CNE that this proposal is difficult and complex to implement.

* Aspects **to be proposed by TSOs**:
* How to proceed to allocate surrendered capacity when there’s still available unbundled capacity at the IP.

**II.3. Implementation of UIOLI LT by October 2013**

* Regulators’ **agreed principles:**
* Affected contracts: contracts with duration of more than one year or recurring quarters covering at least two years, for bundled and unbundled capacity.
* TSOs need to make an analysis in advance of the auctions, to know if there are underutilised contracts so, if in the auctions capacity requests could not be satisfied due to lack of capacity, the UIOLI mechanism will be applied and the capacity will be released.
* NRAs will establish a common approach of what “capacity offered under reasonable conditions” mean.
* TSOs to provide annually NRAs with information to monitor capacity use.
* NRAs agreed that 80% is the minimum utilization rate required to avoid application, criteria to make the calculation need to be provided (one month out of the six months period with an utilization level of 80% on average). Every year, capacity use in two periods (April-September and October-March) will be analysed. Systematically renominations downwards will be also analysed too.
* Primary holders retain rights and obligations till the released capacity is allocated.
* Released capacity to be offered in quarterly capacity auctions.
* When there is a difference between the duration of capacity products released and requested, the products allocated will follow the CAM NC standard products.
* Aspects **to be proposed by TSOs**:
* How to analyze if there have been capacity requests not satisfied due to lack of capacity
* What can be considered as “systematically renominations downwards” and how to calculate it.
* The formula to calculate the capacity utilization rate in the two periods and the criteria to determine if the UIOLI mechanism must be applied.
* How to release the underused capacity of year n, if the shipper has a different booked capacity in year n+1 (i.e., capacity booked in year n+1 is lower that the underused capacity in year n).

**II. 4. Implementation of Oversubscription and Buy Back by October 2013**

At the moment, this mechanism cannot be applied at the French-Spanish interconnection, because these interconnections are physically congested. At the Portuguese-Spanish interconnections, taking into consideration their low utilization rate, the need to apply the buy-back mechanism is also low.

* Regulators’ **agreed principles:**
* TSOs must produce a proposal with a dynamic approach to define the firm additional capacity to be sold, based on statistical analysis of the unused capacity and considering technical aspects and capacities in adjacent networks.
* Additional firm capacity will be offered only for quarterly, monthly and daily products.
* Additional firm capacity will be sold after allocation of available capacity and any other released capacity.
* Interruptible capacity will be interrupted before launching the buy-back mechanism.
* Shippers won’t be able to renominate upwards when the buy-back mechanism is launched.
* TSOs will regularly inform NRAs on this mechanism application.
* Aspects **to be proposed by TSOs**:
* Common criteria to calculate the additional firm capacity to be offered coordinated with the definition of interruptible capacity.
* Proposal on the splits of cost and revenues between TSOs and shippers as required by the Regulation. Later to be decided by NRAs.
* Under which conditions the buy-back mechanism must be launched (possible TSOs measures to be applied before the buy back is necessary).
* Possible buy-back mechanism (auction, auction with a price cap, prorate with a predefined price, etc.)
* A calendar proposing a gradual implementation of this CMP.

The envisaged schedule to develop the CMPs is the following, after discussing a draft Roadmap in the IG meeting on the 25th March TSOs must provide the detailed procedures for the three mechanisms by mid May, Regulators would give TSOs their feedback in June and a public consultation would occur in July. The mechanisms would be approved before 1st October 2013.

**II. 5. Possible presentation of the CMP Roadmap in the Region for the Madrid Forum**

There was an initial request to present a slide on the CMP roadmap in the Region in the next Madrid Forum but after discussion at ACER level, it was decided to give a general overview of the cross-border coordination at a EU level.

**II. 6. AOB and next meetings**

The next meeting will be an IG meeting via teleconference, to be held on 25 March, in the afternoon. Connecting details will be provided in advance.