



Overcoming Conditional Capacity Products: **the Spanish Case**

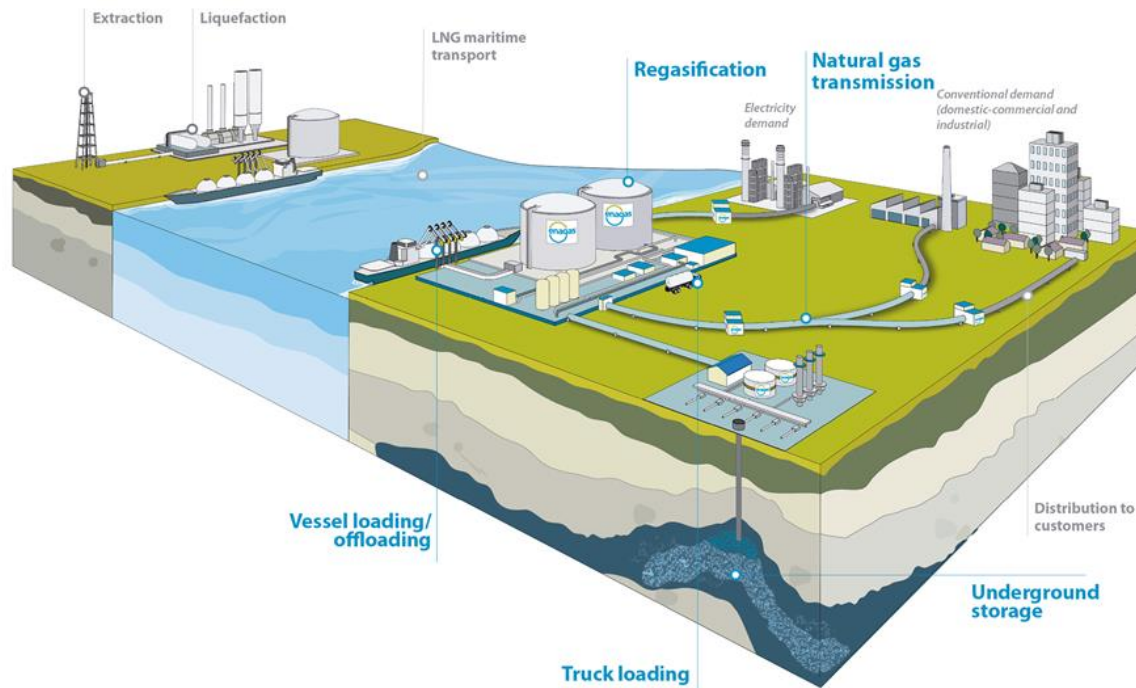
4th December 2018

Almost 50 years of experience

A midstream company

Leader in natural gas infrastructures

Our technological skills, expertise, leadership and experience in managing gas infrastructure development, operation and maintenance, combined with our sound financial structure, position us as leading international player.



European Union-accredited
Independent TSO

Top natural gas transmission company
in Spain

Technical Manager
of Spain's Gas System

Where we are

Mexico

TLA Altamira LNG Terminal
Soto La Marina Compressor Station
Morelos Gas Pipeline

Peru

Transportadora de Gas del Perú (TgP)
Compañía Operadora de Gas del Amazonas (Coga)

Chile

GNL Quintero LNG Terminal

Spain

11,000 km of gas pipelines
6 LNG terminals (+1 in planning)
3 underground storage facilities

Greece

Consortium awarded the tender for the acquisition of 66% DESFA

Greece, Albania and Italy

Trans Adriatic Pipeline (TAP)

What we do



Storage



LNG



Transmission

1996-1997: Start up of GME



- GME was built to **import gas to Spain and Portugal** from Algeria through Morocco.
- Besides, the pipeline also **crossed Portugal to supply North-West area of Spain**.

2007: Start up Reganosa LNG terminal

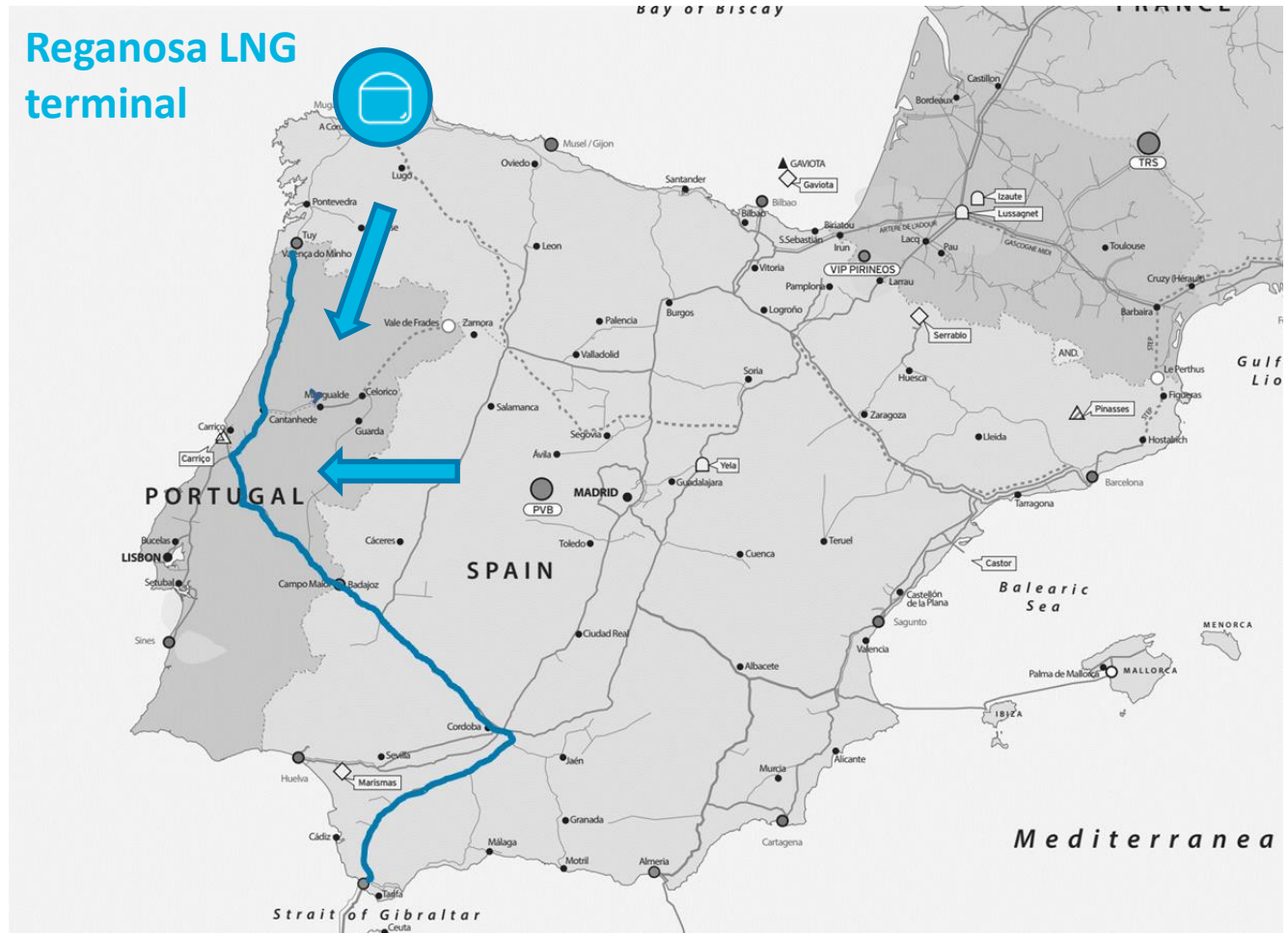
Reganosa LNG terminal

Tuy:

- 10 GWh/d firm conditional

Badajoz:

- 45 GWh/d firm
- 89 GWh/d firm transit (not offered)



- Conditional firm capacity at Tuy IP between Spain and Portugal: **firmness was only guaranteed if gas was being injected into the network from Reganosa LNG terminal.**
- The E-E was not perfect: **some E-E combinations above certain consumption volumes were conditional to previous confirmation.**

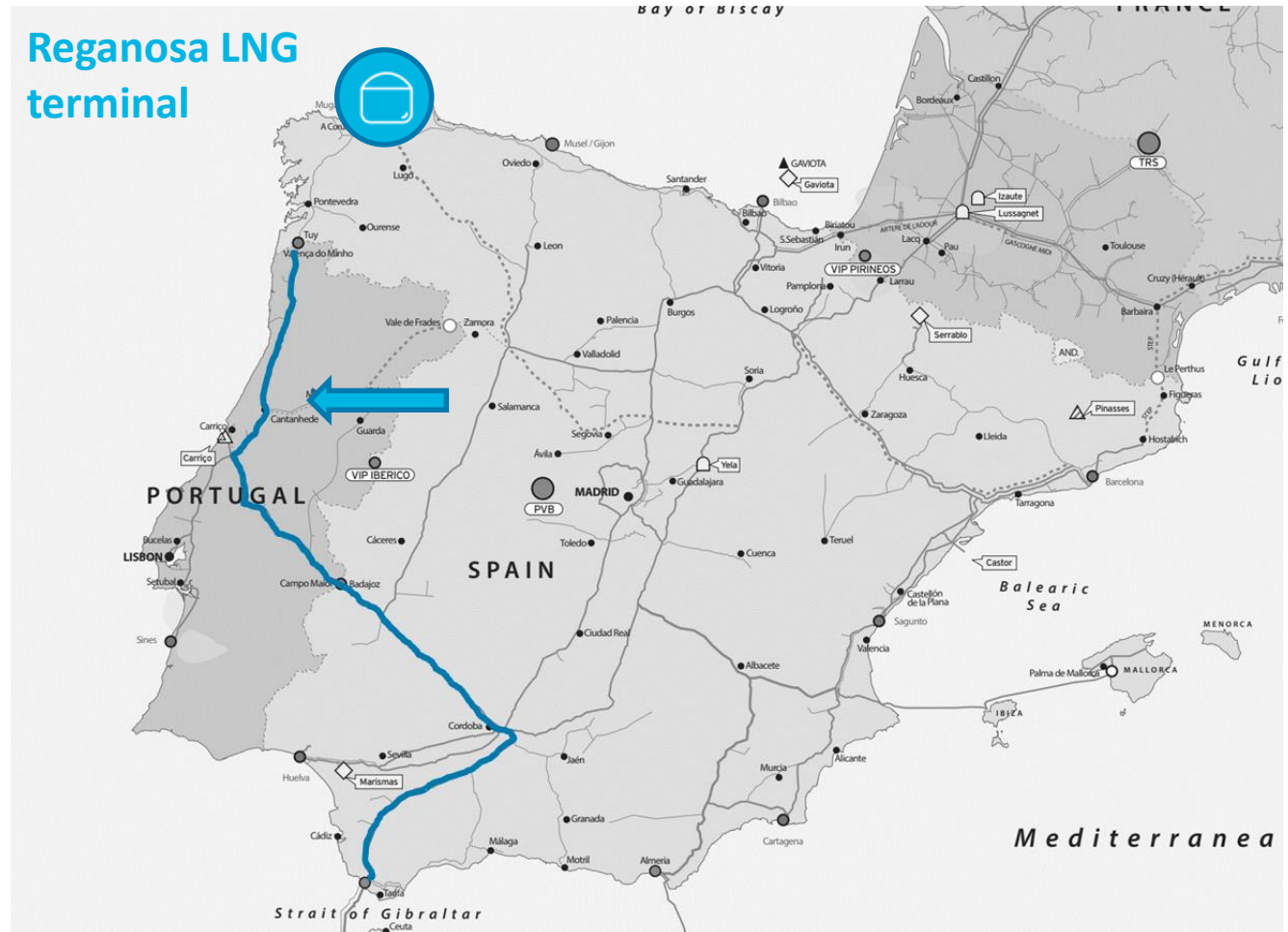
2013: Early implementation of CAM NC

Reganosa LNG terminal



VIP Pirineos:

- 10 GWh/d interruptible
- 45 GWh/d firm
- 89 GWh/d transit (not offered)



- For the calculation of capacities at the VIP between PT and ES in 2013, **existing available physical capacity at the 2 existing physical IPs between ES and PT were aggregated.**
- Given that on the Spanish side capacity at Tuy, from ES to PT, was subject to certain **operational conditions, this capacity was sold as “interruptible” in the 2013 auction.**

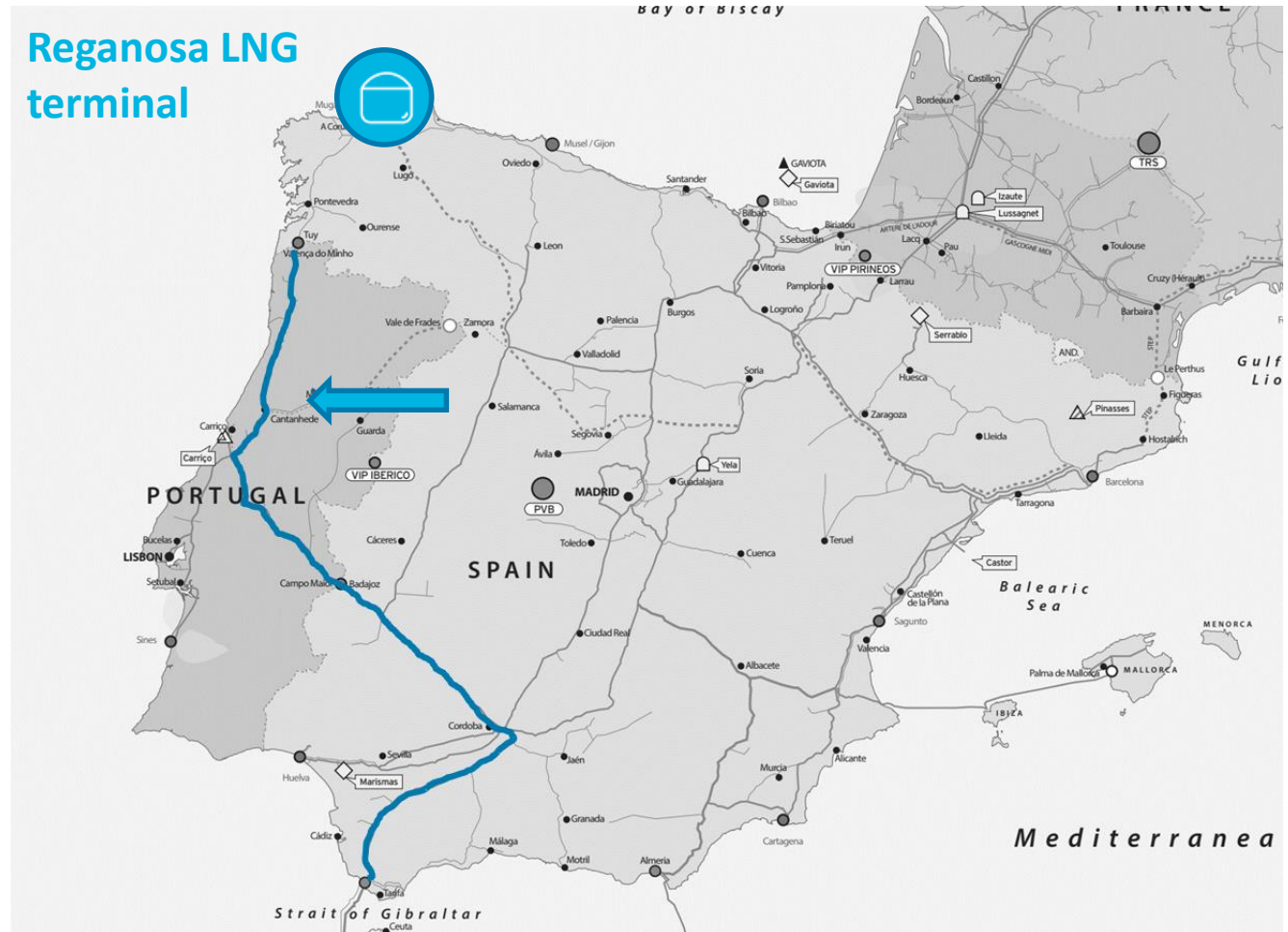
2014: Application of art. 6 CAM NC

Reganosa LNG terminal



VIP Pirineos:

- 55 GWh/d firm
- 89 GWh/d firm transit (not offered)



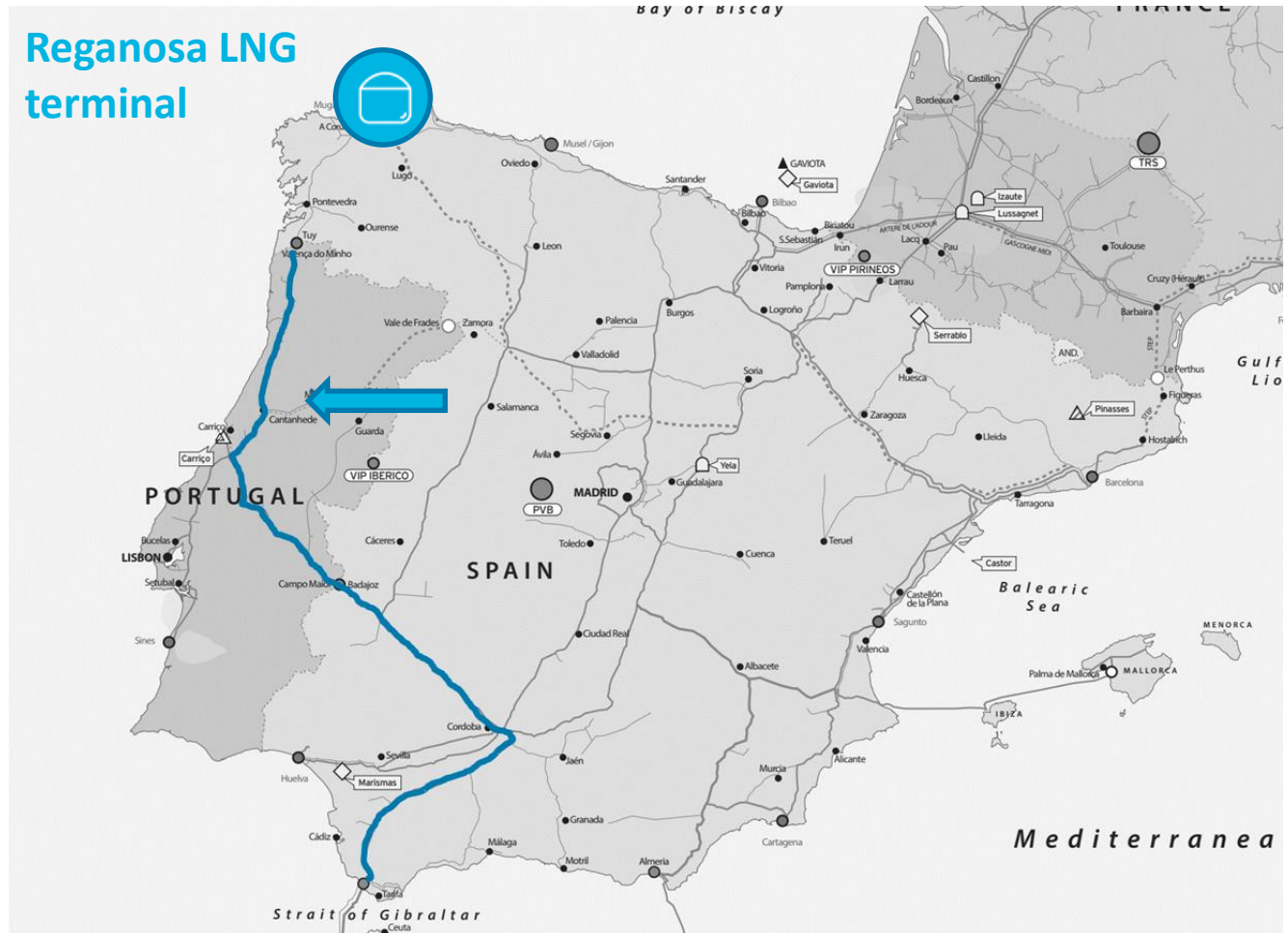
- In 2014 REN and Enagás analysed the capacity at VIP Ibérico for a period of 3 years.
- REN and Enagás simulation tools showed that **capacity could be upgraded to 144 GWh/d, mainly due to demand patterns.**

Early 2015: Transit contracts were adapted

Reganosa LNG terminal



VIP Pirineos:
144 GWh/d firm



- Spanish authorities understood, according to 3rd Package, that **maintaining different conditions for transit and for transmission was no longer allowed** and Enagás proceeded to establish **identical conditions for transit than for transmission in terms of TPA tariffs and rules.**

Late 2015: Unrestricted entry-exit system



- Royal Decree 984/2015 eliminated the possibility to link entry-exit establishing an **unrestricted entry-exit system previous without confirmation.**

Conclusions

1

Enagás understanding is that conditional products are not allowed under the 3rd Package (incl. CAM NC):

- In some way conditional products link entries and exits.

2

However, conditional products might have merit in transitional stages towards a fully unrestricted entry-exit system in order to increase the capacity offered to the market.

3

Although there are conditional products in some countries, these should not be imposed on the rest of Union members.

**Thank you for your
attention!**

