

Reganosa answer to the Public Consultation about “Study about models for integration of the Spanish and Portuguese gas markets in a common Iberian Natural Gas Market”

First of all Reganosa wants to thank the regulators for the opportunity given to stakeholders to comment the study

*Question 1: Would you agree with the analysis made on current market situation and on the major issues affecting the creation of an Iberian market?*

Actual level of decoupling of both markets is difficult to evaluate as long as there is no market place in any side of the border, but price indications shown in the report indicate quite close prices with spreads in the range of the cross border tariff.

Plenty of cross border capacity remain available either on short or on long term basis that indicates a relative low level of decoupling.

*Question 2: Do you agree with the implementation of the wholesale market with implicit allocation of capacity as a step for market integration, but aiming for an even more integrated market in the longer term?*

It is an excellent first step as it will easily make clear if additional capacity is required or not

*Question 3: What are the most important aspects to take into account and to harmonize from a regulatory point of view for the creation of the wholesale market with implicit allocation?*

We consider fundamental to maximize the capacity made available under this model especially enhancing the CMP mechanism. Also, clear priority between short term capacity assignment under CAM or under Implicit Allocation will be necessary

*Question 4: Which is the best model for the integration of Iberia in the longer term? Market area model, trading region or others?*

In our view, the market area model best fits with Gas Target Model objectives as it will unveil the only relevant limit to market integration which is the physical interconnection.

*Question 5: When and how the Balancing Network Code and the Interoperability Network Code should be implemented to contribute to the goal of the Iberian market*

Balancing and Interoperability network codes are fundamental for market integration next steps, we support a 2015 H2 implementation.

*Question 6: Identify any issue you think is important to achieve Further integration. How would you set the timing and prioritization for the discussion/implementation on these issues?*

In our view it is important to first set the market platform on the both side of the border ensuring the further compatibility of both.

In a second step no later than 1 year after the first step, offering cross border trade under 0€/MWh cross border tariff capped by unbooked capacity at corresponding term

If the capacity appears to be insufficient CMP mechanism should be applied on more severe way.