

MIBGAS LAUNCHES THE TRADING OF NATURAL GAS PRODUCTS WITH DELIVERY IN UNDERGROUND STORAGE SITES

- MIBGAS DERIVATIVES LAUNCHES THE TRADING OF NATURAL GAS PRODUCTS WITH DELIVERY IN UNDERGROUND GAS STORAGE SITES. TODAY, OCTOBER 1ST, THE NEW BALANCING OBLIGATIONS IN THE TVB (VIRTUAL BALANCING TANK) AND AVB (VIRTUAL BALANCING UNDERGROUND GAS STORAGE) ENTER INTO FORCE. IT WILL PROVIDE AGENTS WITH GREATER FLEXIBILITY TO EQUILIBRATE THEIR IMBALANCE.
- THE NEW REGULATION IMPLEMENTED IN MIBGAS WILL ALSO CONTRIBUTE TO STRENGTHEN THE FINANCIAL SUSTAINABILITY OF THE GAS SYSTEM BY INCREASING CONTROL OVER THE OPERATION AUTHORIZATIONS OF THE USERS. THE LOSS OF AUTHORIZATION WILL BE COMMUNICATED BY THE TECHNICAL SYSTEM OPERATOR TO MIBGAS IN REAL TIME. THIS WILL REINFORCE MIBGAS´ ROLE AS GUARANTEE MANAGER OF THE SPANISH GAS SYSTEM.

Madrid, October 1st, 2020.- MIBGAS launches the trading of natural gas products with delivery in underground gas storage facilities, in the so-called Virtual Balance Storage (AVB). It provides agents with greater flexibility to equilibrate their imbalance according to the Circular 2/2020, of January 9th, of the National Commission of Markets and Competition (CNMC), which establishes the natural gas balancing standards.

Likewise, from today there are other changes in the Spanish gas market regulation. In particular, a new gas balancing model for regasification plants and underground gas storage sites takes effect. This model is similar to the transport network model where users start with null imbalance every day.

INCREASING FLEXIBILITY AND SAFETY FOR THE GAS SYSTEM USERS

Depending on their needs, users can purchase or sell gas in MIBGAS and MIBGAS Derivatives with delivery in one of the three balancing areas: the transport network or the Virtual Balancing Point (PVB), the regasification plants or the Virtual Balancing Tank (TVB), and the underground gas storages sites or the Virtual Balancing UGS (AVB). These are firm transactions without any network restriction. In this way, the MIBGAS Group provides additional flexibility to its users, offering them several alternatives to balance.

In this way, MIBGAS Derivatives also contributes to increase the safety of the gas system. Thus, for example, a negative imbalance in tank (TVB) means that the user has consumed more liquefied natural gas than he had, so he can acquire in MIBGAS Derivatives the gas that allows him to be balanced and avoid penalties for imbalance. The same occurs in the transport network (PVB) or in the UGS (AVB). The strength of MIBGAS transactions being physical and non-financial makes sense here.

The new regulation implemented on October 1st will also contribute to strengthen the financial sustainability of the gas system by increasing control over the operation authorizations of the users. The Technical System Operator (GTS) will communicate to MIBGAS in real time the loss of a user authorization, partial or total, due to the lack of sufficient financial guarantees or non-payments.

FOUR UNDERGROUND STORAGE SITES THAT MAKES A UNIQUE VIRTUAL STORAGE

There are four underground natural gas storage sites in Spain (Serrablo, Gaviota, Yela and Marismas). The gas contained in them will be traded in a single virtual point (AVB) in MIBGAS Derivatives platform. Gas purchases and sales submitted will be anonymous and without any restriction of the physical location. Initially, the products traded in the AVB - through MIBGAS Derivatives - are the intraday and the day ahead.

Trading in the AVB and the balancing system regulation updates are changes included in the new natural gas system regulation approved by the National Commission on Markets and Competition (CNMC).

With the implementation of these regulatory improvements, MIBGAS hopes to promote the liquidity in the organized gas market. It also aims to contribute to the creation of a NG and LNG reference *hub* in the southwest of Europe.

MIBGAS currently has a total of 128 market participants registered. Natural gas spot products are traded on its platform including the Month Ahead product (M+1). On the other hand, natural gas physical futures and LNG spot products are traded on MIBGAS Derivatives -a subsidiary of MIBGAS-. Products with delivery in the Virtual Balancing Storage are now added to them. MIBGAS Derivatives also offers the OTC registration service for clearing in OMIClear.