

Section1: open background questions

*The objective of the monitoring of the GGPSSO is to find out whether and how the GGPSSO have been implemented. Questions addressing the actual compliance with the GGPSSO are presented in Section 2. However, the monitoring should also provide an overall view of the effectiveness of the GGPSSO. Therefore, the questions presented in Section 1 are designed to assess **how** the GGPSSO have been implemented and in particular whether the GGPSSO could be improved.*

1.1 Do you believe implementation of the GGPSSO by SSOs has been effective?

The TPA to the storage facilities is not transparent at all. The SSOs have not established rules that facilitate a competitive and efficient use of the capacity

1.2 Apart from storage services, do you have sufficient access to other sources of flexibility in order to meet your commercial needs (e.g. hubs, production flexibility, import flexibility, long-term contracts, balancing market)? Can these other sources of flexibility be considered as effective substitutes to storage?

No. Either the small LNG storage capacity or the small storage at the transportation network together with an insignificant withdrawal capacity from the underground storages means that there is not any other flexibility to meet our commercial needs

1.3 Please indicate if the adoption of the GGPSSO has had a positive impact on TPA services (GGPSSO requirements on “Necessary TPA services”, chapter 3)?

We have not seen any change in the TPA that is being offered by the Spanish SSOs after the approval of the GGPSSO. In fact, we have seen how the main SSO in Spain has limited the rights of the storage contracts already signed by limiting the withdrawal capacity to be used by the shippers and having it reserved for its own use (for the supply of the regulated market)

1.4 Please indicate if the adoption of the GGPSSO has had a positive impact on storage capacity allocation/congestion management procedures (GGPSSO requirements on “Storage capacity allocation and congestion management”, chapter 4)?

We have not seen any change. The Spanish storage capacity is under congestion during the winter season, and there is not any transparency in the allocating mechanisms.

1.5 Please indicate if the adoption of the GGPSSO has had a positive impact on transparency. Would you say that as a user, you are provided with sufficient and timely information in order to gain effective and efficient access to storage facilities? What data would you like to see published? Why would you need this additional information (GGPSSO requirements on “Transparency”, chapter 6)?

The system of allocation of storage capacity is not transparent at all. We would like to see published on a daily basis, the capacity that is being used and the available capacity

- 1.6 In nTPA, if the main commercial conditions including the prices for standard services are published, is there consistency between your contract and these published conditions (GGPSSO requirements on “Tariff structure and derivation”, chapter 7)?

- 1.7 Please indicate if the adoption of the GGPSSO has had a positive impact on secondary trade of storage capacity (GGPSSO requirements on “Secondary market”, chapter 9)

There is not a secondary market for the storage capacity and according to the Spanish Law, this market is –for the time being- forbidden

- 1.8 Do you believe that there is a conflict between the requirements of the GGPSSO and national legislation that will materially affect either your interests or your ability to comply with the GGPSSO (GGPSSO Scope and Objective)? Please specify the nature of such conflict

- 1.9 If you have entered into a new storage contract after the adoption of the GGPSSO (18 March 2005), do you believe that there is a conflict between the requirements of the GGPSSO and certain clauses of your contract (e.g. publication of certain data, day-ahead release of non-nominated injectability and deliverability)? Please specify the nature of such conflict

The storage contracted we have signed since 18th March 2005 are the same to the ones we signed before. You have to book capacity for a minimum of 1 month and you cannot release the day-ahead withdrawal capacity not being used

- 1.10 Do you believe there are gaps in the GGPSSO? How could the effectiveness of third party access to storage be improved?

The experience of the shippers of storage capacity is not big enough to suggest big changes in the TPA to these facilities but we think it is necessary the implementation of a real transparency and the unbundling of storage and sales to regulated market.

2 Section 2: monitoring of the implementation of the Guidelines for Good Practice for Gas Storage System Operators (GGPSSO)

These questions are designed to monitor implementation of the GGPSSO requirements due to be implemented from 1 April 2005.

If you are a customer/potential customers of several SSOs, the questionnaire should ideally be completed for each SSO

General

2.1 **Business name of respondent:** CEPESA GAS COMERCIALIZADORA S.A.

2.2 **Please specify if you are (several answers possible):**

	<i>tick</i>
(a) a production company	<input type="checkbox"/>
(b) a supply undertaking	√
(c) a wholesale customer	<input type="checkbox"/>
(d) a trader	√
(e) a TSO	<input type="checkbox"/>
(f) a DSO	<input type="checkbox"/>
(g) a final customer	<input type="checkbox"/>
(h) other (e.g. local utility, distribution company, retailer including public services)	<input type="checkbox"/>
Association professionnelle qui regroupe ; fournisseurs, gros consommateurs, gestionnaires de réseaux de transport et de stockage.	

2.3 **Please specify if you are:**

	<i>tick</i>
(a) part of the same vertically integrated undertaking as to the SSO to which this questionnaire applies	<input type="checkbox"/>
(b) a company with no relationship whatsoever with the SSO	√

- 2.4 If you have ticked the box for question 2.3 (a), can you confirm that there is a document setting out all the terms and conditions relating to storage use by the affiliate company and that this document is used (GGPSSO 1.3)?

	<i>yes</i>	<i>no</i>
	<input type="checkbox"/>	<input type="checkbox"/>

- 2.5 Please provide the name/country of the SSO you are a customer of and to which this questionnaire applies

ENAGÁS, S.A.

- 2.6 Do you own storage capacity rights in this storage system (date of reference: 1 April 2005)

	<i>yes</i>	<i>no</i>
	√	<input type="checkbox"/>

- 2.7 Please specify if you experienced any refusal of access in this storage system:

	<i>yes</i>	<i>no</i>
(a) before 1 April 2005	<input type="checkbox"/>	√
(b) after 1 April 2005	√	<input type="checkbox"/>

- 2.8 If the answer is “yes”, what were the reasons for the refusal of access?

There was fully booked. It was denied according to the principles of “first come first serve”

- 2.9 For the SSO you are a customer of, please indicate if:

	<i>tick</i>
(a) you have signed the relevant storage code	<input type="checkbox"/>
(b) you have entered into a contract based on a standard storage contract <i>This is the only possibility in Spain</i>	√
(c) you have entered into a contract in the absence of a standard storage contract , or in another sort of arrangement	<input type="checkbox"/>

Roles and responsibilities of Storage System Operators

- 2.10 Please provide details on whether and how you were consulted by the SSO in developing a standard storage contract/storage code (GGPSSO 1.2.b)

<i>Cepsa Gas Comercializadora were not consulted by the SSO in developing the standard contract actually in use in Spain</i>
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2.11 Please provide details on the guarantees you were asked to provide with respect to creditworthiness (GGPSSO 1.2.h)

Once you have reserve storage capacity you have to constitute a financial guarantee that covers the payment of the 85% of the TPA fees (according to the Spanish Law)

Necessary TPA services

2.12 Are you obliged through a PSO to book storage capacity?

	yes	no
Accordin to the Spanish Law, all the marketers are obliged to have a minimum stockage of gas equivalent to 35 days of the consumption of the firm customers	√	<input type="checkbox"/>

2.13 Would you say that the menu of services offered on the primary market meets your needs, as far as the following criteria are concerned (GGPSSO 3.3, 3.5, 3.7, 3.8):

	yes	no
(a) size of standard bundled units (SBUs) appropriate	<input type="checkbox"/>	√
(b) no undue restrictions on the starting date and the prevailing physical flows	<input type="checkbox"/>	√
(c) duration of contracts	<input type="checkbox"/>	√
(d) price	<input type="checkbox"/>	√

2.14 If any of these criteria (question 2.13 (a) – (d)) is not met, please state why. Which improvements would be necessary to meet your demand?

The storage capacity is very small in Spain and clearly insufficient (even for the required 35 days)
 The rights to withdraw from the underground storage have been reduced by the GSO without any compensation
 The minimum duration of the contracts is one month.

2.15 Is there an additional charge if you inject or withdraw at a time of the year when the prevailing physical flows are in the other direction (GGPSSO 3.7)?

	yes	no
When you inject in winter, the SSO will retain the regulated shrinkages eventhough these are not real (since your injection will be off-set by others)	√	<input type="checkbox"/>

2.16 If the answer is “yes”, is the additional cost “unjustified” or “justified” in your opinion (GGPSSO 3.7)? Please provide details

Is completely unjustified.

2.17 What is the timeframe for solving capacity booking requests (based on your experience) (GGPSSO 3.9)?

Nearly one month (or 24 business days that is the maximum response time allowed by the Spanish Law)

2.18 What is the timeframe for solving other requests (please specify) (GGPSSO 3.9)?

We do not have any experience

2.19 Does the SSO respond in a time frame compatible with your reasonable commercial needs (GGPSSO 3.9)?

	<i>yes</i>	<i>no</i>
(a) capacity booking requests?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(b) other requests? We do not have any experience	<input type="checkbox"/>	<input type="checkbox"/>

2.20 If the answer is “no”, please provide details (GGPSSO 3.9)

We may need to increase the contracted capacity within a month in order to achieve the importation of a spot cargo. The SSO, most of the times, refuses to contract extra-capacity once the monthly programme has been committed.

Storage capacity allocation and congestion management

2.21 Does the storage capacity allocation mechanism applied by the SSO meet all the requirements below (GGPSSO 4.1):

	<i>tick</i>
(a) it facilitates the development of competition and liquid trading of storage capacity (GGPSSO 4.1.a)	<input checked="" type="checkbox"/>
(b) it is compatible with market mechanisms including spot markets and trading hubs (GGPSSO 4.1.a)	<input checked="" type="checkbox"/>
(c) it does not create undue barriers to market entry (GGPSSO 4.1.c)	<input type="checkbox"/>
(d) it does not prevent new market entrants and companies with a small market share from competing effectively (GGPSSO 4.1.c)	<input type="checkbox"/>
(e) it does not prevent customers from changing suppliers at any time of the year (GGPSSO 4.3)	<input type="checkbox"/>

2.22 If any of these criteria (question 2.21 (a) – (e)) is not met, please explain why (GGPSSO 4.1)

The lack of storage capacity together with the non-transparency existing today in Spain, prevents any natural gas trading and capacity trading. Notwithstanding with the above the incumbent is clearly favoured by the capacity allocation process and this is a big barriers to the entry of new competitors.

2.23 Do the congestion management procedures applied by the SSO meet all the requirements below (GGPSSO 4.2):

	<i>tick</i>
(a) they facilitate the development of competition and liquid trading of storage capacity (GGPSSO 4.1.a)	√
(b) they are compatible with market mechanisms including spot markets and trading hubs (GGPSSO 4.1.a)	√
(c) they do not create undue barriers to market entry (GGPSSO 4.1.c)	<input type="checkbox"/>
(d) they do not prevent new market entrants and companies with a small market share from competing effectively (GGPSSO 4.1.c)	<input type="checkbox"/>
(e) they do not prevent customers from changing suppliers at any time of the year (GGPSSO 4.3)	<input type="checkbox"/>

2.24 If any of these criteria (question 2.23 (a) – (e)) is not met, please explain why (GGPSSO 4.2)

The transparency is the main barrier that prevents a real competition in Spain

Transparency requirements

2.25 Does the SSO provide you with sufficient and timely information in order to gain effective and efficient access to storage (GGPSSO 6.5)?

	<i>yes</i>	<i>no</i>
	<input type="checkbox"/>	√

2.26 If the answer is “no”, please explain why (GGPSSO 6.5)

The storage capacity is only published once a quarter, that is not enough

2.27 Have you ever made a request to the SSO not to publish some information (please specify which data), because it would harm your commercial interests (GGPSSO 6.2)?¹

[confidential]

Tariff structure and derivation

Where regulated

¹ answers to this question will be treated as confidential

2.28 Do you think that the tariff structure of the SSO promotes efficient commercialisation and use of storage (GGPSSO 7.1.d)?

	<i>yes</i>	<i>no</i>
	√	<input type="checkbox"/>

2.29 If the answer is “no”, please explain why (GGPSSO 7.1.d-f)

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Where negotiated

2.30 Charges (GGPSSO 7.2):

	<i>tick</i>
(a) do not restrict market liquidity of storage capacity (GGPSSO 7.2)	<input type="checkbox"/>
(b) do not create undue barriers to market for new entrants (GGPSSO 7.2)	<input type="checkbox"/>
(c) promote efficiency and facilitates competition in the use of storage services (GGPSSO 7.2.b)	<input type="checkbox"/>

2.31 If any of these criteria (question 2.30 (a) – (c)) is not met, please explain why (GGPSSO 7.2)

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2.32 Are charges negotiated in a time frame compatible with your reasonable commercial needs (GGPSSO 7.2.d)?

	<i>yes</i>	<i>no</i>
	<input type="checkbox"/>	<input type="checkbox"/>

2.33 If the answer is “no”, please explain why (GGPSSO 7.2.d)

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Storage penalties

2.34 Where they are established, storage penalties (GGPSSO 8.2)

	<i>tick</i>
(a) are proportionate	<input type="checkbox"/>
(b) do not hamper the entry of new participants into the market	<input type="checkbox"/>
(c) are cost-reflective, to the extent possible, whilst providing incentives for the appropriate use of storage capacity	<input type="checkbox"/>

2.35 If any of these criteria (question 2.34 (a) – (c)) is not met, please explain why (GGPSSO 8.2)

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Secondary market

2.36 What kind of services can be traded on the secondary market (GGPSSO 9.1) ?

	<i>yes</i>	<i>no</i>
(a) standard bundled units (SBUs)	<input type="checkbox"/>	√
(b) unbundled services	<input type="checkbox"/>	√

2.37 Do you trade storage capacity on the secondary market (GGPSSO 9)?

	<i>yes</i>	<i>no</i>
To trade storage capacity is actually forbidden in Spain	<input type="checkbox"/>	√

2.38 If not, please state why (GGPSSO 9) ?

	<i>tick</i>
(a) not possible	√
(b) possible but difficult in practice	<input type="checkbox"/>
(c) not interested in secondary trading of storage capacity	<input type="checkbox"/>
(d) other (please specify)	<input type="checkbox"/>

2.39 Please provide details on how secondary trading of storage capacity is facilitated by the SSO (GGPSSO 9.1)

To trade storage capacity is actually forbidden in Spain
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Interoperability

2.40 Does your SSO ensure interoperability between the storage system and the transmission system (GGPSSO 10.1)?

	<i>tick</i>
(a) services offered are consistent with those offered by the adjacent TSO	√
(b) operational procedures, such as nominations, are compatible with those of the adjacent TSO	√
(c) re-nomination procedures meet market participants' requirements	√
(d) relevant storage arrangements are matched in consistency with the balancing requirements of the adjacent transmission system	<input type="checkbox"/>
(e) other	<input type="checkbox"/>

2.41 If any of this item (question 2.40 (a) – (e)) is not met, please provide comments based on your experience (GGPSSO 10.1)

There are not any storage arrangements consistent with the balancing of the adjacent transmission system. More than the 50% of the insignificant withdrawal capacity is reserved by the SSO for its own use, since the SSO is, as well, a supplier of the regulated market. This means that the storage service cannot provide any help in the balancing mechanisms.