
PUBLIC CONSULTATION INTERCONNECTION AGREEMENT VIP IBERICO

IN:

VIP IBERICO

BETWEEN:

REN,

AND

ENAGAS TRANSPORTE, S.A.U.

AND

ENAGAS GTS, S.A.U.



This Interconnection Agreement is made the XXth XXX, 2016 by and among:

REN Gasodutos, S.A. (hereafter referred as “REN”);

ENAGAS TRANSPORTE, S.A.U. (hereafter referred as “ENAGAS TR”), and

ENAGAS GTS, S.A.U. (hereafter referred as “ENAGAS GTS”)

Whereas REN is the System Technical Manager and operator of the gas transmission network in Portugal.

Whereas ENAGAS TR is the operator of the gas transmission network in Spain.

Whereas ENAGAS GTS is the System Technical Manager and according to the Spanish Law 34/1998 of 7 October, Article 64.1 has, among others, the following functions:

g) Issue operating instructions to Spanish transmission facilities including international interconnections.

k) Issue the appropriate orders so that companies owning Spanish Basic Network and secondary transmission network facilities are able to operate their facilities in such away that the delivery of gas is ensured at the system output points under the correct conditions.

Whereas the Portuguese and the Spanish networks are interconnected at two physical points named “Badajoz - Campo Maior Interconnection Point” and “Valença do Minho - Tuy Interconnection Point” gathered together in a single Virtual Interconnection Point named VIP .IBERICO.

Whereas REN, ENAGAS TR and ENAGAS GTS wish to enter into an agreement named “INTERCONNECTION AGREEMENT” (hereinafter referred to as “the Interconnection Agreement”) in order to govern all the operations made at the aforementioned Interconnection Points.

Now, therefore, the Parties agree the Interconnection Agreement as follows:



CONTENTS

COMMON REFERENTIAL	8
<i>Shipper codes</i>	8
<i>Units</i>	8
MATCHING PROCEDURE	9
<i>Matching Process</i>	10
ALLOCATION	11
<i>Physical Delivered Quantities Process</i>	11
<i>Shippers Allocated Quantities Process</i>	12
EXCEPTIONAL EVENT SITUATION	13
<i>Definition</i>	13
<i>Procedure</i>	14

GLOSSARY

In this Interconnection Agreement the following terms shall have the following meanings:

Active TSO:

Means the transmission system operator who receives the single sided nominations submitted by a shipper and that forwards the single sided nominations to the adjacent TSO.

Aggregated Confirmed Daily Quantities:

Means the algebraic sum of Daily quantities of Energy notified by all Shippers and Confirmed by the Parties on a particular day.

Allocated Quantity:

Means the quantity of gas attributed to a Shipper by a transmission system operator as an input or an off-take expressed in kWh for the purpose of determining the daily imbalance quantity.

Confirmed Quantity or Confirmed Quantities:

Means the quantity of gas confirmed by a transmission system operator to be scheduled or re-scheduled to flow on Gas Day D.

Daily Deviation:

Means the difference between the algebraic sum of the Allocated Daily Quantities for Gas Day D and the Physical Daily Quantity of gas measured for the same Gas Day D in the VIP-IBERICO.

Edig@s:

Standard International Protocol for the exchange of information through electronic means based on the CBP (Common Business Practice) developed by EASEE-gas (European Association for the Streamlining of Energy Exchange-gas).

Gas Day:

Means the period from 5:00 to 5:00 UTC the following day for winter time and from 4:00 to 4:00 UTC the following day when daylight saving is applied. That is, the Gas Day is the period:

- a) From 5:00 to 5:00 the following day, according to the Portuguese legal time;*
- b) From 6:00 to 6:00 the following day, according to the Spanish legal time.*

Gas Week:

Means the period:

- a) From 5:00 on Saturday to 5:00 on Saturday of the following Week, according to the Portuguese legal time;*
- b) From 6:00 on Saturday to 6:00 on Saturday of the following Week, according to the Spanish legal time.*

Initiating TSO:

Means the transmission system operator initiating the matching process by sending the necessary data to the matching transmission system operator.

IP:

International Connection Point. Means the connection between REN the system and the gas transportation system of ENAGAS. The measuring and/or determination of the quantities for this International Connection Point shall be carried out at the Border Metering Station.

Lesser Rule:

Means that, in case of different processed quantities at either side of an interconnection point, the confirmed quantity will be equal to the lower of the two processed quantities.

Matching process:

The process of comparing and aligning processed quantities of gas for network users at both sides of a specific interconnection point, which results in confirmed quantities for the network users.

Matching TSO:

Means the transmission system operator performing the matching process and sending the result of the matching process to the initiating transmission system operator.

Measured Quantity:

Means the quantity of gas that, according to the measurement equipment from the transmission system operator, has physically flowed across an interconnection point per time period.

Network User:

Means a customer or of a transmission system operator, and transmission system operators themselves in so far as it is necessary for them to carry out their functions in relation to transmission.

Nominated Quantity or Nominated Quantities:

Means Daily quantity of gas notified and communicated by Shippers to REN and ENAGAS GTS.

Nomination:

Means the amount informed by the network user to the transmission system operator of the actual flow that the network user wishes to inject into or withdraw from the system.

Off-spec gas:

Shall mean Gas that does not meet the specifications at the Interconnection Point.

Passive TSO:

Means the transmission system operator who is adjacent to the Active TSO and receives the single sided nominations forwarded by the Active TSO.

Physical Delivered Quantity:

Means the Gas Quantity delivered in VIP IBERICO.

Processed Quantity or Processed Quantities:

Means the quantity of gas determined by the initiating TSO and by the matching TSO, which takes into account the Shippers' and TSO's nomination or re-nomination and contractual provisions as defined under the relevant transport contract and which is used as the basis for the matching process.

Re-nomination:

Means the subsequent reporting of a corrected nomination.

Re-nomination Cycle:

Means the process carried out by the transmission system operator in order to provide a Shipper with the message regarding the Confirmed Quantities following the receipt of a re-nomination.

Shipper:

Means those subjects having signed a Transportation Agreement with one of the Parties of the gas system using the facilities belonging to it, also referred as network users in this Glossary.

Shipper code:

Code used to identify Shippers. An unique alphanumeric Network User code to identify the Shipper at both sides of the International Connection Point.

OBA Operating Balancing Account:

Account for cumulative differences between nominated quantities and actually delivered quantities.

All the Definitions not mentioned above will follow European Regulation definitions.

The part of the process that affects users is detailed as follows:

COMMON REFERENTIAL

Shipper codes

REN and ENAGAS GTS agree to share some key data related to the Code of the Shippers active at each side of the VIP IBERICO.

These Codes shall be used in all messages exchanged in the nomination and matching processes. The initial data will be shared by both Parties and in order to be aware of any changes that may occur in the adjacent Party repository, the data shall be exchanged whenever a modification occurs.

Units

The Parties agree to use the following common set of units:

<i>pressure:</i>	<i>bar (a)</i>
<i>temperature:</i>	<i>°C (degree Celsius)</i>
<i>volume:</i>	<i>m³</i>
<i>gross calorific value (GCV):</i>	<i>kWh/m³</i>
<i>energy:</i>	<i>kWh (based on GCV)</i>
<i>Wobbe-index:</i>	<i>kWh/m³ (based on GCV)</i>

The reference conditions for volume shall be 0°C and 1.01325 bar(a). For GCV, energy and Wobbe-index the default combustion reference temperature shall be 25°C.

MATCHING PROCEDURE

Next are detailed the steps for the matching procedure to be performed, in order to obtain the Confirmed Quantities that will be delivered at VIP.IBERICO by each Shipper avoiding any discrepancy in the Nominations.

Steps to be performed over the matching procedure:

Step 1:

REN will forward to ENAGAS GTS all received and not rejected single-sided nominations.

Step 2:

REN and ENAGAS GTS will calculate for each received (Re)-Nomination the Processed Quantities, in order to determine if the (re-)Nominated Quantity by the Shipper can be totally or only partially accepted.

For each (Re)-Nomination Cycle, only the last applicable (Re)-nomination (including nominations generated with default rule) that was sent before the Shipper deadline will be taken into account.

In the event that there were constraints in any of the upstream or downstream VIP.IBERICO systems, the affected Party will communicate their Shippers a notification considering the limitations arisen not later than forty-five (45) minutes after the Shippers' (Re)-Nomination Cycle. This Party will also proceed to calculate the Processed Quantities as described in Exceptional Event Situation

Step 3:

REN will send ENAGAS GTS the Processed Quantities, and Nominated Quantities.

Step 4:

ENAGAS GTS shall perform the "Matching Process" by using the criteria of the Lesser Rule.

Step 5:

ENAGAS GTS will send the Matching Result to REN.

Step 6:

ENAGAS GTS and REN will communicate the Confirmed Quantities to their respective Shippers.

Matching Process

The Matching Process is designed to avoid problems in the transportation or mismatches in the transfer of gas at IPs, in case of inconsistency in the Nominated or Processed Quantities at both sides of the VIP.IBERICO. The criteria used will be the Lesser Rule.

The Lesser Rule means that for each Shipper pair and for the same direction:

- If REN and ENAGAS GTS Processed Quantities are the same, ENAGAS GTS will confirm these quantities.*
- If REN and ENAGAS GTS Processed Quantities are different, ENAGAS GTS will confirm the lower value in order to avoid any discontinuity over the VIP.IBERICO.*
- If a counterparty nomination is missing at REN or ENAGAS GTS side (no Processed Quantities on one side exists), ENAGAS GTS will confirm a value of 0.*

The 0 is only sent as Confirmed Quantity when there is a quantity on TSO side and not on the other (no 0 will be confirmed if there is no nomination on any side).

ALLOCATION

Allocation is the process by which:

1) *The measured quantities at IPs corresponding to the VIP IBERICO are confirmed between TSOs. This determines the Physical Delivered Quantities.*

2) *The quantities at VIP.IBERICO are assigned to Shippers based on their Confirmed Quantities. This determines the Shippers Allocated Quantities.*

The daily difference (Daily Deviation) between the Total Physical Delivered Quantities and the Total Shippers Confirmed Quantities will be allocated to a deviation account known as the Operational Balancing Account (OBA).

REN and ENAGAS GTS endeavor to adapt the gas flow across the VIP IBERICO, in order that the cumulated daily differences between the Total Physical Delivered Quantities and Total Shippers Confirmed Quantities are nearly zero.

Physical Delivered Quantities Process

- REN will send simultaneously to ENAGAS GTS and ENAGAS TR through SL-ATR the following information before 09:00h Portuguese legal time / 10:00h Spanish legal time of Gas Day D+1:

1) *The Physical Delivered Quantity measured at IP Valença do Minho - Tuy on Gas Day D and previous days in the current Month.*

Meanwhile SL-ATR isn't available, this send will be by e-mail. For guidance, it is agreed that the physical flow of gas from ENAGAS to REN shall have a positive sign, and physical flow from REN to ENAGAS shall have a negative sign.

In case no measure is received once reached this deadline, ENAGAS GTS will use its best estimation.

-When SL-ATR will be available, ENAGAS TR will send simultaneously to ENAGAS GTS and REN through SL-ATR the following information before 09:00h Portuguese legal time / 10:00 Spanish legal time of Gas Day D+1:

2) *The Physical Delivered Quantity measured at IP Badajoz on Gas Day D and previous days in the current Month.*

In case no measure is received once reached 10:00h deadline, REN and Enagas TR will use their best estimation.

Shippers Allocated Quantities Process

The following Allocation Rule is established for the Gas Day D: the Confirmed Quantity obtained after Matching Procedure and Confirmed Quantities Comparison Procedure, as described in Matching Procedure, will be the Allocated Quantity to each Shipper.

EXCEPTIONAL EVENT SITUATION

Definition

As defined in the COMMISSION REGULATION (EU) 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange rules an Exceptional Event Situation is any unplanned event that is not reasonably controllable or preventable and that may cause, for a limited period, capacity reductions, affecting thereby the quantity or quality of gas at a given interconnection point, with possible consequences on interactions between transmission system operators as well as between transmission system operator and network users”.

This situation may affect the Shippers’ Confirmed Quantities communicated previously to the Exceptional Event Situation declaration in case the expected steering differences are higher than the quantities agreed in Operational Balancing Account (OBA).

The Exceptional Event Situation could be due as a result of:

- Delivery conditions out of the established ranges of pressure and quality or technical capacity.*
- Problems in transmission elements at one or both sides of interconnection.*
- Exceptional Operating Situation or any other levels of alert operations pursuant the provision of the irrespective national legislation involving capacity reduction.*
- In case of Gas Shortage Emergency, TSOs shall cooperate in order to minimize any constraints (planned/unplanned maintenance works) and to ensure the highest reliability of the respective systems.*
- TSO who has a Gas Excess Event shall inform the other TSO about the daily quantities available and the adjusted quantities of each of their involved Network Users making their best effort to send the communication as soon as possible and before the expected event will occur. Also, the same TSO shall inform their Network Users and request them to inform their related parties upstream and downstream as soon as possible.*

Circumstances arising from trade imbalances as well as scheduled maintenance operations are excluded.

Procedure

The Party affected by an exceptional event situation will communicate it by phone and in English or Spanish or Portuguese language, as soon as possible to the other Party, followed by an e-mail confirmation, indicating:

- 1) Cause of reduction indicating date and start time for application.*
- 2) The possible impact on the quantity or quality of gas that can be transported through the interconnection point.*
- 3) Identification of affected facilities.*
- 4) Expected and actual end of the exceptional event.*
- 5) Recovery plan.*

As well as inform, as soon as possible, their Shippers about:

- 1) The possible impact on their Confirmed Quantities at VIP IBERICO*
- 2) Expected and actual end of the exceptional event.*

The affected Party will calculate Shippers' Processed Quantities according to their own national regulations. These Processed Quantities will be used in the Matching Process that will provide Shippers the new Confirmed Quantities as described in Matching Procedure.