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Subject: Amendments to Winter Outlook 2017-2018

Dear Mr Vela Llanes,

The Iberian Gas Group of the European Federation of Energy Traders (EFET)¹ welcomes the opportunity to propose changes to the existing Winter Outlook for gas.

EFET is committed to the creation of an attractive, transparent and competitive European gas market. To complete the construction of this market, it is necessary to establish coherent and market-based rules in all Member States. We remain of the view that the market is the most efficient means to continue delivering security of supply efficiently. In this respect EFET advocates market-based mechanisms to ensure sufficient gas supplies instead of imposing strategic storage obligations on traders/shippers. Storage obligations are expensive and operationally complex and are a key barrier to the development of a secure, liquid and competitive market.

During periods of high demand such as the winter 2016-2017, it is of significant importance to attract gas supplies to markets and that the underlying regulatory framework permits shippers incentivized by the price signals to utilize all available capacity to bring gas into the infrastructure system. It is therefore crucial that the Security of Supply Regulation does not have a crowding-out effect hindering shippers to react, as a functioning market with proper price signals and the possibility to utilise available infrastructure is a corner stone of security of supply in liberalised energy

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.

markets.

As set out by Resolución 8-oct-2013 and NGTS 9 (ITC 3126/2005) and included in the Winter Outlook 2016-2017, it is stated that the users of LNG and interconnection capacities shall hold an equivalent of two days-worth of gas inside either LNG tanks or Under Ground Storage as part of the *Reserva operativa invernal*. In our view the current obligation to hold 2 days-worth of gas significantly restricts shippers to fulfill the very important task to deliver gas to the system. It is not possible to arrange the required storage obligation in such market scenarios at short notice. This artificially restricts the number of parties who would otherwise be able to bring gas to the market when it is required, and drive prices higher than they would otherwise go, ultimately to the cost of Spanish consumers. In the case of the Spanish gas system, we also consider that a market-based mechanism is the best way to ensure sufficient gas supplies instead of imposing storage obligations on traders/shippers. **We therefore propose to remove the storage obligation from Page 47 of the Winter Outlook 2016-2017 as substantiated above.**

We remain at your disposal to provide further information or clarification before any decision is taken on the draft proposal and to participate in any wider consultation exercise.

Yours sincerely,



Javier Florez

Chairman, Iberian gas Group – EFET