

Note

DCR / TER / RTS

PAU, ON: 20/03/2019

SUBJECT OF NOTE: Pirineos VIP – Interruptible capacity products and probability of interruption

Interruptible capacity offer

Since 15 December 2015, 60 GWh of (unbundled) interruptible capacity has been offered leaving the Teréga zone at the day-ahead auction on PRISMA (from 5.30pm to 6pm on D-1) for gas day D if and only if:

- There is no maintenance on D
- At least 98% of the total firm capacity (technical + additional) of D has been subscribed

E.g.: On the basis of a firm capacity of 165 GWh over winter months, at least $0.98 \cdot 165 = 161.7$ GWh must have been allocated via annual, quarterly, monthly and daily auctions, in order to offer interruptible capacities.

The interruptible capacity will be offered on PRISMA as a daily product only (even if the 98% rule is satisfied after the quarterly or monthly auctions). The interruptible capacity volume offered at the 6pm auction is always 60 GWh (there are no increases beforehand).

There is no interruptible capacity entering the Teréga zone.

As a daily product, the interruptible capacity is thus sold in the form of PRISMA auctions. As a within-day product, the remaining available interruptible capacity is sold in the form of overnominations.

Reminder: the UBI offer will only be opened once the entire firm capacity has been subscribed, in order to ensure compliance with the CAM network code and to not have 2 types of offer competing with each other. In fact, as with the interruptible capacities offered on PRISMA, the UBI offer is only triggered once 98% of the firm capacity has been allocated.

Interruption conditions

Article 6.1.3.3 of Section 1 of the Teréga transport contract stipulates that the interruption conditions are determined by the distance to the Network Operational Limits.

Thus, pursuant to the deliberations of the Energy Regulation Commission dated 26 October 2017 and 24 July 2018 in respect of the creation of a single gas zone in France, Teréga may, in the event of reaching a Network Operational Limit and in the event of application of the mechanisms for managing said size limit including the Pirineos VIP, interrupt the subscribed interruptible capacities or UBI capacities (from 2pm on D-1) at its Transport-Transport Interconnection Point (PITT), the day before the day in question and during the course of the day.

Probability of interruption

The calculation of probabilities is based on the following items:

- application of the formula given in Article 16 of the network code on the harmonisation of price structures
 - N = number of interruptions expected
 - Dint: duration of the interruption
 - D = duration of the interrupted capacity (in hours)
 - CAP pre.int = the mean number of capacities interrupted per interruption
 - CAP = total number of interruptible capacities
 - Probability of interruption = $(N \times D_{int}/D) \times (CAP_{pre.int}/CAP)$
- use of the reference scenario used to construct the TRF
 - 38 interruptible capacity interruptions per year forecasted for the management of the TRF
- use of the maintenance program of the TRF
 - 70 days of summer maintenance
- use of the mean interruptible capacity subscription rate since entry into force of the TRF
 - Interruptible capacities sold are cut in their entirety

The probability of interruption of the interruptible capacity proposed at the Pirineos VIP leaving the Teréga zone thus equals 11.2%.

Interruption procedures

The interruption priority is dependent upon capacities. The CAM network code (Article 24) stipulates that the interruption sequence for interruptible capacities is as follows: Within-day < Daily < Monthly < Quarterly < Annual (last interrupted).

Overnomination can be accepted and allocated via 3 types of capacity (priorities 3-4-5).

Name of capacity	Method of sale	Allocation priority	Interruption priority	Maturities	Tariff	Sale quality
Firm subscribed capacity	PRISMA and OSP for capacities before CAM	1	5	Annual, Seasonal, Quarterly, Monthly, Daily, Within-day	Firm	Firm
Interruptible subscribed capacity	PRISMA	2	4	D	Interruptible (75% firm)	Interruptible
UBI from a subscribed <u>firm</u> capacity which is not used by another shipper	Overnomination	3	3	Within-day	Firm	Interruptible
Overnomination from a subscribed <u>interruptible</u> capacity which is not used by another shipper	Overnomination	4	2	Within-day	Firm	Interruptible
Overnomination, unsubscribed interruptible capacity remaining available	Overnomination	5	1	Within-day	Firm	Interruptible



To ensure traceability in the interruption sequence, you must be able to differentiate, in terms of volume, between the capacities allocatable in overnomination.

To ensure commercial consistency and therefore clarity, all overnominations are charged at the firm capacity price (following the same practice used for UBI). By doing so, subscribed capacities are prioritised over unsubscribed capacities whilst complying with CAM constraints: this incentivises shippers to subscribe capacities on PRISMA

Notice of interruption

Pursuant to Article 22 (2) of the CAM network code, Teréga applies the default minimum period rule for interruptions, for a given period, which is 45 minutes after the start of the nomination cycle for that gas hour.