CONSULTATION RESPONSE

Energy Traders Europe response to CNMC consultation on the amendment of Circular 6/2020 on tariffs for transport and re-gasification services for the regulatory period 2027-2032

Energy Traders Europe welcome the opportunity to comment on the amendments to Circular 6/2020, of July 22, issued by the National Commission on Markets and Competition, establishing the methodology for calculating the tariffs for natural gas transportation, local networks, and re-gasification (CIR/DE/004/25). Key points we wish to make regarding the consulted document are listed below. We remain available to continue the discussion and provide any additional information that may be required.

Laminación

Q1: Do you consider it appropriate to smooth both positive and negative deviations in order to provide greater tariff stability? Please justify your response.

We strongly support the adoption of a symmetrical mechanism of "*laminación*" for the deviations, so that both positive and negative deviations (over/under-recovery) are treated equally and distributed throughout several years. This approach would provide **(i) tariff stability, (ii) predictability, and (iii) the long-term sustainability of the gas system**.

As the CNMC itself acknowledges, in the context of decarbonisation, gradual decrease in gas demand at a faster pace than infrastructure costs reduction could generate significant deficits and "imply relevant increases in access tariffs" – unless stability mechanisms are not applied. **Multi-year "*laminación*" of deviations would mitigate such abrupt adjustments, protect consumers and give stable price signals to marketers**.

Regulatory certainty and price stability in the medium and long term are pivotal to ensure security of supply, competitiveness and efficient functioning of the markets. The stability and predictability of tariffs are fundamental elements that can be more easily managed – unlike energy prices, which are more exposed to the international geopolitical and energy context. Therefore, as a regulated cost component of the energy bill, transport tariffs should not introduce additional uncertainty or volatility into the bill.

The activity of energy marketing to end consumers entails contracting long-term access capacity. Reasonably stable and predictable tariffs, subject to controlled variability, would be consistent with such a commitment, limiting the uncertainty of the cost of this capacity to the premiums resulting from the allocation procedures (where, however, agents decide their participation strategy freely).

This appears **even more significant for LNG bunkers** that contract long-term offloading slots. Given the high physical and commercial flexibility of LNG cargoes – which can be redirected to different markets depending on price signals – a stable and predictable tariff environment is essential to keep these volumes in Spain. Unfortunately, in recent years, we have seen significant volatility in regasification tariffs (e.g. fixed components increasing by 185% to 339% for gas year 2026 compared to 2025). We believe such swings could be avoided or at least mitigated through a more gradual and balanced allocation of tariff adjustments over time (i.e., with a multi-year "*laminación*" of deviations), ultimately fostering the security of supply.

Q2: Among the proposed solutions to stabilize tariffs by adjusting for past deviations (meant as over/under-recovery), different options are offered for evaluation:

A. **Determine the treatment of deviations annually, based on their impact on future tariffs.**

B. **Pre-define thresholds that trigger smoothing, including the recovery period and the treatment of deviations across regulatory periods.**

C. **Forecast remuneration for transport, local networks, and regasification, along with the best estimate of deviations and demand for the next six years. Based on this, calculate a six-year annuity to distribute the impact of both positive and negative deviations.**

D. **If applicable, provide an alternative proposal for handling deviations.**

Ideally, we are in favour of a "*laminación*" with a multi-year horizon of six years, consistent with that of the regulatory periods, based on objective and transparent application criteria, and with a specific mechanism for application between regulatory periods, which would allow for carrying forward balances of deviations pending allocation to the following regulatory period, with the aim of avoiding large variations in tariffs in the last year of each period.

Option A) introduces a high degree of regulatory discretion, which may undermine predictability and investor confidence. Without clearly defined ex ante criteria, annual determinations risk

inconsistency and may lead to perceptions of arbitrariness. This approach **should therefore be avoided**, unless it is accompanied by a robust, transparent decision-making framework.

Both options B) and C) present positive elements. Please see below our proposal combining elements from both options.

- **Ex-ante calculation of a stable annual tariff (annuity)** for the entire regulatory period (e.g. 2027-2032), based on remuneration and demand forecast. The overall the impact of both positive and negative deviations would then be spread over six years.
- To complement this mechanism, **the introduction of a corrective mechanism based on thresholds** would be preferable, similarly to the "**k-coefficient**" mechanism adopted in France for gas transmission (ATRT8) and LNG terminals (ATTM7) tariff frameworks. Under ATRT8, tariffs are adjusted annually to reconcile actual and allowed revenues through a **capped + or - 3% adjustment to be applied to the following year's tariffs**, in case of under-recovery or over-recovery, respectively. This automatic mechanism smooths deviations over time and avoids large corrections at the end of the regulatory period.
- A **maximum recovery period for deviations**, when they may overlap different regulatory periods, should be established.
- Annual publication of a deviation tracking report, per activity, per year, would increase transparency.
- Establishing a **dedicated regulatory account to retain excess revenues (or accumulate possible deficits)** for each activity, and subject to independent audit, would also be recommended.

Q3: Considering the need for tariff stability for end users in the current context of economic electrification, provide a reasoned proposal for handling deviations, particularly where positive deviations occur in some activities and negative ones in others.

The need to provide tariff stability for final consumers must be compatible with, and fully respect, the set of regulatory principles established by Directive (EU) 2024/1788 and Regulation (EU) 2024/1789. In instances where positive and negative deviations coexist across activities, they should be addressed independently. **Any cross-compensation among activities should be**

avoided. Each regulated activity should bear the consequences of its own operational and financial performance. This ensures cost-reflectivity, preserves efficient price signals, and upholds the principle of non-discrimination[1].

See Q2 for a more detailed proposal.

Q4: Additionally, provide your opinion on the following:

A. Should deviations be recovered via a specific charge?

Simple allocation of deviation in the calculation of the tariffs for the different services provided in each activity is enough. **We do not see the need, nor the benefit to recover deviations via a specific charge.**

B. What should be the assignment criteria for deviations?

The criterion must be the respect for basic regulatory principles, so that tariffs reflect the real costs incurred, are applied in a non-discriminatory manner, and avoid cross-subsidies between activities and network users. For more details, see answer to Question 2-3.

C. Should a regulatory account be maintained for deviations in each activity?

Yes. Maintaining a dedicated regulatory account for each activity is a best practice in regulatory governance that enables precise tracking of deviations, supports auditability, and reinforces stakeholder trust. These accounts should be publicly disclosed and independently verified on an annual basis.

Q5: Provide a reasoned opinion on potential measures to protect consumers from tariff increases resulting from the expected decline in natural gas demand.

To safeguard consumers – particularly vulnerable households – from tariff increases resulting from declining gas demand, we propose the following measures, in alignment with Directive (UE) 2024/1788:

[1] EU Regulation 2024/1789, Article 17: tariffs, or the methodologies used to calculate them, shall reflect actual costs incurred, shall be applied in a non-discriminatory manner, and shall avoid cross-subsidisation between network users.

- Structured smoothing (***laminación***) of deviations to prevent abrupt tariff spikes.
- Strategic **discounts**: at LNG entry points and storage facilities, as permitted under Regulation (EU) 2024/1789, to optimise infrastructure utilisation and reduce unit costs (see Q8).

These measures should be implemented in accordance with the principles of proportionality, cost-efficiency, and social equity, ensuring that the energy transition does not disproportionately burden end-users.

Access Tariffs for the Transmission Network

Q6: What adjustments should be included in Circular 6/2020's methodology to align it with changes in EU and national regulations?

To ensure alignment with the evolving EU regulatory framework, Circular 6/2020 should be updated to explicitly incorporate the provisions introduced by Regulation (EU) 2024/1789 and Directive (EU) 2024/1788:

- The potential **application of targeted reductions or discounts for renewable gas injections** at all entry points, as stated in the EU regulation, would likely **result in increased tariffs for conventional gas consumers, compromise cost-reflectivity and put at risk the** financial **sustainability of the gas system**, given the growing trend of new renewable gases production facilities coming online and injecting gas into the gas network. We therefore encourage the Authority to rely on the derogation provided under **Article 18.5 of Regulation (EU) 2024/1789 and to not apply the discounts laid down in paragraphs 1-4 of the same article.**
- **Include safeguards to prevent cross-subsidization** between renewable gases and natural gas networks, in line with EU regulation.
- **Recognise any actions in the gas network to allow reverse flow as part of usual grid activities**, where they are efficient investments to accommodate further biomethane production and are justified due to constrains by downstream gas demand. The cost of grid works enabling gas flows should be covered within the tariff methodology (see Q10).

- The inclusion of the new service "**Entry to the Virtual Balancing Point from other gas production plants,**" as introduced in Circular 2/2025 of the CNMC[2], is also essential. This service should be accompanied by a **tariff framework for conditional capacity products**, reflecting the operational constraints and system value of decentralized gas injections.

Q7: Should a uniform price be applied to all renewable gas entry points using a calculation method similar to that used for VIPs (Virtual Interconnection Points), or should differentiated pricing by entry point be maintained?

Considering the growing need to facilitate the integration of renewable gases into the Spanish gas system, we propose the **adoption of a harmonised tariff for all renewable gas entry points**, replacing the current differentiated pricing model.

A **uniform tariff structure** would (i) simplify the regulatory framework, (ii) reduce administrative complexity, and (iii) provide greater predictability for investors and producers – particularly small-scale biomethane and biogas facilities.

This approach would also support the development of a more liquid and competitive renewable gas market by **eliminating location-based cost disparities** that may discourage decentralised production.

To ensure fairness and cost-reflectivity, the uniform tariff should be based on the average cost of service provision across comparable entry points, with a tolerance band to accommodate minor variations. Entry points with significantly higher infrastructure costs or technical constraints could be excluded from the uniform regime and subject to a separate tariff class.

Additionally, a balancing mechanism should be established to ensure that the uniform tariff does not result in under-recovery of costs by network operators.

This model would align with the principles of non-discrimination, transparency, and proportionality set out in Regulation (EU) 2024/1789.

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[2] Circular 2/2025, de 9 de abril, de la Comisión Nacional de los Mercados y la Competencia, por la que se establece la metodología y condiciones de acceso y asignación de capacidad en el sistema de gas natural - Article 9.1 (i)

Q8: Is it necessary to review the existing discounts on capacity-based transport tariffs for entries and exits from underground storage facilities and LNG terminals?

As a general principle, discounts for capacity-based transmission entry tariffs currently applied to LNG terminals and underground storage facilities should be maintained, in order to foster the competitiveness of Spanish LNG terminals.

With respect to the question, **we support an upward review of existing discounts applied for security of supply to entry tariffs to the transmission grid from LNG plants.**

This adjustment would be consistent with recent regulatory developments in other EU countries, where more ambitious discounts have been implemented to promote LNG imports and strengthen supply resilience. For instance**, Germany has introduced a 40% discount on entry tariffs from LNG terminals for annual and quarterly capacity products**, explicitly designed to enhance the attractiveness of LNG as a flexible and reliable supply source. Likewise, **Poland will apply a 70% discount on entry tariffs for LNG** to incentivize imports and ensure supply security in 2026 and 40% discount as of 2027.

These examples stem from the recognition that LNG infrastructure plays a central role in energy security and system flexibility. **The current Spanish discount of 13.9% could limit the competitiveness of Spanish terminals in attracting global LNG volumes**, especially in periods of tight supply or high spot market activity.

Increasing the LNG discount would therefore:

- Reinforce Spain's role as a key LNG gateway to Europe, particularly via its extensive regasification infrastructure.
- Enhance the competitiveness of the Spanish gas system by reducing barriers to entry for LNG shippers.
- Align national tariff practices with wider European strategies that promote security of supply and route diversification.
- Ensure that LNG remains a viable and cost-effective supply option, fully integrated into the Iberian and continental energy markets.

We finally note that it may be appropriate to review of the discount calculation methodology, taking into account loss of *Maghreb-Europe Gas Pipeline (GME)* interconnection capacity since November 2021.

Q9: Do you consider the exceptions provided in Article 18.5 of Regulation (EU) 2024/1789 applicable to the Spanish gas system?

The optionality to apply discounts to all renewable gas entry points tariffs **would lead to tariff increases for conventional gas users in the long term**. We therefore encourage the Authority to rely on the derogation provided under **Article 18.5 of Regulation (EU) 2024/1789 and to not apply the discounts laid down in paragraphs 1-4 of the same article.**

Q10: How should reverse flows be treated within the transmission tariff methodology?

Reverse flows from the distribution to the transmission network should be formally recognised as a **distinct and strategically important interventions on the gas grid infrastructure which should be included within the tariff methodology.** This should be done while avoiding cross-subsidisation, justifying the necessity of investments, and ensuring the financial sustainability of the gas system. Reverse flows enable the integration of decentralized renewable gas production, particularly biomethane, when the gas distribution area cannot incorporate all the production, and for enhancing the flexibility and resilience of the gas system.

Q11: Regarding the service "Entry to the Virtual Balancing Point from other gas production facilities", how should conditional capacity products be handled?

Conditional capacity products for the service "Entry to the Virtual Balancing Point from a production plant of other gases" **should be formally integrated into the tariff calculation methodology as a distinct and flexible product class**. These products are particularly relevant for decentralized producers of renewable gases whose output may be variable in volume or quality. The tariff structure for conditional capacity should reflect the lower firmness and higher operational risk associated with these products. Eligibility criteria should be clearly defined, including technical parameters such as injection pressure, gas composition, and compliance with quality standards. To ensure transparency and regulatory oversight, the uptake and performance of conditional capacity products should be monitored annually, with results published and used to inform future tariff adjustments and product design.

CONSULTATION RESPONSE

Access Tariffs for Regasification Facilities

Q15: Do you consider it necessary to introduce adjustments to the methodology for calculating access tariffs for regasification facilities under Circular 6/2020 for the 2027–2032 regulatory period?

Adjustments should establish a clear and equitable framework for allocating revenues coming from auction premiums, prioritizing their use to reduce regasification entry tariffs and **avoid cross-subsidisation of unrelated services**. These changes would enhance the competitiveness of Spanish LNG terminals, support market integration, and align with the principles of cost-reflectivity and non-discrimination. Consistently, **the access tariff "*Peaje para la recuperación de otros costes de regasificación*" should be removed**, since the regulated costs to be recovered by this access tariff disappear this regulatory period.

Finally, we point to the high multiplier coefficients applicable to contracts with a duration of less than one year, which could de-incentivise spot transactions, preventing Spain from taking advantage of the opportunities of the Spanish market in terms of security of supply, efficiency of logistic costs, and use of gas system infrastructures. In particular, with regard to the **intraday product multiplier**, we note a substantial difference between the maximum value of 3 foreseen by *Regulation (EU) 2017/460 establishing a network code on the harmonisation of gas transmission tariff structures* and the value currently applied in Spain[3], and we would appreciate a justification for such gap.

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[3] BOE-A-2025-11064 Resolución de 27 de mayo de 2025, de la Comisión Nacional de los Mercados y la Competencia, por la que se establecen los peajes de acceso a las redes de transporte, redes locales y regasificación para el año de gas 2026.

Multiplicador	Almacenamiento	Regasificación	Carga en cisternas	Licuefacción virtual
Intradiario.	4,6	6,5	8,1	6,5