



GAS NATURAL COMMENTS TO ERGEG PUBLIC CONSULTATION: GGPLNG

Gas Natural welcome the opportunity to express its point of view with regards GGPLNG. Our company jointly develops with Repsol-YPF their LNG business. Stream, a joint Repsol-Gas Natural LNG transport company, has become the world's third largest company in terms of gas transported, and the biggest one in the Atlantic basin.

COMMENTS

LNG trade is growing and developing fast and it is expected to play a more important role in the future in Europe.

Today there are thirteen LNG plants, twelve with regulated TPA and one exempted, and an important number of new projects. However, it should be noted that almost all of them (new plants or expansions) have asked for an exemption from the TPA regime according to article 22 of the Gas Directive 2003/55/EC and it is very likely that they will get it. For this reason, we would like to ask ERGEG to reconsider the scope of the GGPLNG and its contribution to the market.

1. GGPLNG apply just to regulated LNG plants which means that, bearing in mind that new projects will be exempted, the benefit to the market would be very limited, even if the GGPLNG improve the access conditions in some countries.

In some areas, like in Spain, where there is already rTPA to LNG plants since 2001, almost 70% of the Spanish supplies come as LNG and there are more than 10 users of the LNG plants, LNG access rules are already very developed and the GGPLNG would not improve actual access conditions.

For this reason, we have some doubts whether the impact of the GGPLNG in a already well functioning market would be relevant enough to apply them.

Moreover, there is a risk of over regulation. Some of the requirements of GGPLNG might not be needed in some markets but LNG system operators would have to introduce them in order to comply with the GGPLNG.

2. On the other hand, the GGPLNG could improve the functioning of the market if some minimum requirements (mainly information provisions and standardisation where practical: ship approval procedures, UIOLI products, etc.) would apply also to exempted LNG plants.

The need to apply some requirements of the GGPLNG to exempted LNG plants is reinforced by the fact that the existing exempted LNG plant has being not used when prices in the UK market were high and the unused capacity has not been released to the market. This situation needs to be improved and GGPLNG could be a good tool to guarantee that the unused capacity is offered to the market in a timeframe that allows other parties to deliver a cargo.

In addition, we would like to point out that in some member States LNG tariffs do not reflect costs and that there are cross subsidies between different activities (transmission and regasification) which distort the market. This situation should be address as a first step as we believe it does not give the right signals to the market.