

**ACER Public Consultation on
South Gas Regional Initiative WORK PLAN 2015-2016
Comments from AGN – Portuguese Natural Gas Association**

AGN considers that SGRI should promote the harmonization of the regulation in the region and a coordinated implementation of the Network Codes. Only a coherent set of rules and procedures guarantees a dynamic market and a solid step towards the single Energy market.

Capacity Allocation Mechanism and Congestion Management Procedure

AGN believes that the Draft Working Plan addresses the main concerns regarding CAM and CMP implementation. Nevertheless attention should also be focused on the coordinated development of the operational issues associated to allocated capacity utilization. Among others, the issues would be:

- Interface between operators and shippers
 - Unique nomination/renomination
 - Unique contact point, in order to avoid having to speak or operate with two TSOs in parallel for the use of a bundled capacity
- Ensure the coherence between the clauses of the capacity booking contracts

Infrastructures

The integration among gas systems of the south region should keep the European Single Energy market as a final and key objective. New capacity and infrastructure investment

should be planned in an integrated framework with a regional perspective, in order to assure rational and efficient investments in the regional gas systems. For instance, the Portuguese-Spain 3rd interconnection should be dependent on the reinforcement of the Pyrenees connection, otherwise the Iberian peninsula would remain as an isolated system.

We also note that presently there are limitations to gas flows within the region, and between the region and Central Europe; these constraints, limit the market implementation and can limit the benefits. All those suppose a real improvement of the security of supply and a needed step to achieve the internal Energy Market.

Iberian Hub development

Creating a gas hub for the region is critical to assure transparency and liquidity to the market, therefore AGN believes that a common roadmap with clear commitments from the various stakeholders should be in place as soon as possible. Hub development should take into account the need to connect the Iberian hub with the ones in the north region. Regarding market area integration and organization please take into account AGN's comments in the Public Consultation "Integration of the Spanish and Portuguese gas markets in a common Iberian Natural Gas Market".

Interoperability and data exchange

The draft Working Plan includes an action on harmonization of the reference temperature. However, the interoperability Network Code submitted by ENTSOG and under comitology, does not require a harmonization of the combustion reference temperature. Article 14 of the proposed network code specifies that alternative reference conditions can be used provided that conversion factors are used accordingly.

In other words, no gas exchange between quantities expressed in different reference conditions would be done without the use of the relevant conversion factors to homogenize the exchanged quantities.

Changing the combustion reference temperature can have economic consequences for suppliers because the reference temperature cannot be easily changed in their long term supply contracts. Therefore, GNF proposes not to include it in the SGRI's work program.