



Open Season for the development of new gas interconnection capacity between Spain and France after 2012

ALLOCATION RULES FOR 2013 CAPACITIES

July 2009

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1 Introduction.

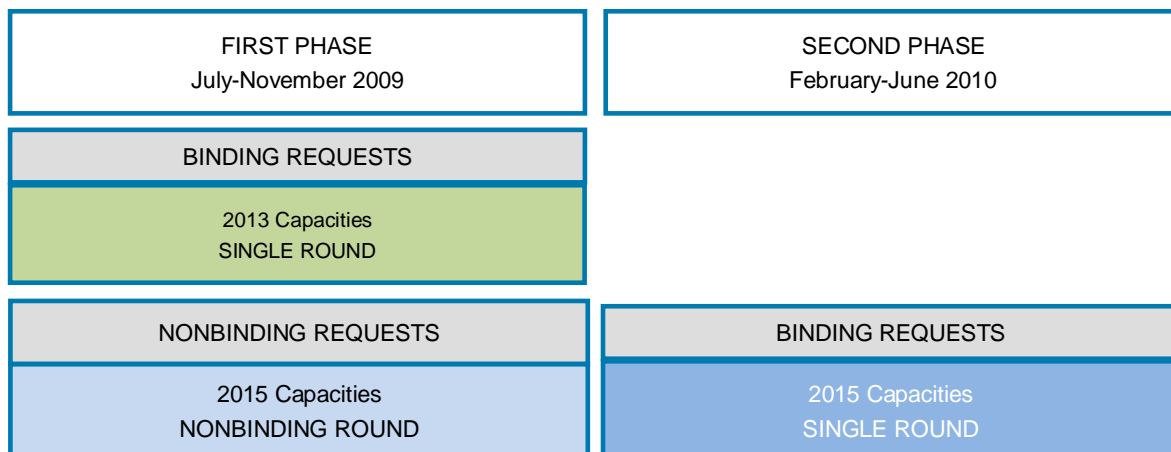
1.1 General overview.

The allocation rules contained in this document will be applied for the allocation of “2013 capacities”, as described in the Information Memorandum. The rules will only be applicable to long-term transmission capacities. These capacities will be allocated during the First Phase of the Open Season for the development of new gas interconnection capacity between Spain and France which is expected to enter into service on 1st April 2013.

Long-term capacity requests for 2013 capacities are binding.

The allocation procedure for long-term transmission capacities corresponding to “2013 capacities” will comprise one single round made up of three allocation stages, as described in Section 4, “Allocation stages of the Single Round.”

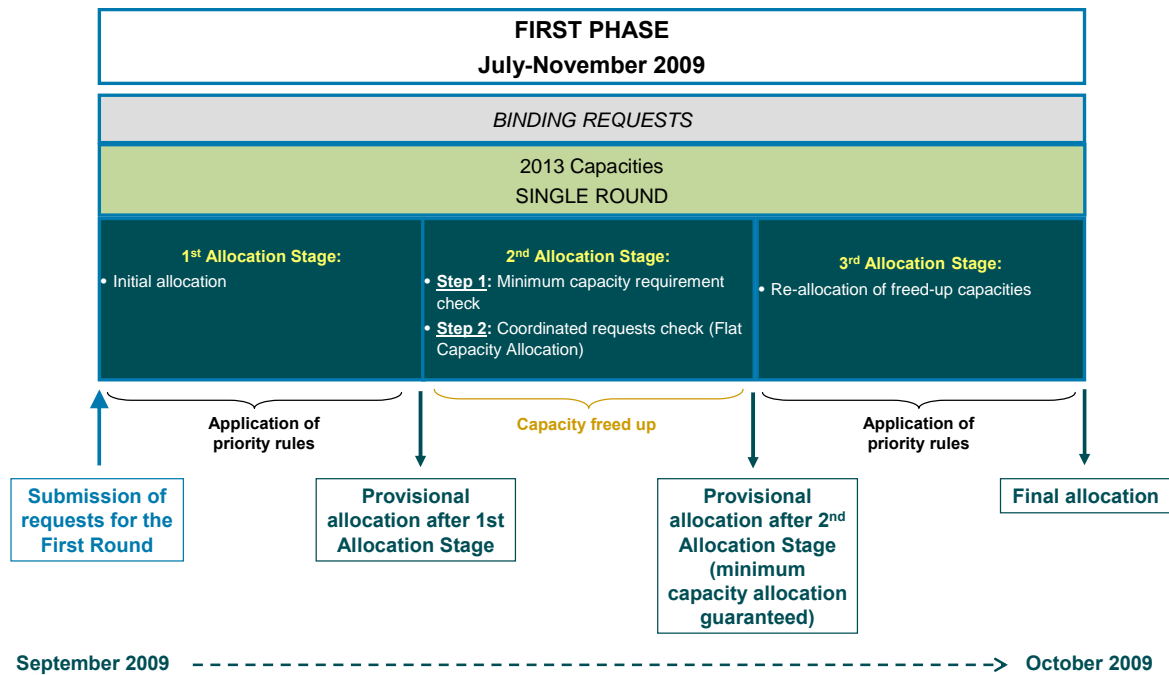
Figure 1: Open Season phases.



Rules for transmission capacities starting on 1st April 2013 which are not offered through the Open Season, but through different procedures such as future OSPs, will be defined in separate documents.

This document does not include rules for the allocation of “2015 capacities”. A “Letter of Intent” and non-binding “Application form for 2015 capacities” for the expression of interest for “2015 capacities” during the First Phase of the Open Season have been developed as separate documents. Rules for the allocation of “2015 capacities” during the Second Phase will also be developed as separate documents. The “Letter of Intent” and non-binding “Application form for 2015 capacities” submitted by interested stakeholders for the expression of interest for “2015 capacities” will only be considered as indicative of the general interest by stakeholders on new interconnection capacity, and will not grant under any right or preference to respondents for the assignment of capacity during the Second Phase of the Open Season.

Figure 2: Single Round for 2013 capacities – Allocation Stages.



1.2 Definitions.

Duration. Period covered by the capacity request.

Application Form. Document containing the identification data of the requesting parties, and where the following information must be completed: type of capacity request (multiannual or multiseasonal), the allocation options, the amount of capacity requested per Interconnection Point, the minimum capacity required to accept allocation at each Interconnection Point, the duration for which capacity is requested at each Interconnection Point, the starting date of the service, the signature of the parties and the request date. An Application Form might contain up to 5 capacity requests. Up to 4 shippers may request capacity through a single Application Form.

Capacity request. Request for capacity at an Interconnection Point. The following data must be completed in each capacity request: amount of capacity requested, minimum capacity required to accept allocation, starting date, and duration.

Independent request. Capacity request whose capacity allocation is performed and accepted independently from the acceptance of other capacity requests.

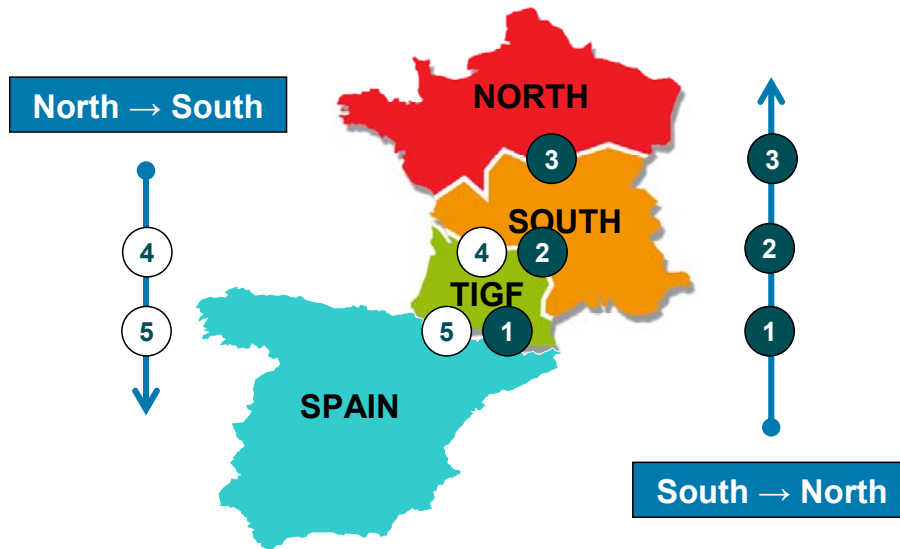
Coordinated request. Capacity request whose capacity allocation is only accepted by the shipper(s) if the “minimum capacity required to accept the allocation” (as defined in Section 2.1.5) is reached at other Interconnection Points.

Interconnection Point. For the purpose of capacity allocation:

- Interconnection capacity between Spain and TIGF, allowing to transport gas from South to North, is referred as “Interconnection Point 1” or “IP1”.
- Interconnection capacity between TIGF and GRTgaz South, allowing to transport gas from South to North, is referred as “Interconnection Point 2” or “IP2”.

- Interconnection capacity between GRTgaz South and GRTgaz North, allowing to transport gas from South to North, is referred as “Interconnection Point 3” or “IP3”.
- Interconnection capacity between GRTgaz South and TIGF, allowing to transport gas from North to South, is referred as “Interconnection Point 4” or “IP4”.
- Interconnection capacity between TIGF and Spain, allowing to transport gas from North to South, is referred as “Interconnection Point 5” or “IP5”.

Figure 3: Interconnection points and flow direction.



Long-term capacity request. Request for 2013 capacities for a minimum period of 13 months or of two consecutive winter or summer seasons.

Long-term capacity. Capacity reserved for long-term capacity requests.

Multiannual capacity request. Long-term capacity request covering “n” consecutive months, being “n” equal to or higher than 13, and equal to or lower than 240.

Multiannual capacity. Capacity reserved for multiannual capacity requests.

Multiseasonal capacity request. Long-term capacity request covering “n” consecutive winter or summer seasons, being “n” equal to or higher than 2, and equal to or lower than 20.

Multiseasonal capacity. Capacity reserved for multiseasonal capacity requests.

Shipper. Stakeholder taking part in the allocation of 2013 capacities through the Open Season. Shippers will be required, before the signing date of the transmission contract, to have a shipper licence for the gas networks where they are required to book capacity.

Starting date. Date from which the shipper requests the commencement of the service.

2 General principles.

2.1 Capacity requests.

2.1.1 *Multiannual and multiseasonal requests.*

Requests may be made either for multiannual capacity, or for multiseasonal capacity.

Multiannual and multiseasonal capacity cannot be requested through a single Application Form. If a shipper or group of shippers wish to submit both multiannual and multiseasonal capacity requests, two different Application Forms will be required.

2.1.2 *Starting date.*

The starting date of all multiannual capacity requests will be indicated by shippers in each Capacity request in the MM/YYYY format, and will be the 1st day of the referred month.

The starting date of all multiseasonal capacity requests will be either the first date of a summer season (1st April, i.e. 04/YYYY) or the first date of a winter season (1st November, i.e. 11/YYYY), depending on the availability of multiseasonal capacity at each Interconnection Point. It will not be possible to specify a different starting date in the capacity request.

2.1.3 *Duration.*

Multiannual capacity requests will be made for at least 13 consecutive months.

Multiannual capacity requests will have a minimum duration of 13 months and a maximum duration of 240 consecutive months.

Multiseasonal capacity requests will be made for complete winter or summer seasons.

Multiseasonal capacity requests will have a minimum duration of 2 consecutive winter or summer seasons and a maximum duration of 20 consecutive winter or summer seasons.

The period covered by the capacity request ("Duration") must start not earlier than 1st April 2013 and must end not later than 31st March 2033.

2.1.4 *Amount of capacity requested.*

It shall be indicated in each capacity request the amount of capacity requested per point in MWh/day.

The amount of capacity requested at each Interconnection Point will be constant for the whole period covered by the request ("Duration").

The amount of capacity requested must be equal at all coordinated points in case of choosing Option B.II., "Flat Capacity Allocation" (see Section 3.2.2, "Types of coordination.").

2.1.5 *Minimum capacity required to accept the allocation.*

It shall be indicated in each capacity request, in MWh/day, the minimum capacity required to accept the allocation.

If the minimum capacity required to accept the allocation is not reached by the shipper through that request at an Interconnection Point after the 1st Allocation Stage, no capacity will be allocated to the shipper for that capacity request at that point. In case of coordinated requests, no capacity will be allocated to the shipper for the coordinated capacity request at the coordinated points.

The minimum capacity required to accept the allocation must be equal at all coordinated points in case of choosing Option B.II., “Flat Capacity Allocation” (see Section 3.2.2, “Types of coordination.”).

In order to apply the “Minimum capacity requirement check” described in Section 4.2.1, capacity requests for capacity at the same Interconnection Point submitted through different Application Forms will be treated independently, i.e. the amounts of capacity allocated at an Interconnection Point through different capacity requests after the 1st Allocation Stage will not be aggregated in order to apply the rule.

If no capacity is indicated as the minimum to accept the allocation, 0 MWh/day will be considered as the default option.

2.1.6 Maximum amount of capacity requested at an Interconnection Point.

Shippers will be allowed to submit more than one capacity request at an Interconnection Point, through more than one Application Form, for the same or different duration and amount of capacity, provided that the total capacity requested in any given month (for multiannual capacities) or season (for multiseasonal capacities) by a single shipper or by a group of companies linked via a relationship of “control” as defined in EC Regulation 139/2004 articles 3.2 and 3.3, aggregating the amounts of capacity requested through different capacity requests at an Interconnection Point, are equal to or lower than 100% of the total amount of capacity offered at that Interconnection Point in that month (for multiannual capacities) or season (for multiseasonal capacities).

Otherwise, all multiannual or multiseasonal capacity requests at that Interconnection Point will be rejected.

If a capacity request for a coordinated point is rejected, all coordinated capacity requests contained in the same Application Form will be rejected.

2.1.7 Constant amount of capacity to be allocated.

The amount of capacity allocated to a shipper for a capacity request at each Interconnection Point will be constant for the whole period covered by the request (“Duration”).

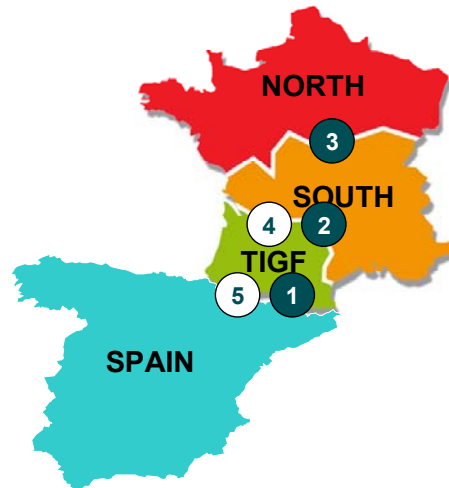
2.1.8 Booking of capacities.

Up to four shippers may request capacity through a single Application Form. These are identified in the Application Form as Shipper 1-SPA, Shipper 1-FRA, Shipper 2 and Shipper 3.

Once the allocation procedure has been completed:

- Capacity at IP1 will be booked by Shipper 1-SPA on the Spanish network and by Shipper 1-FRA on TIGF network.
- Capacity at IP2 will be booked by Shipper 2.

- Capacity at IP3 will be booked by Shipper 3.
- Capacity at IP4 will be booked by Shipper 2.
- Capacity at IP5 will be booked by Shipper 1-SPA on the Spanish network and by Shipper 1-FRA on TIGF network.



2.1.9 Relationship of “control” between shippers as defined in EC Regulation 139/2004.

CRE and CNE will monitor the relationship of “control” as defined in EC Regulation 139/2004 between the participants in the allocation of 2013 capacities before the capacity allocation.

2.2 Priority rules.

Capacity requests will be prioritised first according to the starting date of the service, and then to the duration of the request.

During the Single Round of the First Phase of the OS, for the purpose of capacity allocation:

- Capacity requests will be first ranked granting higher priority to capacity requests with an earlier date of commencement, being 1st April 2013 the earliest possible date.¹
- Capacity requests with the same starting date will be ranked granting higher priority to capacity requests of longer duration.
 - Multiannual capacity requests with a duration equal to or higher than 120 months will be granted the highest priority between capacity requests with the same starting date. No differentiation will be made in terms of priority between multiannual capacity requests with a duration equal to or higher than 120 months.

¹ Or 1st November 2013 for multiseasonal capacity for winter seasons in case multiseasonal capacity for winter seasons was offered at any Interconnection Point

- Multiseasonal capacity requests with a duration equal to or higher than 10 seasons will be granted the highest priority between capacity requests with the same starting date. No differentiation will be made in terms of priority between multiseasonal capacity requests with a duration equal to or higher than 10 seasons.

Allocation of capacities between capacity requests with the same level of priority will be made on a pro-rata basis taking into account the amount of capacity requested.

The amount of capacity allocated to each request during the period covered by the request will be constant and equal to the amount of capacity allocated to the request during the first month or season.

For the sake of clarity, there is no prioritisation between multiannual and multiseasonal capacity requests: these requests are made for different types of capacity which are offered independently, and two parallel allocation processes are run. The amounts of capacity reserved at each Interconnection Point for each type of request is established in the Information Memorandum.

3 Allocation options.

Allocation options vary depending on the type of capacity request: multiannual or multiseasonal.

In the case of **multiannual capacity requests**, it will be possible in each Application Form to choose between independent allocation of capacity at each Interconnection Point (“Independent Allocation per Point”) and coordinated allocation between Interconnection Points (“Coordinated Allocation”):

- **OPTION A. Independent Allocation per Point.**
- **OPTION B. Coordinated Allocation.**

If, in the case of multiannual capacity requests, an option is not chosen among the two allocation options in the Application Form, all capacity requests in the Application Form will be considered as independent requests (i.e. OPTION A is the default option).

In the case of **multiseasonal capacity requests**, capacity will be independently allocated at each Interconnection Point. Thus no option will be chosen, and an independent allocation per point will be performed.

If, in the case of multiseasonal capacity requests, an option is chosen among the two allocation options in the Application Form, the option will be ignored.

3.1 OPTION A. Independent Allocation per Point.

Under this option an independent allocation of capacity will be performed at each Interconnection Point for the capacity requests contained in the Application Form.

Within this option, it will be possible under the same Application Form to request a different amount of capacity, for a different duration, at each Interconnection Point.

Each capacity request will be treated independently during the allocation process. Thus, capacity will be allocated independently at each Interconnection Point.

If OPTION A is chosen, each capacity request contained in the Application Form will be referred to as “independent request”.

3.2 OPTION B. Coordinated Allocation.

Under this option a coordinated allocation of capacity between two or more Interconnection Points is accepted.

It shall be indicated in the Application Form for which points a coordinated allocation is requested (a minimum of two points), and what type of coordination is requested (Option B.I. or B.II.). If no option is chosen, all coordinated requests contained in the Application Form will be considered as non-flat capacity coordinated requests (i.e. Option B.I. is the default option).

The capacity requested at each coordinated point must be the equal in terms of starting date duration. Otherwise, all coordinated requests in the Application Form will be invalid.

3.2.1 Coordinated points.

Under the “Coordinated Allocation” option, it shall be indicated in the Application Form for which Interconnection Points a coordinated allocation is requested. Only Interconnection Points in one single direction (IP1, IP2 and IP3, or a combination of them) or capacity between two balancing areas but in the two directions (IP1 and IP5, or IP2 and IP4) can be coordinated. A minimum of two Interconnection Points shall be chosen as coordinated.

- For the purpose of capacity allocation to capacity requests contained in that Application Form, the Interconnection Points for which a coordinated allocation is requested will be referred to as the “coordinated points”. Capacity requests at the coordinated points will be referred to as the “coordinated requests”.
- For the purpose of capacity allocation to capacity requests contained in that Application Form, the Interconnection Points for which a coordinated allocation is not requested will be referred to as “independent points”. Capacity requests at independent points will be referred to as “independent requests”.

If under the “Coordinated Allocation” option (OPTION B), two or more points for which a coordinated allocation is requested were not chosen, all capacity requests in the Application Form will be considered as independent requests.

3.2.2 Types of coordination.

Under the “Coordinated Allocation” option, one type of coordination allocation between the coordinated points shall be chosen in the Application Form among the two following options:

- **Option B. I. Non-flat Capacity Allocation.**

The allocation of different amounts of capacity at each coordinated point is accepted.

Under Option B.I., different amounts of capacity might be requested between two or more coordinated points.

- **Option B.II. Flat Capacity Allocation.**

The same amount of capacity will be allocated at the coordinated points at the end of the Single Round.

The amount of capacity allocated at all coordinated points will be the minimum amount of capacity allocated after the 1st Allocation Stage at any of the coordinated points.

Under Option B.II., the capacity allocation after the 2nd Allocation Stage will be considered as the final allocation, i.e. capacity requests will not be considered during the 3rd Allocation Stage.

Note that under Option B.II.:

- the amount of capacity requested must be equal at all coordinated points (i.e. in all coordinated requests). If more than one minimum value is indicated, the smallest value will be considered as the amount of capacity requested for all the coordinated points.

- the minimum capacity required to accept the allocation must be equal at all coordinated points (i.e. in all coordinated requests). If more than a minimum value is indicated, the smallest value will be considered as the minimum capacity required to accept the allocation for all the coordinated points.

If under the “Coordinated Allocation” option (OPTION B), one option was not chosen among the two options of type of coordination between the coordinated points (Option B.I. or Option B.II.), Option B.I. will be considered as the default option.

4 Allocation stages of the Single Round.

The Single Round of the Open Season for 2013 capacities will be composed of three allocation stages.

4.1 1st Allocation Stage: initial allocation

During the 1st Allocation Stage, capacity will be allocated independently at each Interconnection Point, taking into consideration all the capacity requests as if all of them were independent requests.

The allocation will be performed following the Priority Rules described in Section 2.2.

According to the rules, the amount of capacity allocated to each shipper for each capacity request, at each Interconnection Point, will be constant for the whole period covered by the request.

4.2 2nd Allocation Stage: minimum capacity requirement check & coordinated requests check

During the 2nd Allocation Stage the renouncing options expressed *ex ante* by shippers in the request forms will be applied.

4.2.1 Step 1: Minimum capacity requirement check

If the minimum amount of capacity specified in a capacity request is not reached at an Interconnection Point at the provisional capacity allocation after the 1st Allocation Stage, the request at that Interconnection Point will be withdrawn from the process, and the capacity allocated at the provisional capacity allocation after the 1st Allocation Stage will be freed up.

In the case of Coordinated Points (OPTION B), if the minimum amount of capacity specified at each coordinated point is not reached at all of them at the provisional capacity allocation after the 1st Allocation Stage, the coordinated requests will be withdrawn from the process, and the capacity allocated to the coordinated points at the provisional capacity allocation after the 1st Allocation Stage will be freed up.

4.2.2 Step 2: Coordinated requests check (Flat Capacity Allocation)

In the case of Flat Capacity Allocation (Option B.II.) if the minimum amount of capacity specified at each Coordinated Point has been reached (Step 1), the provisional capacity allocation after the 1st Allocation Stage at each point might be reduced to ensure that the maximum flat capacity is achieved between coordinated points.

The amount of capacity provisionally allocated after the 1st Allocation Stage will be made equal at all coordinated points to the minimum amount of capacity provisionally allocated at any of the coordinated points.

Therefore, as a consequence of Step 2 of the 2nd Allocation Stage, part of the capacities provisionally allocated after the 1st Allocation Stage might be freed up.

4.3 3rd Allocation Stage: re-allocation of freed-up capacities

A 3rd Allocation Stage will be performed to re-allocate capacity freed up during the 2nd Allocation Stage.

The following requests will be considered during the 3rd Allocation Stage for the allocation of freed-up capacity:

- Independent requests qualified during the 2nd Allocation Stage to participate in the 3rd Allocation Stage.
- Coordinated requests under Option B.I. (Non-flat Capacity Allocation) qualified during the 2nd Allocation Stage to participate in the 3rd Allocation Stage.

Coordinated requests under Option B.II. (Flat Capacity Allocation) will not be considered for the allocation of freed-up capacity during the 3rd Allocation Stage. For coordinated requests under Option B.II., the capacity allocation after the 2nd Allocation Stage will be considered as the final allocation.

Each capacity request (including coordinated requests) will be treated independently during the 3rd Allocation Stage.

The allocation of capacities will be performed according to the Priority Rules in Section 2.2, based on the original capacity requests. The capacity to be allocated during the 3rd Allocation Stage will be equal to all the capacity originally offered minus the capacity already allocated to Coordinated requests under Option B.II. (Flat Capacity Allocation) after the 2nd Allocation Stage. I.e., it will be the sum of:

- the capacities provisionally allocated after the 2nd Allocation Stage to requests that are considered for the allocation of capacity during the 3rd Allocation Stage;
- the capacities freed-up during the 2nd Allocation Stage; and
- the capacities that have not been allocated during the 1st Allocation Stage.

The allocation methodology will ensure that the capacity allocated to each shipper for each capacity request at each point at the end of the Single Round will be equal to or higher than the capacity allocated to each shipper for each capacity request at each point after the 2nd Allocation Stage.

5 Renouncing options.

The Application Form does not contain explicit renouncing options.

The options to totally or partially renounce to capacity are expressed *ex ante* through the “minimum capacity required to accept the allocation” in the Application Form, in combination with the coordinated allocation options chosen.

There are no *ex post* renunciations.

5.1.1 Renouncing options for Independent Capacity Requests (multiannual capacity requests under OPTION A and multiseasonal capacity requests).

Shippers automatically renounce in the 2nd Allocation Stage to the total capacity allocated at an Interconnection Point for a capacity request if the minimum amount of capacity specified in the capacity request is not reached after the 1st Allocation Stage.

Under the “Independent Allocation per Point” option, if during the 2nd Allocation Stage the minimum capacity required to accept the allocation at an Interconnection Point is reached by a capacity request, it will be considered for the allocation of freed-up capacity during the 3rd Allocation Stage.

5.1.2 Renouncing options for Coordinated Capacity Requests (multiannual capacity requests under OPTION B).

Under **Option B.I., “Non-flat Capacity Allocation”**:

- The minimum capacity specified at each coordinated point in a non-flat coordinated request must be reached after the 2nd Allocation Stage to continue participating in the 3rd Allocation Stage. Therefore, the capacity allocation at each point after the 3rd Allocation Stage will be equal to or higher than the capacity allocation at each point after the 2nd Allocation Stage.
- The coordinated requests will be withdrawn from the allocation process if the minimum amount of capacity specified at each coordinated point is not reached at all of them after the 2nd Allocation Stage. Therefore no capacity will be allocated at any coordinated point after the 3rd Allocation Stage.

Under **Option B.II., “Flat Capacity Allocation”**:

- The coordinated requests will be withdrawn from the allocation process if the minimum amount of capacity specified at each coordinated point is not reached at all of them after the 2nd Allocation Stage.
- The allocation of capacity after 2nd Allocation Stage at all coordinated points will be accepted as the capacity to be allocated at the end of the Single Round if the minimum amount of capacity specified at each coordinated point is reached after the 2nd Allocation Stage. The amount of capacity allocated at the end of the Single Round at each coordinated point will be the minimum value of the capacity allocated after the 1st Allocation Stage at any of the coordinated points.