

New Spanish Gas 'Winter Action Plan' for 2017-2018

■ EFET reaction – 14 December 2017

The European Federation of Energy Traders (EFET¹) voices concerns over the recently published new Winter Action Plan in Spain. As already stated in several occasions, we believe that market forces are most suited to respond to security of supply concerns and represent the most efficient means to deliver it. Storage obligations imposed on market participants, such as those set by *Ministerio de Energía, Turismo y Agenda Digital* (Minetad), represent a key barrier to the development of a secure, liquid and competitive gas market in Spain.

Moreover, in our view, the way the new Plan for year 2017/2018 was established has been unsatisfactory, from both timing and process point of view:

- the amount of reserves to be stored by gas importers, holders of firm entry capacity longer than the daily one is increased by 75% compared to both the previous Winter Action Plan and the draft published for consultation by Minetad. This sudden increase of the obligations entails significant and unpredictable additional costs for gas importers, also linked to the fact that some reserves must be held right away via LNG
- In addition, the timing of application of the Plan is questionable. Very little time was given to market participants to adapt to the new Plan, which was published when the winter season had already started. The transitional provision that allows the use of underground storage for 2 days' worth of entry capacity for this year cannot be regarded as a sufficient mitigation.

In this context, we share and support the recommendation of the Spanish Regulator CNMC published on 7 December advising to postpone the application of the new Winter Action Plan. In particular, we agree with the analysis and conclusion that the Plan would cause unnecessary costs for the system, as the Spanish gas system has already enough measures in place to ensure security of supply in case of a cold spell. Moreover, we fully share CNMC's statement that other market-based measures are better suited to reinforce the security of supply and the liquidity of the market, such as the introduction of market makers, the development of an Iberian gas market and the development of a futures gas market.

We therefore call Minetad on taking into account these concerns and avoiding to put in place artificial and costly restrictions that hinder the free functioning of the Spanish gas market and the efficient delivery of security of supply.

¹ The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent and liquid wholesale markets, unhindered by national borders or other undue obstacles. EFET currently represents more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org