



# GUIDELINES OF GOOD PRACTICE ON CAPACITY ALLOCATION

Work Methodology

Gas Working Group

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## Introduction

Market participants, in order to be able to fulfil their contractual obligations and establish their position in the market, require access to gas transmission systems. The allocation of capacity on gas transmission systems is regulated through various allocation mechanisms, which either could favor the supplier and/or encourage a consumer oriented approach.

The purpose of this work is to assess the allocation mechanisms actually adopted in the Mediterranean region and to define MEDREG Good Practice Guidelines for capacity allocation. Guidelines will aim to help identify more efficient allocation mechanisms of the capacity at the interconnection points to support the development of cross-border trade and of an efficient gas wholesale market in the Mediterranean region.

This work will include 5 main deliverables:

- The **first deliverable**, the work's methodology description, which is presented in this report.
- The **second deliverable**, also presented in this report, corresponds to a questionnaire by which it will be possible to assess the current status, i.e. the capacity allocation mechanisms currently employed by MEDREG members.
- A **third deliverable**, to be finalized until November 2017, will be a report on current status, based on the NRA responses to the above questionnaire.
- A **fourth deliverable**, to be finalized until November 2018, will be a report on MEDREG Good Practice Guidelines.
- The last **deliverable** will be a periodical, assessment, starting from 2019, of the implementation of MEDREG Good Practice Guidelines.

## Work's methodology description

Effective capacity allocation on gas transmission systems, especially interconnection points between countries, is essential to the liberalization of the gas markets, because it provides fair access to the market participants.

The present report “Guidelines of Good Practice on Capacity Allocation” intends to provide a review of the different methodologies employed. Given the diversity of currently adopted methodologies (first-come-first-served, auctioning, others), an initial status assessment is intended, based on a questionnaire distributed to the Regulators of the MEDREG countries. The assessment concerns also the congestion management mechanisms adopted, if any, that are strictly related to the efficient use of the capacity allocated.

The questionnaire will be divided in 4 sections, which are briefly described below.

### A. Capacity products and capacity allocation mechanisms

This section is related to:

- methods used to allocate capacity at the interconnection points
- firm/interruptible products offered
- set aside of firm capacity for short-term products
- possibility to offer unused capacity on a secondary market
- additional capacity offer
- bundled capacity
- booking capacity period
- booking platforms used for the allocation of capacity
- timetable for capacity allocation
- public service obligations or security of supply aspects

### B. Congestion and its management

This section is related to:

- contractual congestions
- physical congestions
- congestion management mechanisms

### **C. Cooperation among TSOs**

This section is related to:

- network codes/documents defining how exchange information among TSOs
- units of measure for capacity offered
- barriers to TSOs cooperation

### **D. Role of Regulator**

This section is related to:

- TSOs Network Codes approval process by Regulators and stakeholders' involvement
- regulatory supervision on the level of available (technical) capacity
- contents of TSOs Network Codes (capacity allocation and congestion management methodologies, general terms and conditions, communication procedures)
- collaboration among neighbouring Regulators on capacity allocation and congestion management methodologies