Gas Infrastructure Europe

# Gas Regional Initiative

Madrid Forum XII

20/21 Feb 2007

# General Comments

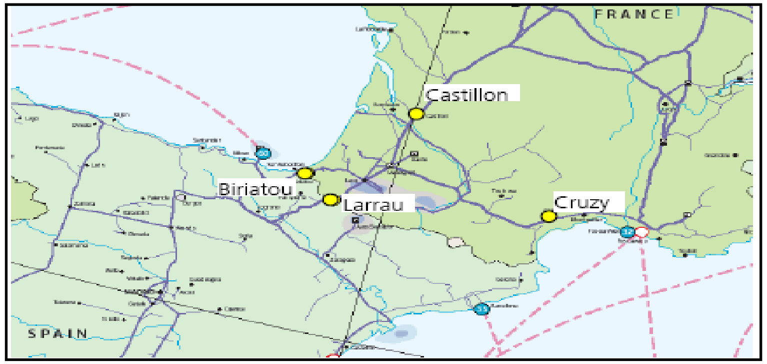
- GIE believes the Regional Initiative is a pragmatic approach to addressing market liberalisation issues
- However we need to ensure that the Regional Initiative deals with regional issues and does not duplicate activities being undertaken at the European level
- From GIE's perspective the Regional Initiative has worked best, where there has been this focus on specific regional topics, with only a few operators involved

# *Example: Spanish-French Interconnection*

enagas GRTgaz

TOTAL INFRASTRUCTURES GAZ FRANCE

**Goal:** To improve competition and increase security of supply on both the Spanish and French gas markets.




- **Entry capacities in Spain and France are sufficient to allow for significant gas flows between the two countries. TSOs are able to develop capacity at current interconnection points by 2011.**

| Direction | Interconnection Point | Potential Capacity developments | Currently under construction |
|---|---|---|---|
| France→ Spain | Larrau | 85 GWh/d (by 2010/11) | 20 GWh/d (by 2009) |
| Spain→ France | Larrau | 165 GWh/d | 100 GWh/d (by 2010) |

- **Interconnection capacity between TIGF and GRTgaz also to be increased.**
- **Enagás, TIGF and GRTgaz will explore future developments by 2015 to offer additional capacity increase to the market.**

## Example – Interconnections and primary capacity market

- Study made on 23 Interconnection Points in the NW region
- Issues noted by regulators concerning :
  - the lack of coordination between products and services offered,
  - the matching of rates of subscription
  - the matching of contractual congestion procedures
  - the matching of capacity allocation mechanisms
  - …
- Need for more coordination between TSOs and regulators
- A few Interconnection Points will be selected for further examination by TSOs and regulators .
- Workshop on implementation plans to be held in April

# Example – Day-ahead-Auctions I

- On the first N/NW Stakeholder Group Meeting (9/10 October 2006) EFET proposed day-ahead-auctions as a quick win for the improvement of the secondary capacity market.
- The North /North-West operators published a study on Co-Ordination on Day Ahead Capacity on 18 December and made the following proposal (product features):
  - Location: Bunde / Oude Statenzijl (H-gas) and Ellund
  - Combined entry and exit capacities
  - Interruptible capacities offered by TSOs
  - Duration / Lead time: day ahead daily capacity

# Example – Day-ahead-Auctions II

- Workshop on "Day-ahead-Auctions" in Bonn (9 February )
  - Stakeholders wish to have firm (priority!) and interruptible capacity auctioned
  - Recycling is needed : firm capacities could be sourced from secondary market
  - Precise and complete information is needed (ex : more precisions on interruptibility)

- Way forward
  - Review of pilot project is required; may lead to re-design
  - EFET, involved operators and key stakeholders will contribute to a work plan until 28 February
  - Presentation of renewed proposal on GRI workshops in April

# Other Points

- Potentially we should seek to involve new EU Member States in the process
- However we should endeavour to keep the Regions to a manageable size
- We should follow the agreed process, as this has not always been the case
- We need to be ambitious, but goals should be achievable and realistic
- We need to understand the position of important non EU stakeholders which have a significant operational impact

# Conclusion

- GIE fully supports the ambitions of the Gas Regional Initiative
- Progress is being made, however it is essential to avoid duplication with European level activities
- With a renewed focus on regional issues progress will be quicker
- We propose to identify quick wins in all of the regions and to establish small groups to deliver these initiatives
- We need to continually ensure that the Regions remain a stepping stone to the creation of the single European gas market