

Madrid, 27.07.2017

Diego A. Vela Llanes
Director General de Gestión Técnica del Sistema
Enagás GTS, S.A.U.
Paseo de los Olmos 19 – 28005 Madrid

Dear Mr Vela,

The Iberian Gas Group of the European Federation of Energy Traders (EFET)¹ welcomes the opportunity to propose comments and changes to the existing Winter Action Plan for gas in Spain, currently established by “Resolución de 8 de octubre de 2013, de la Dirección General de Política Energética y Minas, por la que se aprueba el plan de actuación invernal para la operación del sistema gasista”

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 one observed during 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. 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. Moreover, such an obligation artificially restricts the number of parties who would otherwise be able to bring gas to the market when it is required at the best conditions possible, and therefore drives prices higher than they would otherwise go, ultimately at the expenses of Spanish consumers. **Against this background and as we have already said in our previous statements on this matter, we believe that the storage**

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.

obligation from Rule 1.1. of the current Winter Action Plan should be removed because we consider that market-based mechanism is the best way to ensure sufficient gas supplies instead of imposing storage obligations on traders/shippers.

On what concerns the proposal presented by ENAGAS-GTS in the Norms Committee on June 13, we regard this proposal a material step back when compared to the one that applied in winter 2016-17 and compared to one towards the development of a well-functioning market.

In the ENAGAS-GTS proposal the total volume of gas to be stored is the addition of the volume for cold spells and the volume for security of supply in the case of failure of supply or failure in transportation. We are convinced that the Winter Action Plan should never include security of supply or force majeure issues as they can occur in both winter and summer season.

On the contrary, we see other measures as better suitable to address Security of Supply issues, such as:

- According to “Circular 2/2015, de 22 de julio, Comisión Nacional de los Mercados y la Competencia, por la que se establecen las normas de balance en la red de transporte del sistema gasista” (<https://www.cnmc.es/expedientes/cirde00215>) – which transposes Commission Regulation EU No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks - , Enagas GTS may call for tender to acquire balancing services. Even balancing actions have been effective to keep the system into the security margins during past January – with severe conditions of strong gas demand (conventional and for electricity generation).
- Additionally, according to article 14 of Royal Decree 984/2015, Ministry is entitled to enable the GTS to trade gas products if necessary to assure the correct performance of the gas system.

Another topic that we disagree from ENAGAS-GTS proposal is the one regarding the obligation to store the natural gas exclusively in LNG tanks. We consider this measure as discriminatory against the shippers who contracted their deliveries through a gas pipeline or on the Virtual Trading Point (PVB) and will have to bear extra costs for entering in the market through the LNG tanks. Alternatively, volumes stored in the underground storage should be considered, proving that shippers have entry capacity to the PVB from the underground storage. In general, any imposed obligation should be neutral with regard to the ability to compete of market players.

As a last point we would like to highlight that in case the new proposal for Winter Action Plan does not get the approval of the Ministry, we would like to request clarification on the binding application of the current Winter Action

Plan which was passed in 2013, and that applied in winter 2016-17, in particular with respect to its enforcement should a market player not be compliant

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,



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Javier Florez
Chairman, Iberian Gas Group – EFET

By 'cc':

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