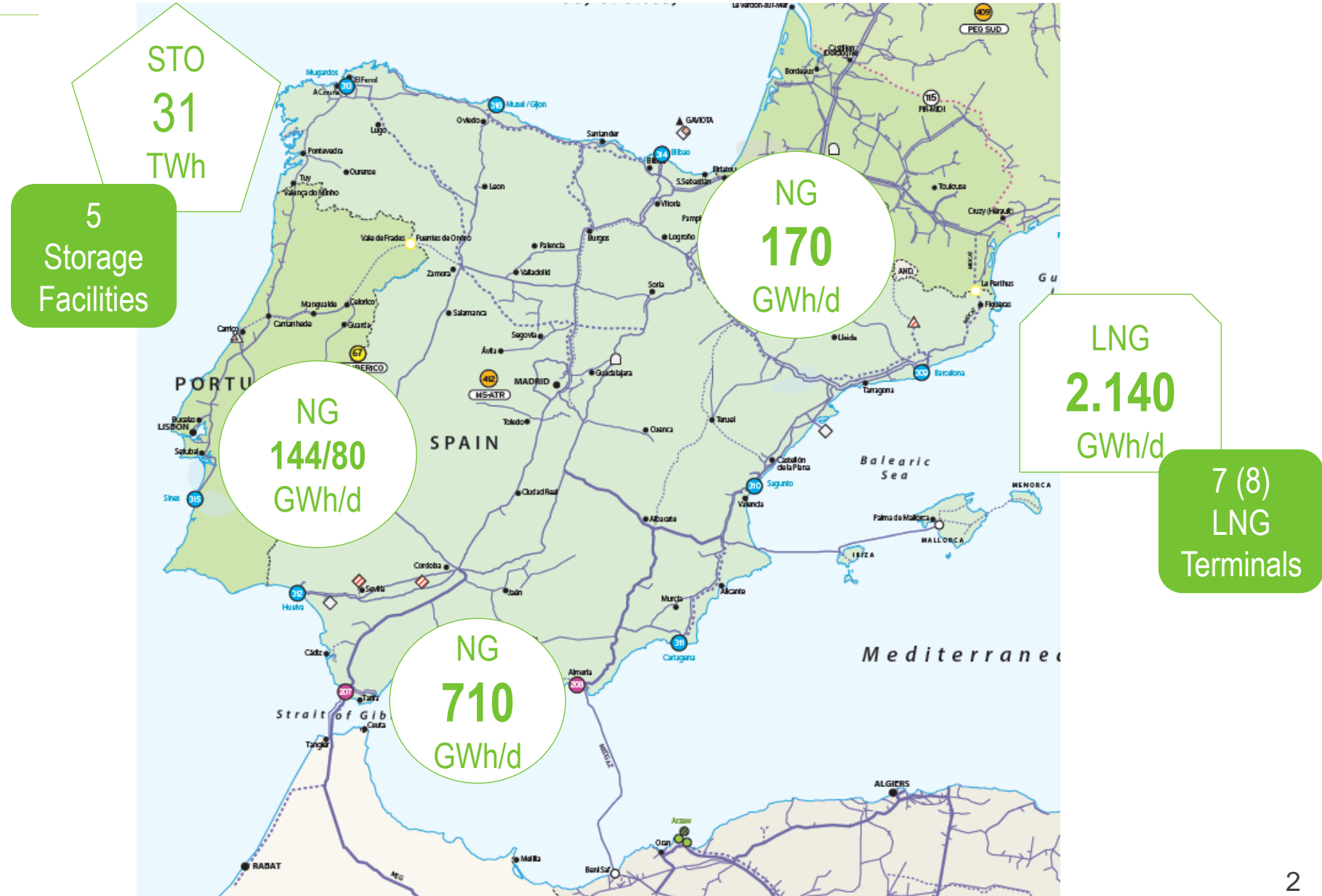


# An Iberian – Organised Gas Market

Lisboa, December 2<sup>nd</sup> 2015

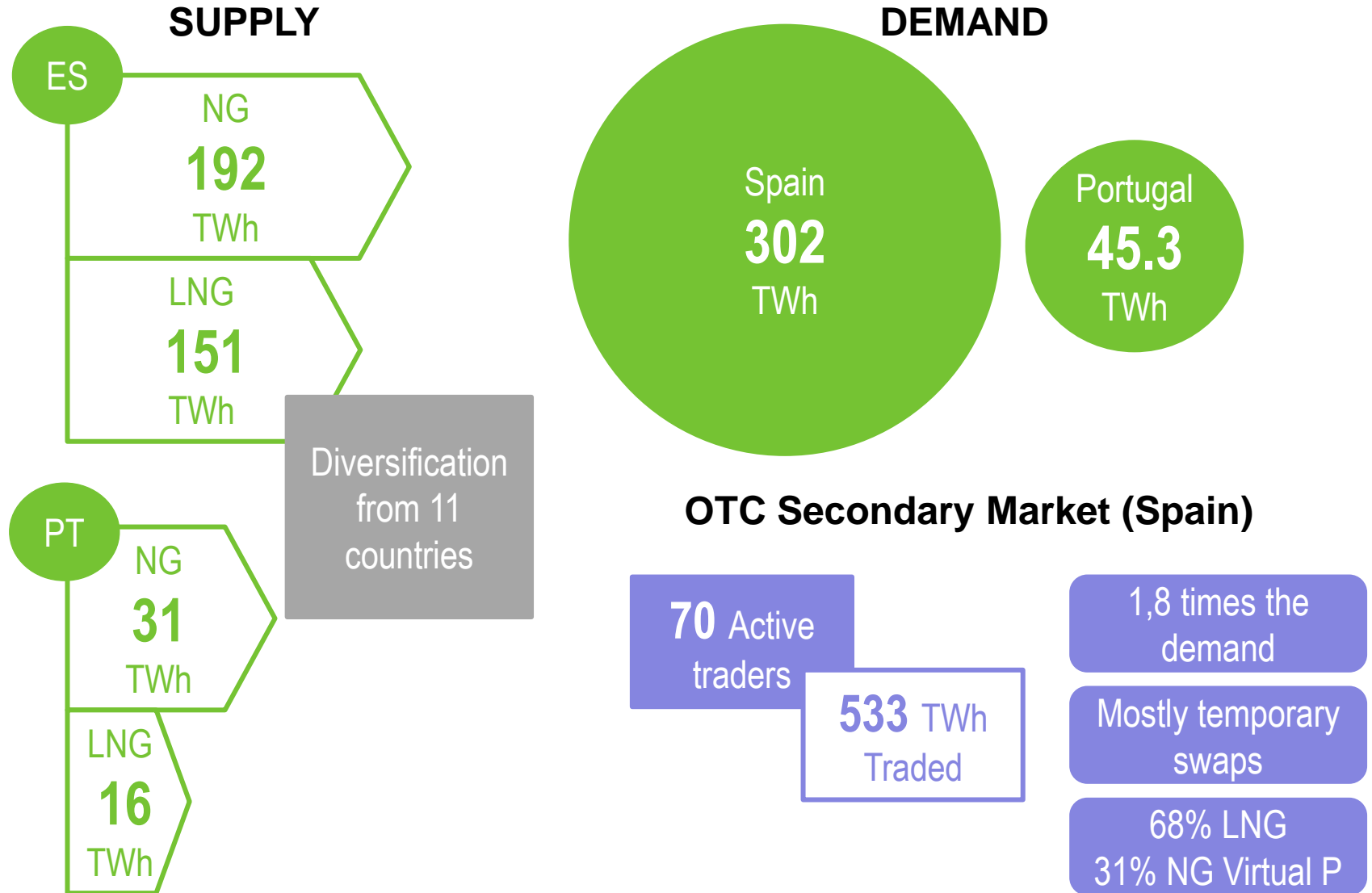
# An Iberian Organised Gas Market

## Gas Infrastructure in Iberia



# An Iberian Organised Gas Market

## Iberian Gas System – Some Facts (2014)



# An Iberian Organised Gas Market

## Not only a Price Reference...

Government measures in Spain and Portugal seek:

Effective Market **Openness** (lack of transparency in OTC-only based secondary market)

Increase of **Competence**

Foster **Liquidity** through an Organized Marketplace

Remove **entry barriers** for new retailers

**Sustainability and Security of Supply**  
(creating incentives for the supply to meet demand)

# An Iberian Organised Gas Market

## Enough conditions for an Iberian Organised Market?

Robust  
Infrastructure

LNG facilities, Storage,  
Interconnections and transport network

Oversupply

Extra capacity, mainly LNG

Flexibility

LNG provides great flexibility

Number of Players and  
Competition (HHI < 2000)

HHI ES: 1900, PT: 5200,  
Iberia: 1600

70 traders acting in OTC

Diversity of  
Supply (>3)

Up to 11 different Countries

Size (> 200 TWh)

360 TWh Spain+Portugal

Balance Zones &  
Regulation

2 Zones, regulation in force by  
October 2016

# An Iberian Organised Gas Market

## Advantages of an Organised Market



### Organised and Regulated:

- ❑ **Equal Treatment** for all Agents
- ❑ **Common and Public Rules**, from the Regulation

### Price References:

- ❑ **Public and Accesible** prices
- ❑ **Reference Indexes** for private contracts and derivatives

### Anonymous Trading in a Neutral Platform

- ❑ **Market Power Mitigation** for incumbents
- ❑ Fostering **Competition** and **Liquidity**
- ❑ **Alternative Source of Supply**

### Promoting the Participation of Agents

- ❑ **Standard** products, easy to understand
- ❑ **Firm transactions**, supported by **guarantees**
- ❑ Secure and simple **Settlement** and **Payments**, on a weekly basis

# An Iberian Organised Gas Market

## Key Steps to develop an Iberian Gas Market



Final Approval of the Regulation.  
**Market Rules** and Application of  
**Balancing Network code**

Launch of the **Market Platform**

Measures to foster **Liquidity**

- End of **tolerances**
- Negotiation of **Operational gas** in the Organised Market
- **Effective balancing rules** supporting the development of the wholesale market

Implementation of the **Network Code on Balancing** (expected October 2016)

- Adaptation of Operating Rules of TSO
- Effective application of Rules
- Participation of the TSO in the Trading Platform (MIBGAS) for balancing actions.

Effective **Trading of products** (WD, DA, BoM, MA), expanding the curve, development of financial products based in robust price references

**Integration** of Portugal and Spain and evolution to a **single virtual trading point** (starting from 2 zones, progressive integration)

# An Iberian Organised Gas Market

## Products with physical delivery

