



**COMISIÓN NACIONAL DE LOS
MERCADOS Y LA COMPETENCIA**

EU LNG Strategy-Does one size fit all?



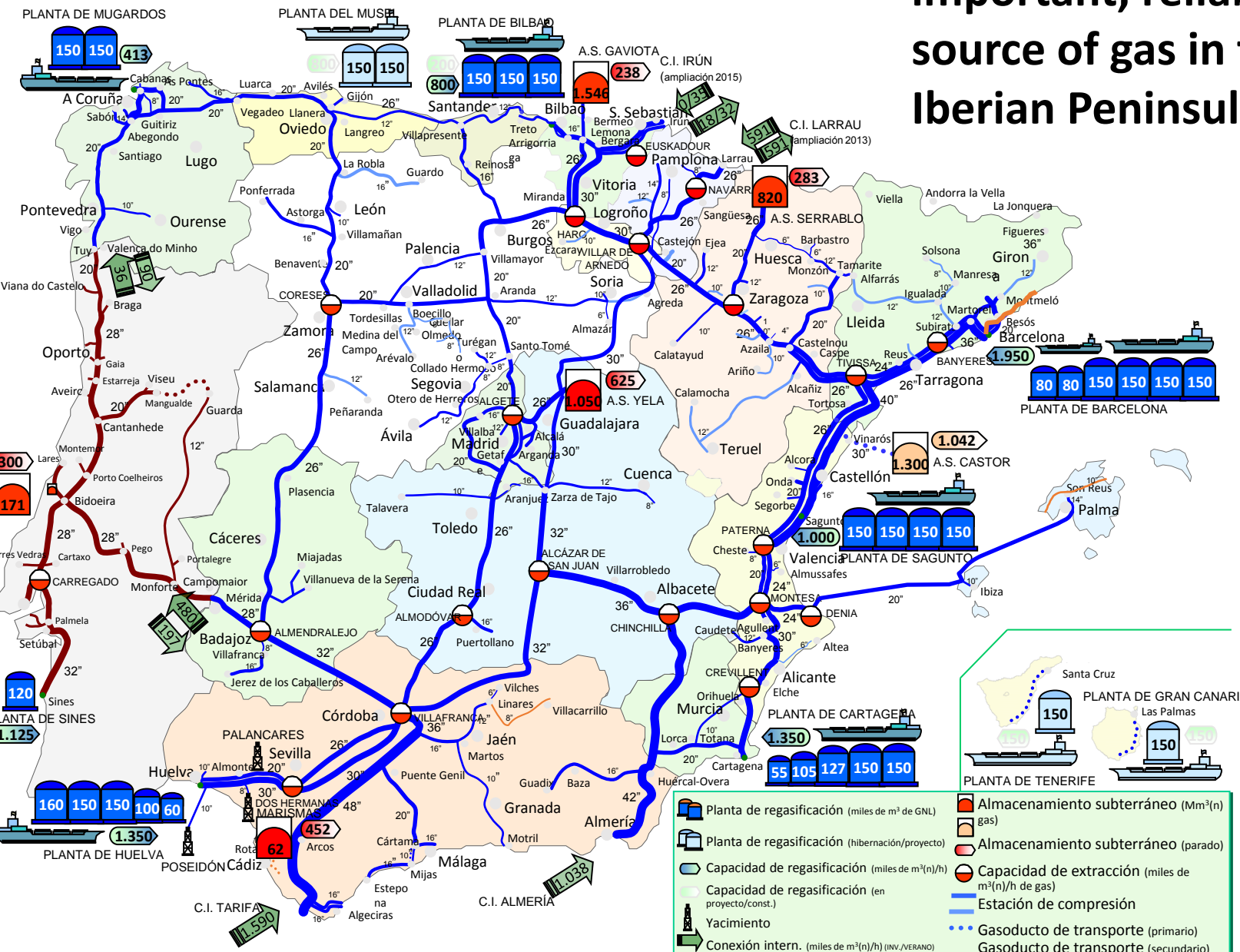
Rocío Prieto
CEER LNG TF Chair
CNMC Gas Director

26th May 2016

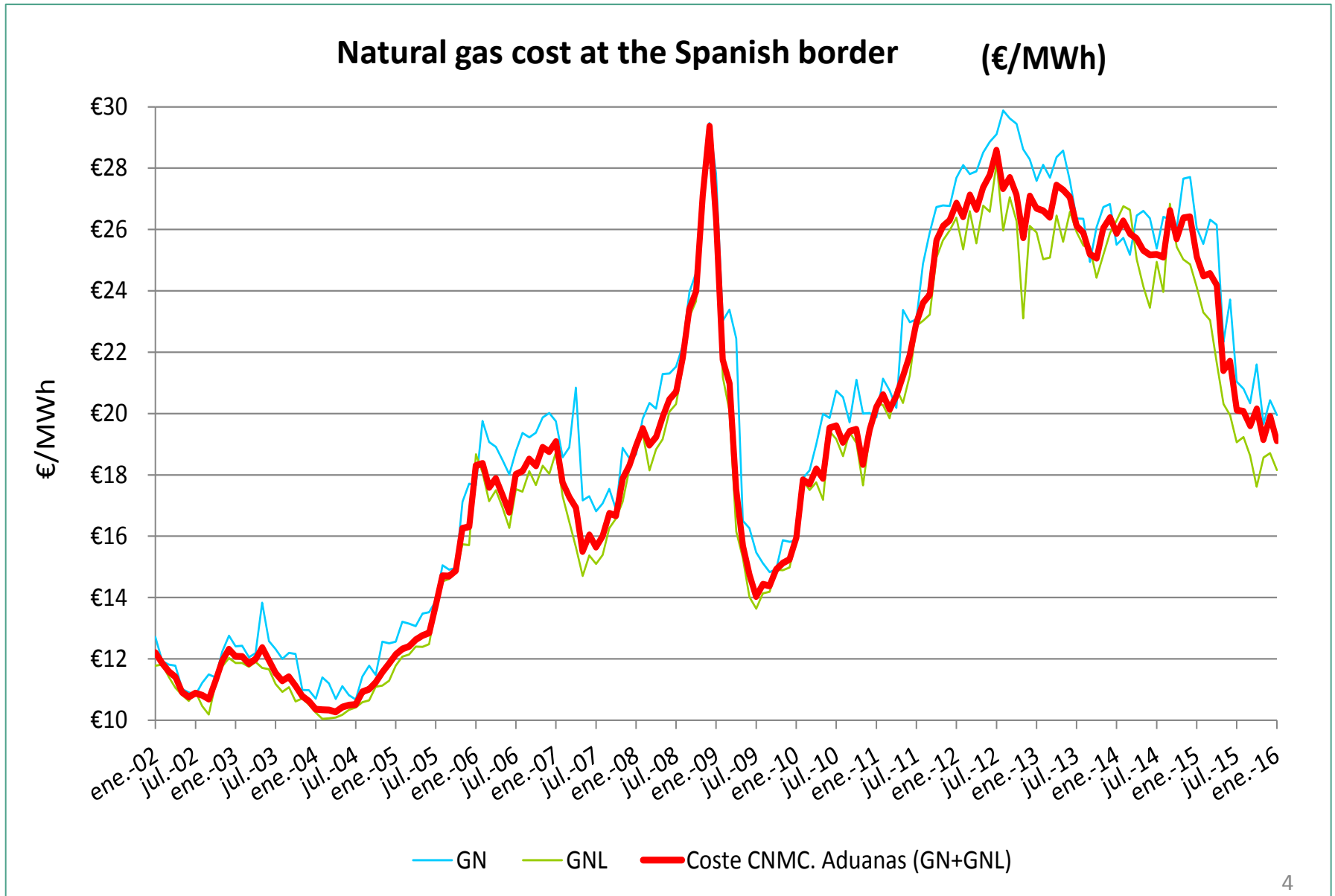
- LNG, Benefits and Drawback: Spanish view
- Access to LNG in Europe: CEER Study



LNG always has been an important, reliable source of gas in the Iberian Peninsula



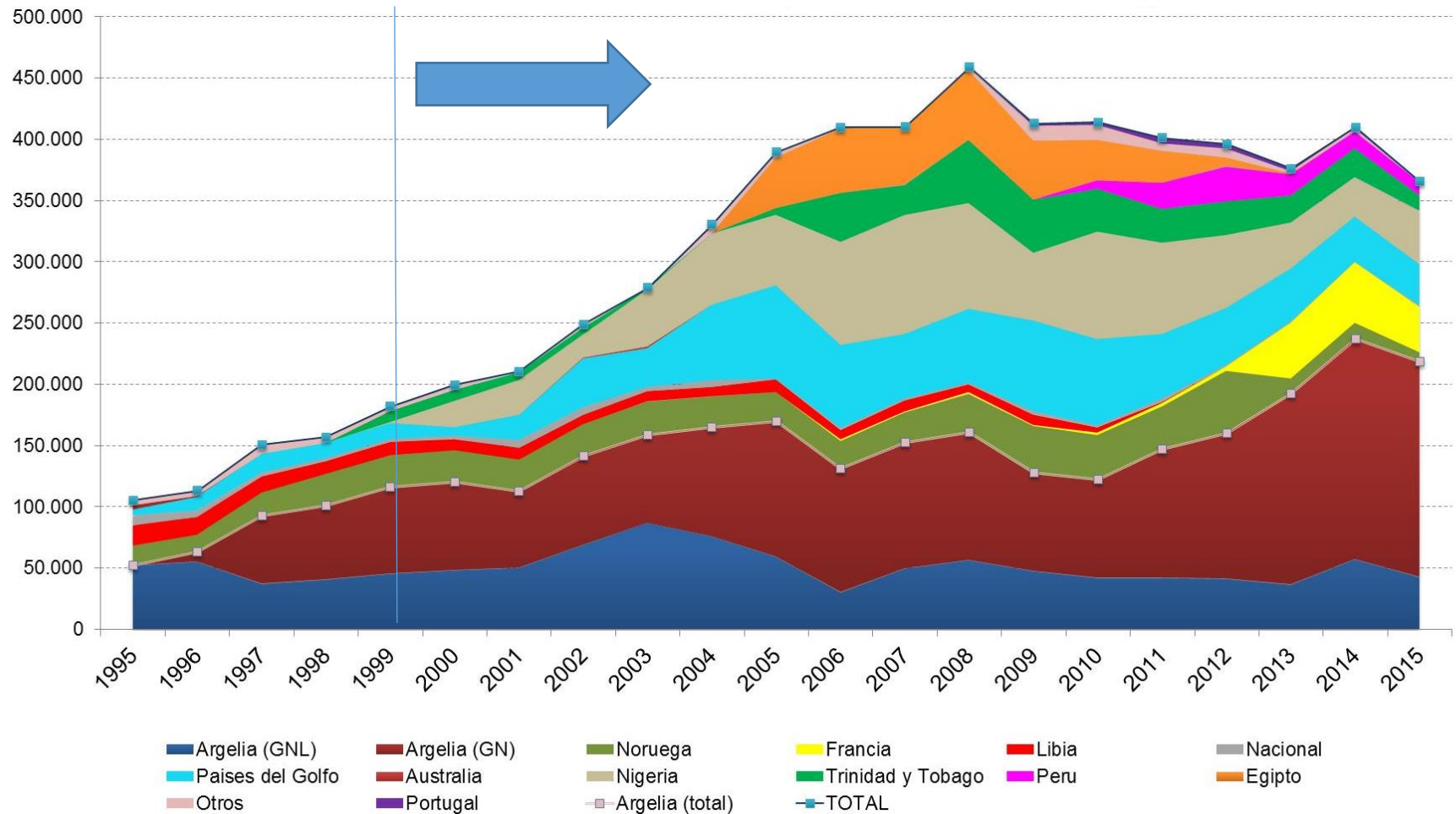
LNG (indexed to Brent) has normally been cheaper than pipeline gas



LNG is about choices...

Liberalization brought more competitors and they brought more gas sources, mainly LNG

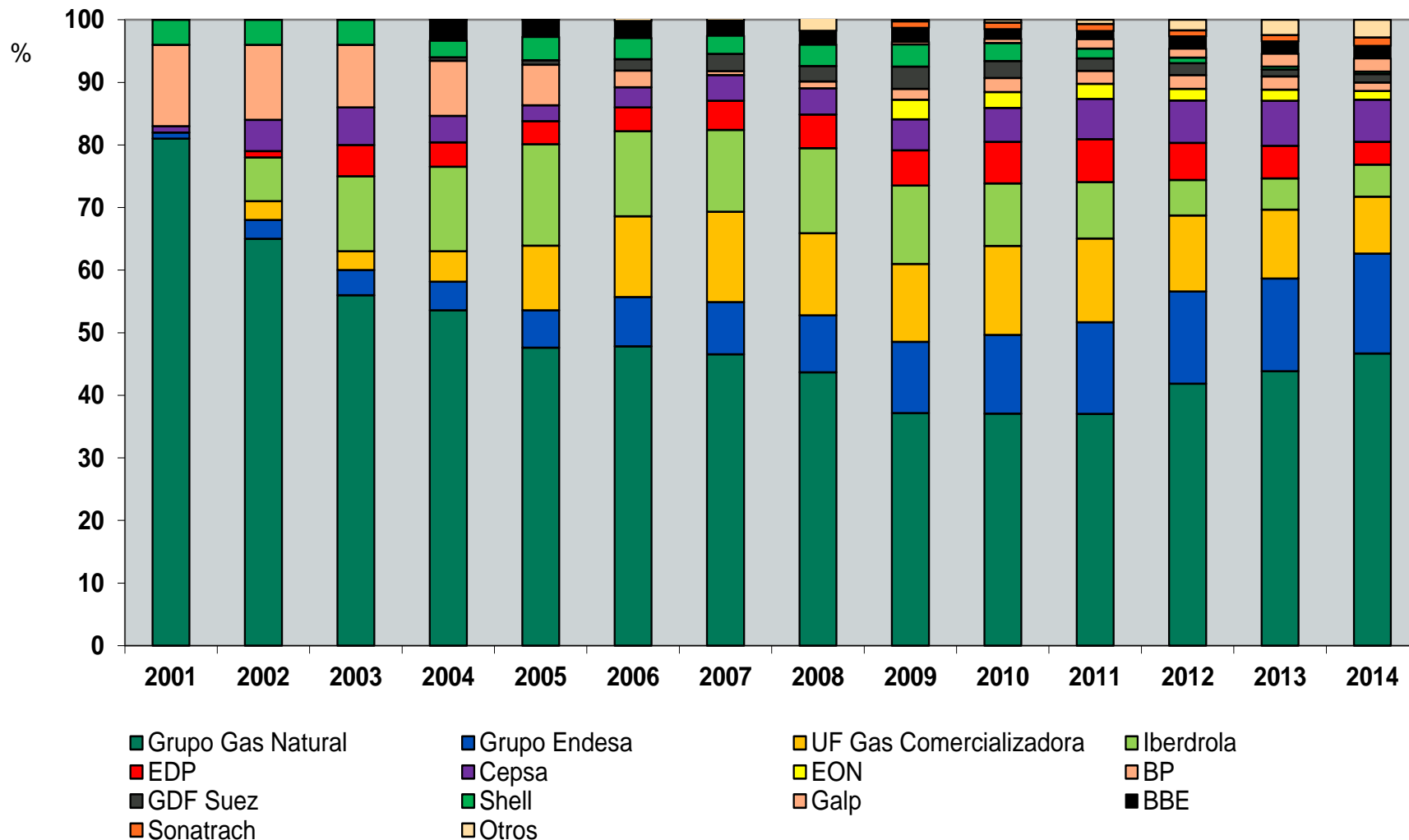
Gas Supplies to Spain (GWh)



LNG is about choices...

Or... is the other way round? LNG brought more competition

Final gas sales: Market Share (GWh)

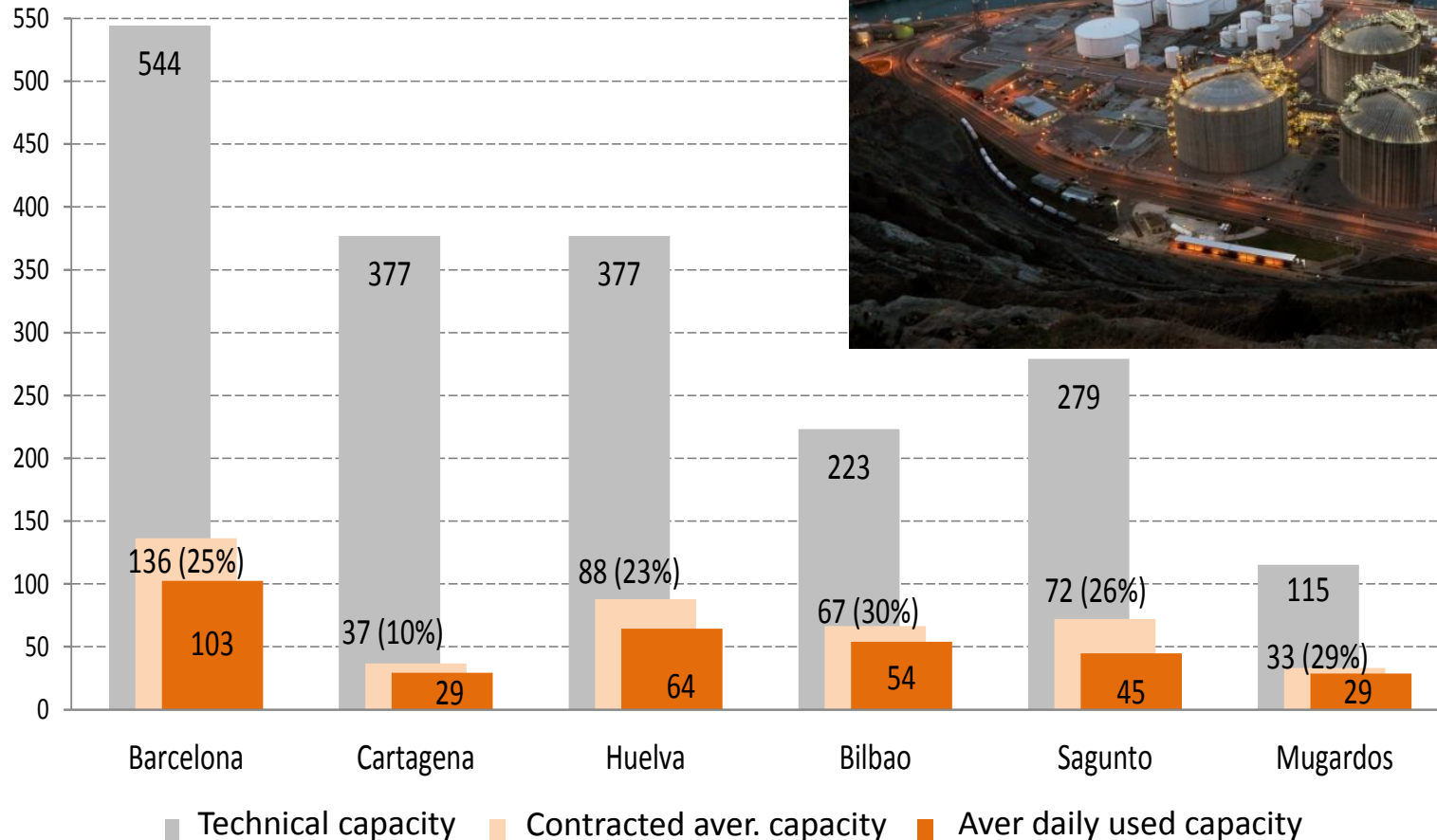


LNG capacity booking and utilization is low nowadays

(demand has decreased 1/3 since 2008- mainly electricity generation)

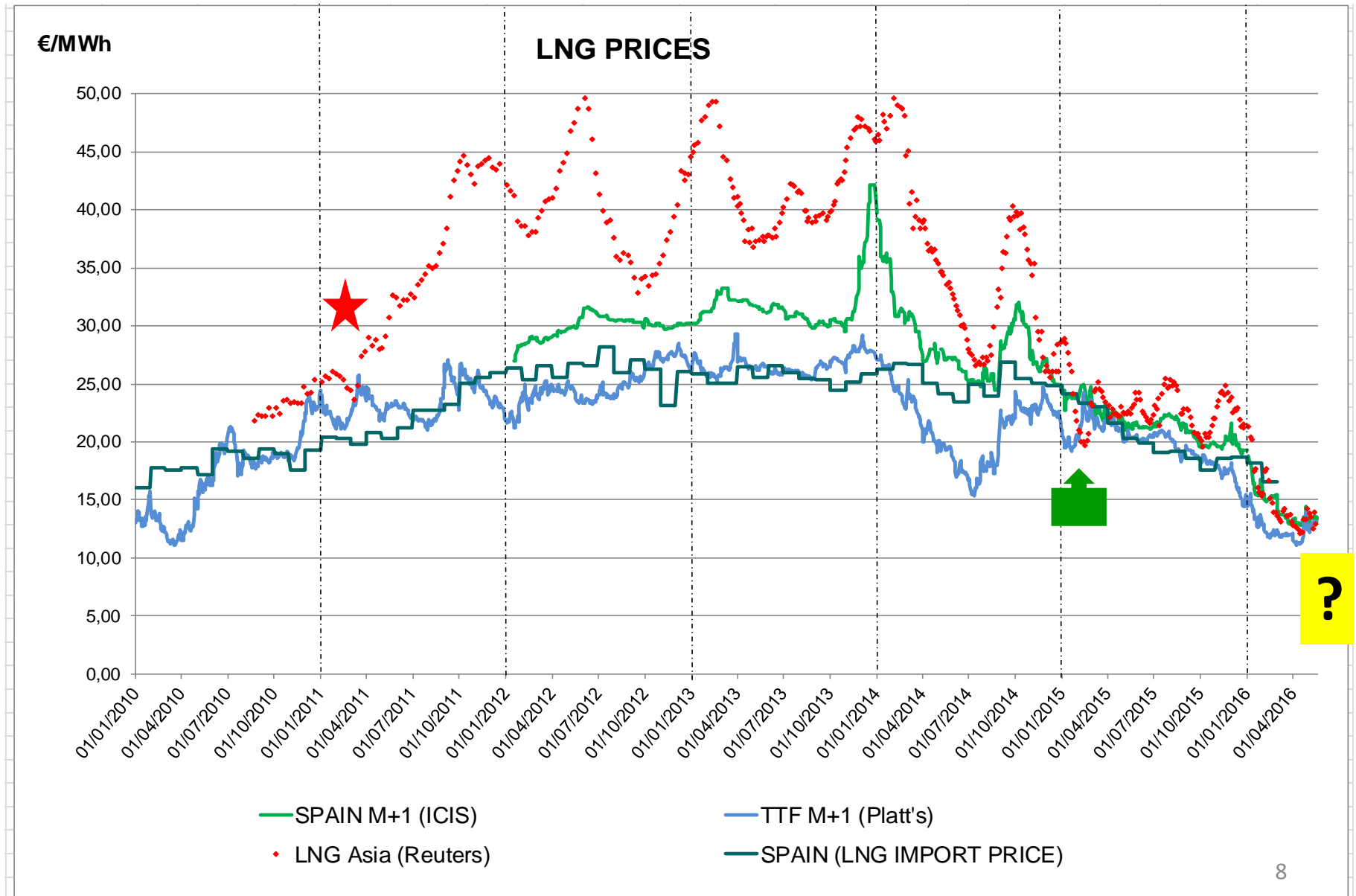
1st Quarter 2016

Regasification capacity in Spanish terminals



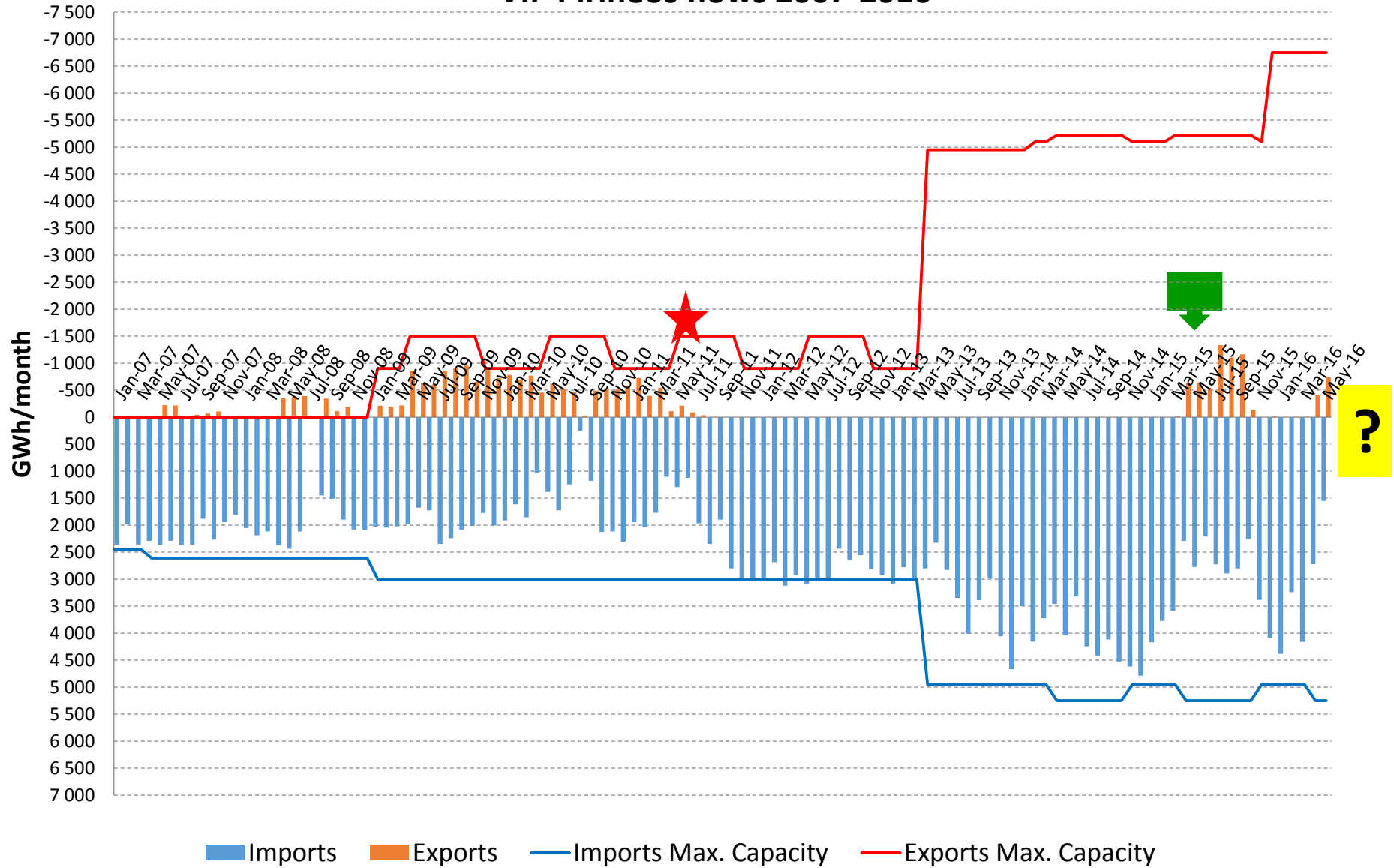
An average of 9.000 GWh in storage and 23.000 GWh of available storage capacity in tanks

With LNG you are connected to the world gas market (enjoying/ suffering marginal prices)

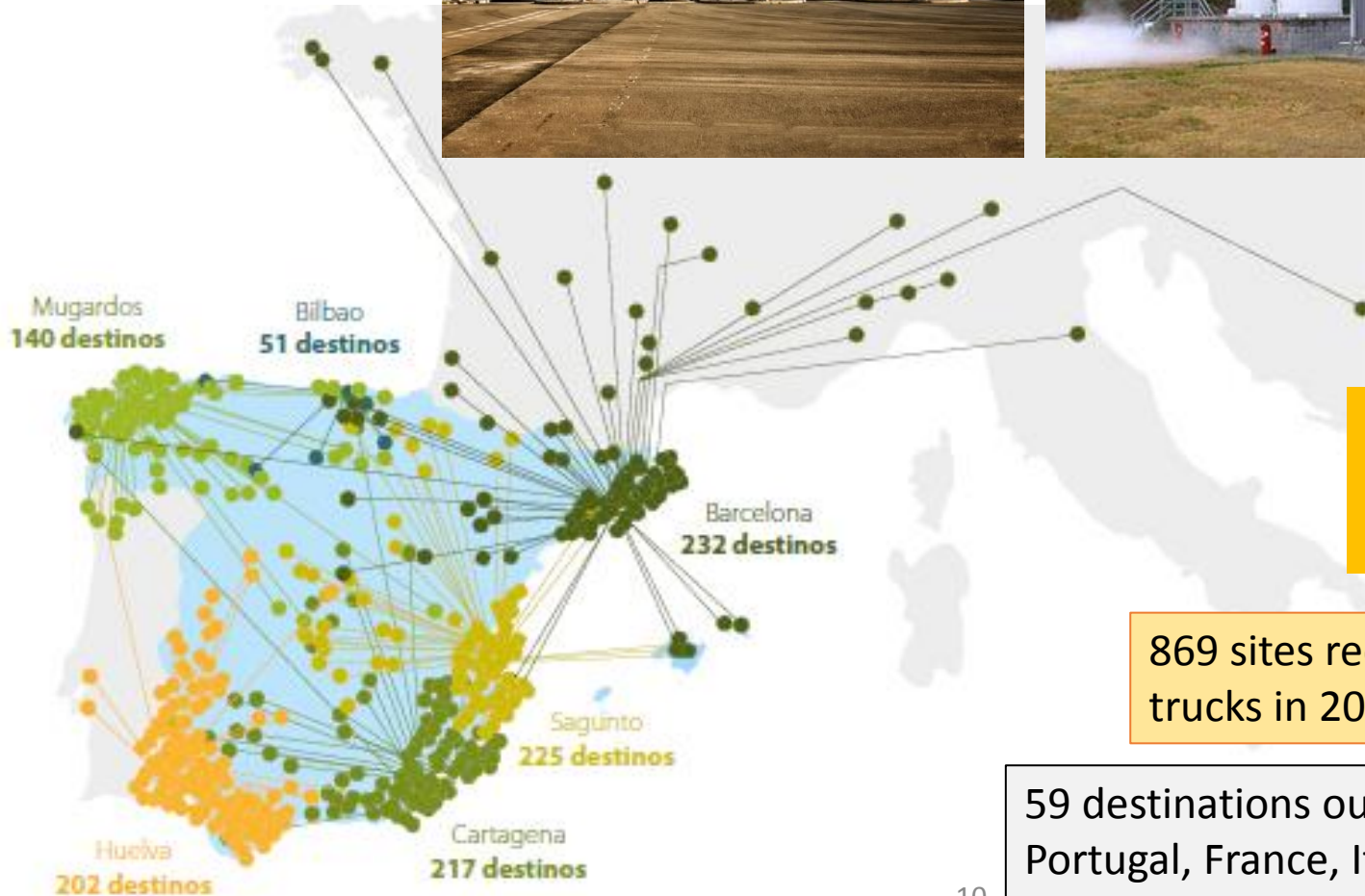


Interconnection with Europe (France) following price fundamentals

VIP Pirineos flows 2007-2016



Virtual pipelines : LNG transported in trucks to places where there is no pipeline, to satellite plants



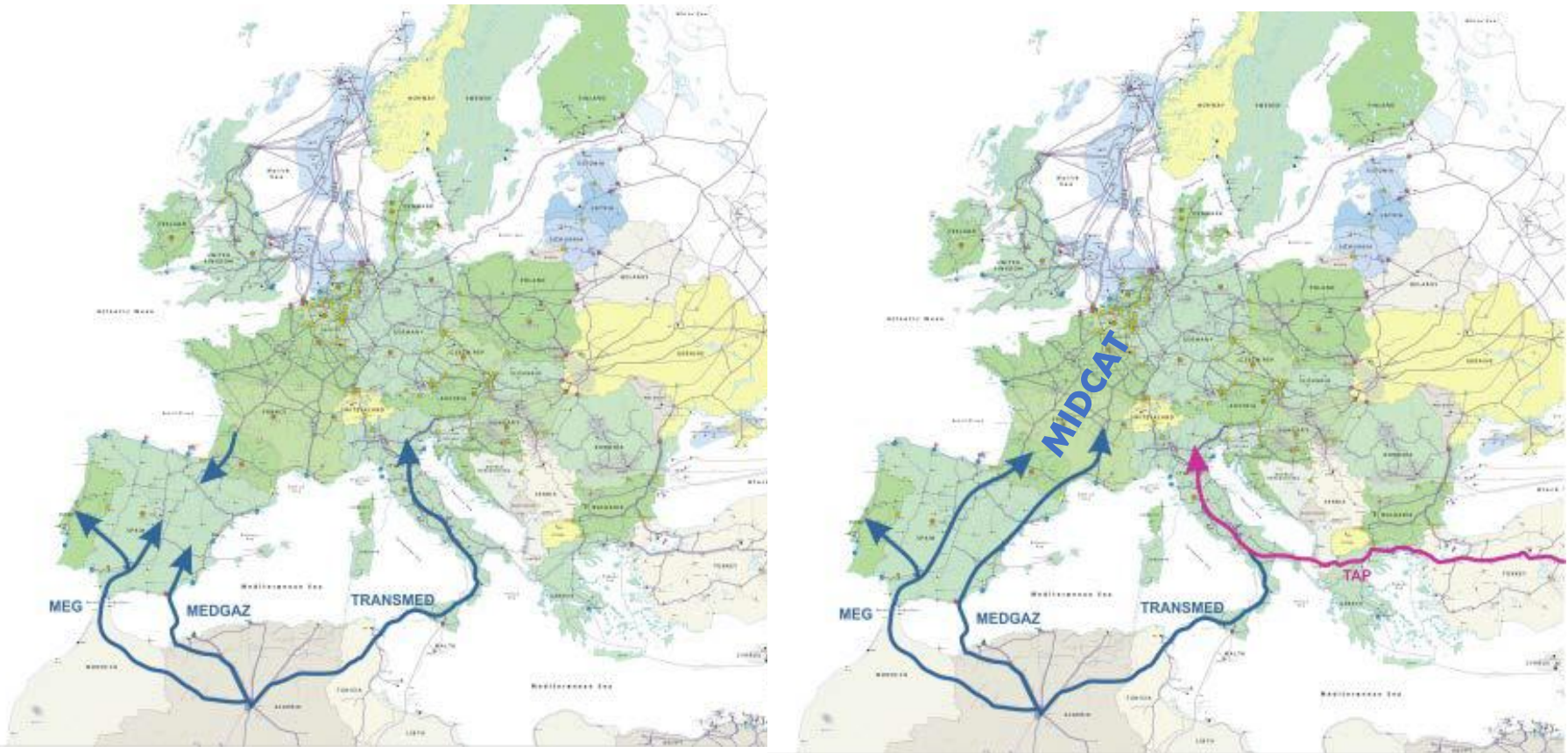
2015
10.719 GWh supplied
34.400 trucks loaded

869 sites received LNG with trucks in 2015

59 destinations outside Spain in 2015: Portugal, France, Italy, Switzerland and Macedonia

Are Iberian LNG terminals going to be used to export gas to Europe?

Present and future main gas transmission lines to southern Europe

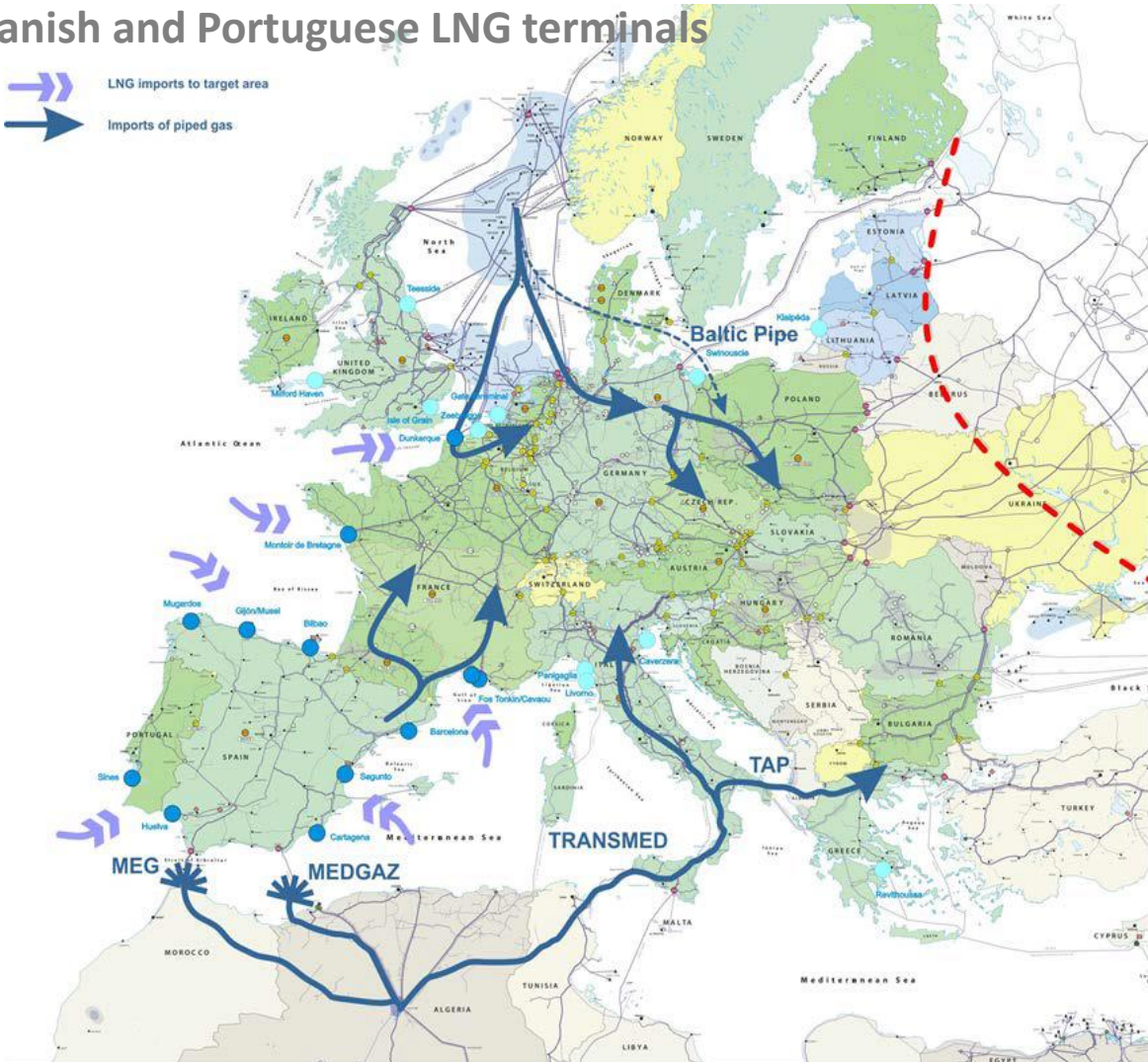


Source: "Study on the benefits of additional gas interconnections between the Iberian Peninsula and the rest of Europe " RAMBOLL for DG ENER

Are Iberian LNG terminals going to be used to export gas to Europe?

Possible flow situation in case of disruption of Russian supply to EU and use of French, Spanish and Portuguese LNG terminals

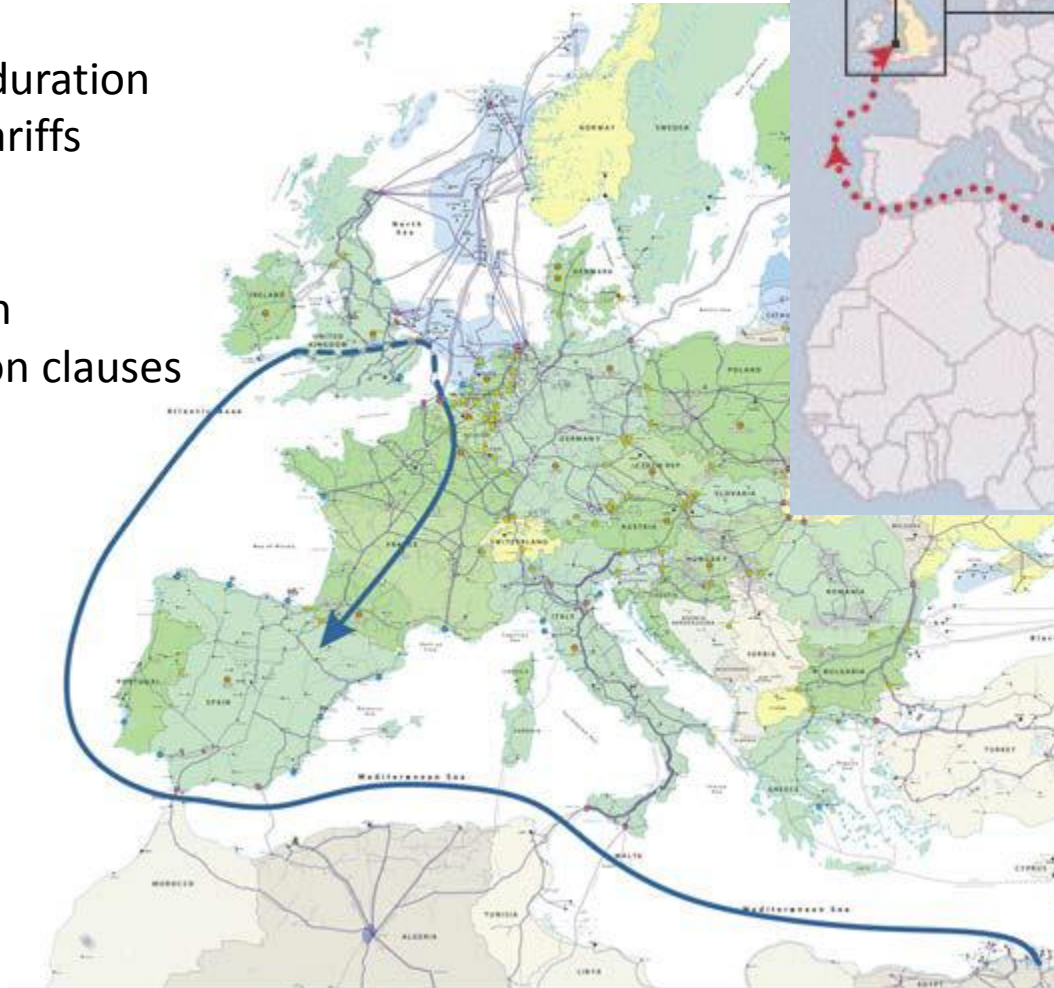
- ➡➡ LNG imports to target area
- ➡ Imports of piped gas



Are Iberian LNG terminals going to be used to export gas to Europe?

Depends on the prices and the contracts:

- Access tariffs
 - Contract duration
 - Level of tariffs
- Gas Prices
 - Indexation
 - Destination clauses



CEER Analysis on the role of LNG to improve SoS

http://www.ceer.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Gas

The Paper analyses four main topics:

- (1) LNG terminals in Europe: available capacities, transparency in the access to rules and information
- (2) Innovation on LNG and its contribution to SoS: FSRUs, virtual pipelines, new services
- (3) Assessment of the global market dynamics: supply, demand, prices, trade and the role of markets in attracting LNG
- (4) Measures to take in case of emergency conditions.

CEER analyses how LNG can be play its role to improve SoS and recommends what type of measures can be considered by policy makers in case of emergency

CEER Analysis on the role of LNG to improve SoS

Markets

- ✓ Reinforcing **the role of LNG markets**
- ✓ **Transparency** is crucial to improve market development and European SoS:
 - GLE Transparency Template
- ✓ Supply side: **more visibility to LNG availability**, information about plants.
- ✓ Demand side: **master agreements** between potential users and suppliers in a common framework for LNG deliveries

GLE Transparency Template



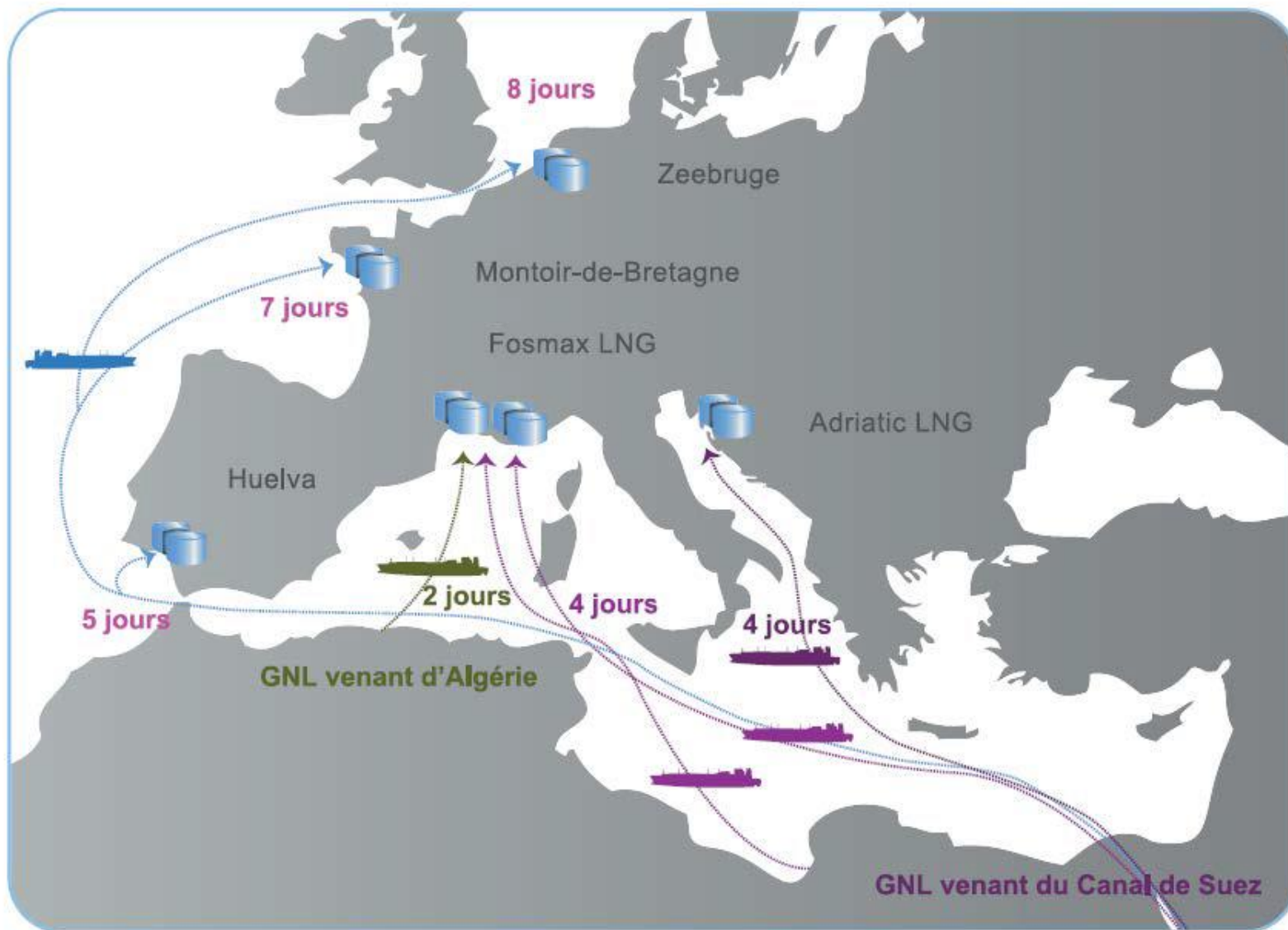
	Macro Area	Submenu
1	CONTACT	Contact
2	TERMINAL CHARACTERISTICS	Facilities main characteristics
		Service Description
		LNG Quality
3	HOW TO BECOME A CUSTOMER / USER	Main steps for applying for access
		Contract information
		TSO information
		Ship procedures
4	CAPACITIES	Primary market
		Secondary market
5	TARIFF	Regulated terminals
		Exempted terminals
6	LEGAL DOCUMENTATION	Contracts/Codes
		Regulation/Legislation
7	OPERATIONAL DATA	Historical data
		Operational data
8	MISCELLANEOUS	Projects

CEER Analysis on the role of LNG to improve SoS

Recommendations to be taken

- ✓ **Removing administrative and regulatory barriers** to allow LNG trades, terminals send-outs and NG flows to cross several countries.
- ✓ Reinforcing **cooperation** between Member States
- ✓ **Collaboration between LSOs and TSOs:** bundled service LSO-TSO to cross several countries with a single capacity request
- ✓ Common process for **LNG operators** to facilitate the **transactions from one regasification terminal to another.**

Les principales durées d'acheminement du GNL en provenance du bassin méditerranéen (carte : Elengy)



CEER Analysis on the role of LNG to improve SoS

Recommendations to be taken

- ✓ A **common European LNG exchange** platform could be explored to provide a valuable framework for LNG deliveries to respond in a crisis including
- ✓ **Virtual pipelines:** LNG trucks to deliver LNG to remote areas or use satellite plants to regasified gas (can mitigate the effects of gas disruptions for most vulnerable customers)

CEER will follow closely the open debate about the security of gas supply in Europe

CEER will continue providing recommendations and feedback with the objective of ensuring that LNG can enhance security and competitiveness of gas supply in the EU



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Thank you !

¡Gracias !