



Public Consultation of the French Energy Regulatory Commission on the implementation of the Annex 1 to Regulation (EC) 715/2009 on the Congestion Management Procedures (CMP)

Enagás comments

23rd April 2013



1. **Executive Summary**

1. Enagás welcomes CRE's opportunity to contribute to the public consultation on the implementation of the Annex 1 to Regulation (EC) 715/2009 on the Congestion Management Procedures (CMP).
2. Enagás believes that the implementation of the CMP Guidelines should be done at regional level in coordination with the adjacent TSOs and NRAs. In line with recital (7) of Annex I to Regulation 715/2009:

In order to ensure that congestion management procedures are applied in the most effective way at all interconnection points and with a view to maximising available capacities in all adjacent entry-exit systems, it is of great importance that national regulatory authorities and transmission system operators from different Member States and within Member States closely cooperate amongst themselves and with each other. [...]

3. Having said this, Enagás acknowledges that some of the proposals for implementation included in this public consultation are also under discussion within the context of the South Gas Regional Initiatives. Besides, regulators have asked TSOs to develop a detailed roadmap for implementation of the CMP Guidelines that will be presented next 30th April in the SG meeting.
4. So, at this stage Enagas recommends to coordinate both national and regional discussions.
5. As regard surrender of contracted capacity, Enagás fully agrees with CRE's proposal of invoicing to the initial holder of capacity the difference between the initial price and the reallocation price, if positive. However, it might be unreasonable to establish an additionally fee for the provision of this service.
6. At this stage Enagás it is not in the position to evaluate the adequateness of applying a simplified buy-mechanism during an interim period based on the pro-rata of nominated capacities. However, this proposal might restrict further debates with adjacent TSOs and NRAs.
7. TSOs are currently working of a joint implementation of the LT UIOLI procedure within the context of the South Gas Regional Initiative. Enagás would like to claim for more coordination between NRAs.

2. Questions

2.1 *Surrender of contracted capacity*

Q1: Are you in favour of an implementation of the capacity surrender mechanism to IPs with non-EU countries?

8. In principle Enagás is not against of applying the surrender mechanisms to IPs with non-EU countries.

Q2: Are you in favour of the priority rule for the reallocation of the surrendered products?

9. Yes, Enagás fully agrees with the “time stamp” rule.

Q3: Do you agree with the fact that the surrender mechanism is part of the basic transmission service of GRTgaz and TIGF (thus without an associated fee)?

10. Enagás believes that there should not be any loss of revenues by the application of this procedure. So, if capacity was initially allocated at a higher price than the price for reallocation, then some rule to mitigate the loss of income should be in place.

Q4: Are you in favour of charging to the network user surrendering the capacity the difference, if positive, between the initial price and the reallocation price of the capacity?

11. Enagás would like to note that it might be excessive to bill shippers for the provision of the service and also to keep the over-revenues in those cases where the reallocated price is higher than initial price.

Q5: Are you in favour of CRE orientation with regards to the treatment of potential overrevenues generated by the surrender mechanism?

12. Enagás fully agrees with CRE’s proposal of invoicing to the initial holder of capacity the difference between the initial price and the reallocation price, if positive.

2.2 *Capacity increased through oversubscription and buy-back scheme*

Q6: Do you agree with CRE orientation of non-implementation of the oversubscription and buyback scheme to non-EU IPs?

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Q7: Are in favour of an implementation of the oversubscription and buy-back scheme as from 1st October 2013 with a temporary simplified buy-back mechanism?

14. At this stage Enagás it is not in the position to evaluate the adequateness of applying a simplified buy-mechanism during an interim period based on the pro-rata of nominated capacities.
15. As regards the application of this proposal at IPs with Spain, Enagás believes that this proposal should be further explored in the context of the South Gas Regional Initiative; in particular between NRAs and TSOs.
16. If a pro-rata of nominated capacities is applied as buy-back mechanisms, then the proposal is similar to offering interruptible capacities and it is not based on an incentive regime as stated by Regulation 715/2009.

Q8: Do you agree with CRE proposal of a buy-back price based on the price differential between two hubs?

17. Enagás would like to express some concerns about this proposal. In systems where there is not a hub in place it is not possible to set the price as the differential between the two hubs. Thus, in the case of IPs with Spain an alternative proposal should be evaluated.

Q9: Are you in favour of a 50-50 sharing between the TSO and the network users of the revenues and costs related to the oversubscription and buy-back scheme?

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Q10: Do you agree with CRE's orientation concerning the triggering of the buy-back by the TSO on an IP depending on the alignment of the firm commercialised capacities on each side of an IP?

19. Enagás believes that this proposal should be further explained. Within the context of the Network Code on Capacity Allocation Mechanism, it is not clear the reasoning behind why the TSO holding the lower amount of firm capacities should buy-back the necessary entry and exit capacities on the IP.
20. If the capacities are bundled, Enagás considers that the buy-back should be done in a coordinated way so the amount of capacity buy-back from shippers at both sides the IP is the same.

2.3 Long-term use-it-or-lose-it mechanism

Q11: Do you have any particular remarks with regards to the implementation of the long term UIOLI?

21. Although this procedure was in place in the majority of EU countries before Annex I to Regulation 715/2009 entered into force, it is worth noting that within the context of the CAM NC this procedure requires some modifications, in particular in those cases where capacity is bundled, the amount of capacity to be released should be the same at both sides of the IP.
22. TSOs are currently working of a joint implementation of this procedure within the context of the South Gas Regional Initiative. Enagás would like to claim for more coordination between NRAs.

2.4 Firm day-ahead use-it-or-lose-it mechanism

Q12: Do you agree with CRE's proposal not to early implement the firm day-ahead UIOLI mechanism at the IP Obergailbach?

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