

Q1 : Do you consider adequate that institutional structure of MIBGAS would be common with MIBEL structure?

We don't see any inconvenient to that.

Q2: Is the principle of unbundling explained in this document enough?

We think that the unbundling principle exposed in this document goes too far. Three obligations are proposed:

- accounting and functional separation of activities

→ Gaz de France agree with this rule.

- limitation of shippers shares in the ownership of infrastructures operators

→ Gaz de France doesn't think that this rule would be helpful for ensuring non discrimination and transparent market. What is important is accounting and functional as well as management unbundling. But limitation of shippers shares doesn't help and could on the contrary be prejudicial to the financial stability of shippers and then to the security of supply. Indeed, some shippers use assets (share within infrastructures operators) to support their sales activity that can be much more exposed to market changes.

- to forbid sale and purchase activities of transporters and distributors, except for operation gas

→ We think it is a sane rule to guarantee real separation of commercialisation and infrastructures operation activities.

Q4: Do you think it is appropriate to harmonize third party access contracts?

That would help the development of the market.

Q5: Does the congestion mechanism have to be the same?

Not necessarily.

Q6: Is it appropriate to harmonize balancing regimes?

Balancing regimes harmonization would help a lot the development of a common market. It would be very difficult to develop a market with different balancing regimes, mainly because flows would not be so easy between countries.

Q7: Do you consider appropriate that there is only one balancing zone in each country?

To have only one balancing zone in each country would help to develop a liquid market, on the condition that there are no congestions on the grid because of such a tariff model. Saying it differently, it is very useful to have a unique balancing zone only if it is fully operational. If congestions remain, leading to unilateral restrictions from operators, the situation is much less transparent in the end.

Q8: Do you consider useful to harmonize the balancing period (daily), as well as penalization models?

To harmonize the balancing is important to ensure liquid flows. Penalization models harmonization is less crucial but would certainly be useful as well.

Q9: Do you think it necessary to implement other basic principles not exposed in this document?

It is generally a useful thing to harmonize regulation. Nevertheless, it is also important to make sure that this regulation is adaptive, as energy commercialisation is a moving environment and regulators should have the power to adapt quickly to the market needs.

Q18 : Do you think that the interconnection capacities between Spain and Portugal are sufficient ?

Interconnections capacities between Spain and Portugal should be sufficient enough in order to follow the development of the gas market in the both countries.

Q19 : Do you think it is necessary to harmonize the obligations of security of supply and strategic gas storage ? Please indicate the obligations that you think necessary.

The harmonization of the obligations for the security of supply will make the access to the whole Iberian market easier for the shippers.

Moreover, the fact to have common strategic storages is more efficient than if they are separate, but the rules should be clearly defined.

Finally, these obligations should be defined in proportion of to the size of each shipper and in accordance with the possibilities offered by the system (especially in term of storage capacities).

Q21 : Which aspects should be taken into account when making the common planning of interconnections and storage capacities ?

The planning of new interconnections should increase the security of supply of the both countries and should also improve the competition on the Iberian market. A good way to proceed and to know the shipper's need is to organise Open Seasons. Currently, the planning are made in a very centralised way in Spain.

Moreover, the development of new storage capacities should take into account the needs of the market, in order to improve the security of supply but also to give more flexibility (daily and seasonal) to the Iberian network

Q22 : Which method of allocation for the storage rights do you prefer ?

Storage capacities should be allocated in priority to shippers who are supplying firm customers. Moreover, the allocation rule must be reactive in order to take into account the evolution of the portfolio. For example, three or four round of allocations per year is be a good compromise and would avoid the problems linked to the exchange of gas.

Q24 : Do you think that the propositions in this document are suitable to guarantee the price transparency or additional measures should be created ?

Gaz de France does not think that the obligation to inform on the level of price for every deal will help to create a price reference : most of the deals are geographical or temporal swaps, for which the price is not a good reference.

It would be more accurate to cancel the bottlenecks in the gas network, to allow to export gas from the Centro de Gravedad, in order to increase the liquidity of the Iberian market and the price reference will appear naturally.

Q25 : Which parameters should be taken into account to define a dominant operator ?

A dominant operator should be defined regarding to its sales portfolio, its subscriptions for entry capacities (with a distinction between GNL and interconnections) and its storage capacities.

Q26 : Do you think that the proposition of an organised Iberian gas market is suitable?

This would certainly increase the exchanges on the whole Iberian market and also the competition.

Q27 :What are the conditions that must be taken into account for its creation ?

This new market should be as transparent as possible, it should help to increase the competition and also help to cancel the discriminating rules.

Q28 : Do you think it is better to have the freedom of contracting rather than to oblige the shippers to take part in the organised market?

Gaz de France is in favour of the free contracting, in order to let more flexibility to the players.

Nevertheless, it could be considered to oblige the dominant players to develop the liquidity the market.

Q31 : What are the suitable mechanisms of allocation of bottlenecked capacities ?

Gaz de France is in favour of an allocation of the bottlenecked capacities with a priority accorded to the shippers with customers in the affected region.

Moreover, rules of UIOLI could be applied, providing that the criteria are appropriate. The actual rule in Spain is applied systematically in the first six months after the beginning of the contract, which is not very logical and also not accurate :

- the mechanism of UIOLI should be applied only in case of congestion. It is not logical to apply this rule if there are available capacities,
- The rule should take into account the potential delays in the installation (new combined cycle for example) and also the physical restrictions, which could avoid to use totally the capacity

Q32 : What would be the necessary regulation modifications for the creation and development of MIBGAS?

- The international transit tariff would have to be modified: today, the only way of booking exit capacity from Spain to another country is international transit, which is from an entry point to an exit point. It is then necessary to book entry capacity dedicated to the exit to another country, which make it non economical, and it is impossible to export gas bought on the Centro de Gravedad. This should be modified to allow exit capacity booking from the CDG.
- The strategic storage obligation should be decreased so that some underground storage is released and used for flexibility or modulation. More flexibility on the market would help for the development of a market.