

Response to CNMC Consultation on Congestion Management and Capacity Hoarding Prevention Mechanisms in the Natural Gas System (RDC/DE/005/25)

Energy Traders Europe welcome the opportunity to comment on the amendments to the CNMC Resolution of 24 March 2022 by the National Commission on Markets and Competition establishing the detailed procedures for the development of congestion management and capacity hoarding prevention mechanisms in the natural gas system (RDC/DE/005/25). Key points we wish to make regarding the consulted document are listed below, followed by more detailed reasoning. We remain available to continue the discussion and provide any additional information that may be required.

Key messages

- It should be clear that there are **no penalties for surrendered LNG slots which are eventually successfully reallocated**.
- **High penalty multipliers** risk undermining its market attractiveness compared to other EU countries.
- **Additional penalties** for users who repeatedly surrender slots with 10 or less days' notice can be **excessive and redundant**, considering that premiums are already paid by the original holder through the reallocation process.
- The **31-day minimum notice period is excessive by EU standards** and could reduce the competitiveness of Spanish terminals.

As a general principle, we would like to clarify that **LNG slots which are successfully reallocated to another user should not be subject to the surcharges** proposed in the draft resolution.

Indeed, the **reallocation of a slot does not result in any adverse effect on the gas system, per se**. On the contrary, it enhances system efficiency by ensuring optimal use of available capacity. Furthermore, the original slot holder already incurs a financial disincentive through the premium paid as part of the reallocation process. This premium functions as an effective economic penalty for not

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utilising the initially reserved capacity. Introducing an additional surcharge in such cases would therefore be both unnecessary and disproportionate.

We firmly believe that any penalties should reflect the actual impact on the system. Therefore, when a slot is successfully reassigned, the net effect is neutral, and as such, no further financial penalties should be applied.

High multipliers

The **proposed multipliers represent a steep increase in penalties compared to last year**, without clear justification. These **additional costs risk undermining the competitiveness of Spanish terminals**, particularly in comparison to other European terminals with less stringent penalty regimes – at a time when LNG is playing an increasingly vital role in the EU energy market.

Significantly higher penalties could also translate into **increased costs for gas supply within the Spanish system**, ultimately affecting end-consumers. While we acknowledge the need for having progressive penalties to serve a deterrent function, we urge the Authority to either reconsider a reduction in the proposed multipliers or provide a clear rationale for the substantial increase.

Additional penalties for users who repeatedly surrender slots with less than 10 days' notice

According to the proposal under consultation, users who surrender more than 20% of their total reserved slots with less than 10 days' notice would be subject to additional penalties.

To avoid disproportionately disadvantaging small shippers – who reserve a limited number of slots annually – compared to larger users, **we recommend applying the additional penalty only to those shippers whose total annual slot reservations exceed a certain threshold.**

Alternatively, we suggest **adjusting the percentage currently established (20%) based on either the overall number of slots reserved or the total contracted capacity during the year**, to ensure a more equitable treatment of market participants of different sizes within the Spanish LNG sector.

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Additionally, we propose **revising the criterion for determining repeated non-compliance with the notice period for capacity cancellation or surrender**. Specifically, we recommend setting the notice period threshold in question at 8 days, rather than the 10 days currently proposed. This would bring the resolution into alignment with Article 38.2 of Circular 2/2025, which already establishes an 8-day timeframe. Harmonizing these requirements across the regulatory framework would enhance clarity and consistency for system users.

Minimum notice period

Finally, with respect to the minimum notice period to surrender a slot without incurring penalties, we recommend allowing **cancellations without penalties up to 14 days before delivery**. This would preserve the attractiveness of the Spanish LNG market and avoid potential reductions in Algerian supply, which represents an important share of Spain's LNG import mix.

In the same spirit, we also invite the Authority to carefully assess the potential impact on security of supply and the competitiveness of Spanish LNG terminals, particularly with regard to spot cargoes from nearby regions (e.g., Algeria), if penalties for cancellation would apply already 31 days ahead of delivery, and would be set at even higher levels than last year.

We remain available for any further clarifications or additional information you may require. Please do not hesitate to contact us.

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