

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

On July 6th 2014, the National Commission for Markets and Competition released the public consultation “Study about models for integration of the Spanish and Portuguese markets in a common Iberian Natural Market”. GDF SUEZ Energía España views positive the consultation before indicated where it is analyzed possible models for the integration of the gas wholesale markets of Spanish and Portuguese, including the feasibility for the development of a common Iberian Gas Hub.

Hereafter, the comments of GDF SUEZ Energía España.

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

GDF SUEZ Energía España agrees with the analysis and the advantages and disadvantages of each model.

### **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?**

GDF SUEZ Energía España considers that the long term model is the Market Area but, at a first step, the Wholesale Market with Implicit Allocation of Capacity model is proper.

In the implementation of the model major challenges will have to be considered:

- Measures to achieve the appropriate liquidity levels;
- Information exchange procedures development (mainly in the case of the Wholesale Market with Implicit Allocation of Capacity model where two balancing zones will remain): TSO-TSO, TSOs-MO, TSO-Participants and MO-Participants;
- Quality and availability of the information related to daily imbalances in order to correctly apply the balancing network code,
- Necessary coordination with the power system.

### **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?**

Although Wholesale Market with Implicit of Capacity model is the first step, regulatory framework in both countries should be developed to achieve, in a coordinated way, the Market Area Model. This harmonization should include important items such as access tolls/tariffs, information exchanges between MO-TSOs-Participants, balancing services, capacity booking, etc.

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

From the GDF SUEZ Energía España point of view the process of the integration of the Iberian natural gas market should be develop towards the Market Area model.

### **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?**

Both NCs should be implemented as soon as possible through a coordinated process designed by both countries.

### **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?**

A calendar should be developed between both countries (Administrations & regulators) to achieve a widespread harmonization of both regulatory frameworks using the same coordinated principles.

The timing depends on the deadlines established by the European regulation and the agreed commitments between the Portuguese and Spanish authorities.