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Subdirectora de Hidrocarburos
Comisión Nacional de los Mercados y la Competencia
Calle Alcalá 47
28014 Madrid

9 June 2017

Subject: Reform of the services offered by LNG regasification terminals

Dear Rocio,

As a follow-up to the workshop held by the CNMC in Madrid on 8 May on the reform of the services offered by LNG regasification terminals, the European Federation of Energy Traders (EFET)¹ would like to share with you some high-level observations. We acknowledge that the implementation of the Royal Decree 984/2015 is key to further developing liquidity and we regard the consultation process you have initiated as an important opportunity to increase the attractiveness of the Spanish gas market.

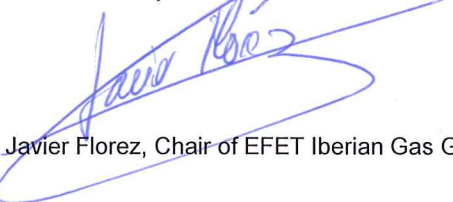
As a general remark, EFET fully supports the provision of flexibility tools in market circumstances. These are necessary to allow network users to be able to meet balancing obligations in an economic and efficient way. Success in implementing the balancing network code and the development of liquidity in within-day balancing markets depends on this. The unjustified withholding of flexibility (or the economic equivalent of pricing above market) can lead to inefficient use of flexible assets and to inefficient investment whose cost must ultimately be borne by consumers.

We understand that you had set a deadline for the submission of comments on 22 May. However, given the relevance of the issue addressed as well as the limited information provided with respect to the cost implications as well as to several operational aspects that your proposal would entail, it has proven difficult for our members to conclude on any firm position on the details of services, other than that they must be designed and priced such that they are usable in the balancing regime. Details in this case may condition the success of the reform or rather introduce unintended distortions.

Further information would be helpful to allow all market parties to have the opportunity to contribute to the timely implementation of the balancing network code. Therefore, we would like to suggest new working sessions with all relevant stakeholders. Also, an impact assessment looking at alternative scenarios and detailed information on the products proposed may be helpful.

While we thank you for your attention, we would like to make ourselves available throughout this ongoing exercise.

Yours sincerely,



Javier Florez, Chair of EFET Iberian Gas Group

¹ The European Federation of Energy Traders (EFET) promotes competition, transparency and open access in the European energy sector. We build trust in power and gas markets across Europe, so that they may underpin a sustainable and secure energy supply and a competitive economy. We currently represent more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org.