



**Consulta Pública -
*Implementação do Código de
Rede relativo a Estruturas
Tarifárias harmonizadas para
o Transporte de Gás Natural***

Enagás comments

NON-CONFIDENTIAL RESPONSE

17th October 2018

1 Introduction

1. Enagás welcomes ERSE's opportunity to contribute to the public consultation on the implementation of the Network Code on harmonised transmission tariff structures for gas in Portugal.
2. Enagás response to this consultation is **not confidential and not anonymous**.
3. The zero reserve price at the exit through the VIP is not due to the result of the application of the reference price methodology but to an *ad hoc* decision. This should be carefully analysed.
4. To support such analysis, Enagás would like to point out some characteristics of the physical flow from Portugal to Spain at the VIP.

- The public consultation states that:

A contratação de capacidade em sentido oposto ao fluxo unidirecional no VIP contribui para a libertação de capacidade em fluxo não gerando qualquer necessidade de investimento e consequentemente apresentando um custo incremental de capacidade nulo.

Enagás would like to note that, though there is a clearly predominant flow at VIP Ibérico, the physical connections making up VIP Ibérico are both bidirectional. Thus, while normally nominations from Portugal to Spain result in a reduction of the predominant flow, they might also materialize in a physical flow.

The physical bidirectionality of capacity can be easily checked as each year Enagás and REN jointly calculate the capacities at the VIP and presented at in different fora (e.g. S-GRI, TYNDP ...).

- In the consultation document the exit from the transmission network to Spain through the VIP is included in the same category as the exit from the transmission network to the LNG terminal.

The nature of these capacities is, however, very different. Exit capacity from the transmission network to the LNG terminal is based on a *virtual* (non-physically possible) flow that can only be booked for commercial purposes and delivered if forward haul nominations have been confirmed, whereas capacity from Portugal to Spain can be booked and gas may physically flow from Portugal to Spain.

- Although the net flow at the VIP is most of the time from Spain to Portugal, it is worth to bear in mind that Tuy physical interconnection point between Spain and Portugal was initially designed to import gas from Portugal to Spain. This interconnection point was part of the GME project which provided natural gas from Algeria through Morocco to Spain and Portugal. The GME pipeline enters to Spain through Tarifa, then goes to Portugal through Campo Maior IP and crosses Portugal to finally enter again Spain through Tuy; the initial design foresaw to supply the region of Galicia from Portugal being Tuy a unidirectional

connection, though later developments have made more flexible the use of Tuy.

- The probability of punctual flow reversions will increase if a high level of utilisation in Sines is maintained. According to the information provided by ERSE on the Portuguese system, in 2017 the utilisation largely surpassed expectations, and such situation is maintained in 2018.