

The Spanish Energy Market: Current Status and Attractiveness

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Gas Natural SDG - Spain**

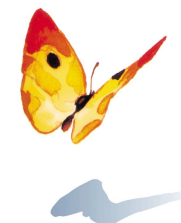
**Intergas Marketing, June 7th 2006
23rd World Gas Congress. Amsterdam**



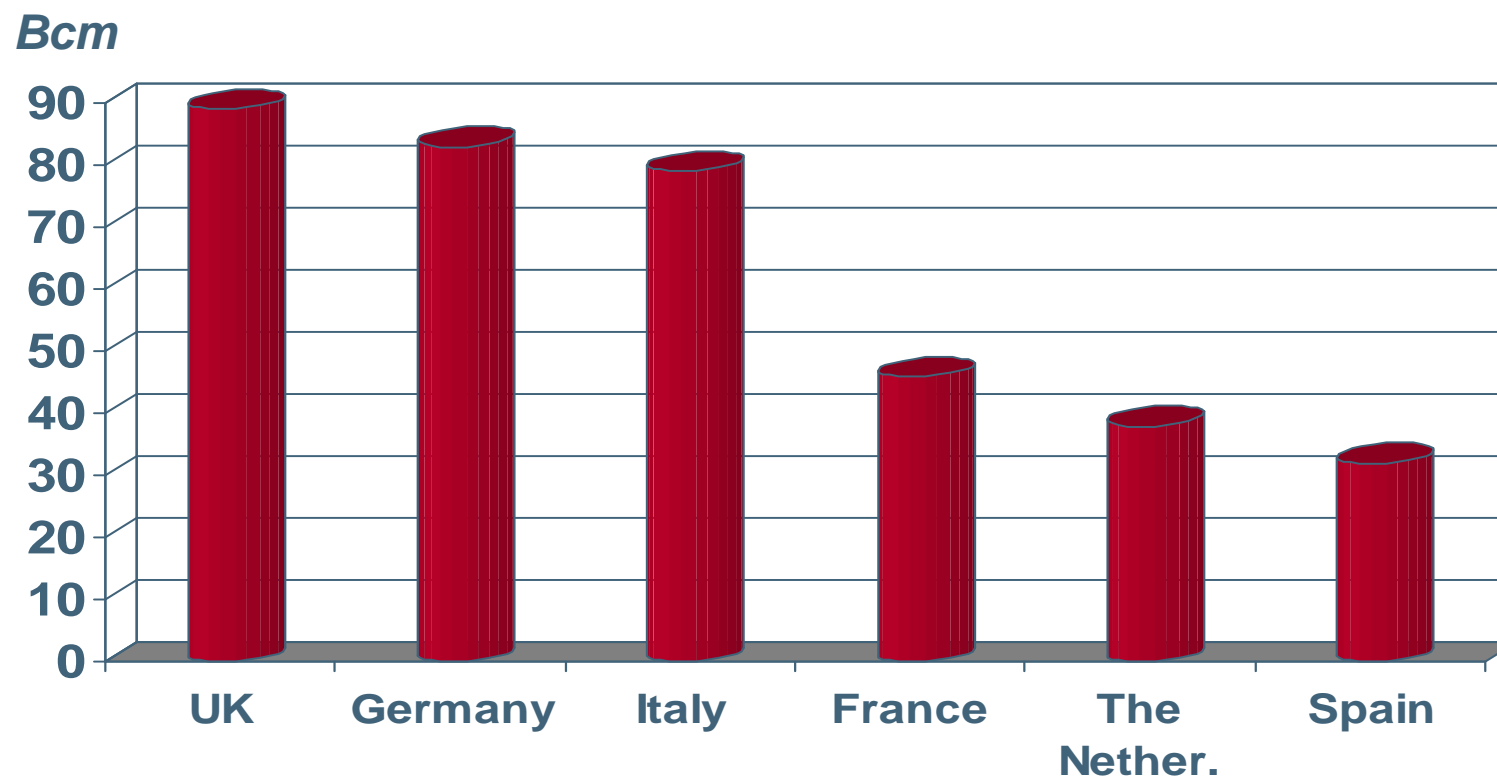
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1. Major European energy market
2. Highly competitive gas market
3. Former gas incumbent coping with competition challenge
4. Attractive market to major energy players



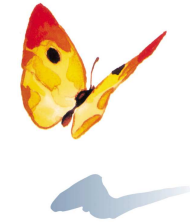


Sixth Largest Gas Market in Europe

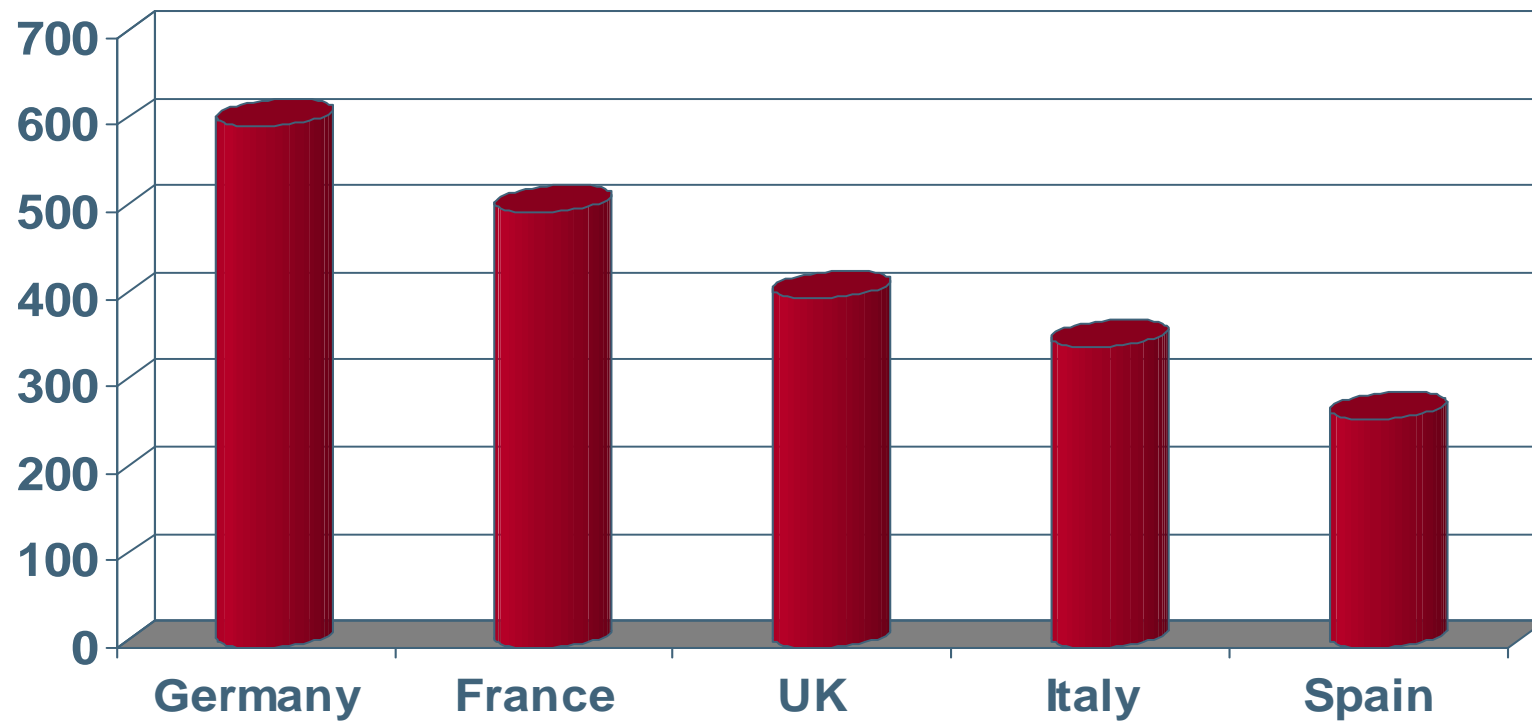


Source: Eurogas

...And Fifth Largest Electricity Market

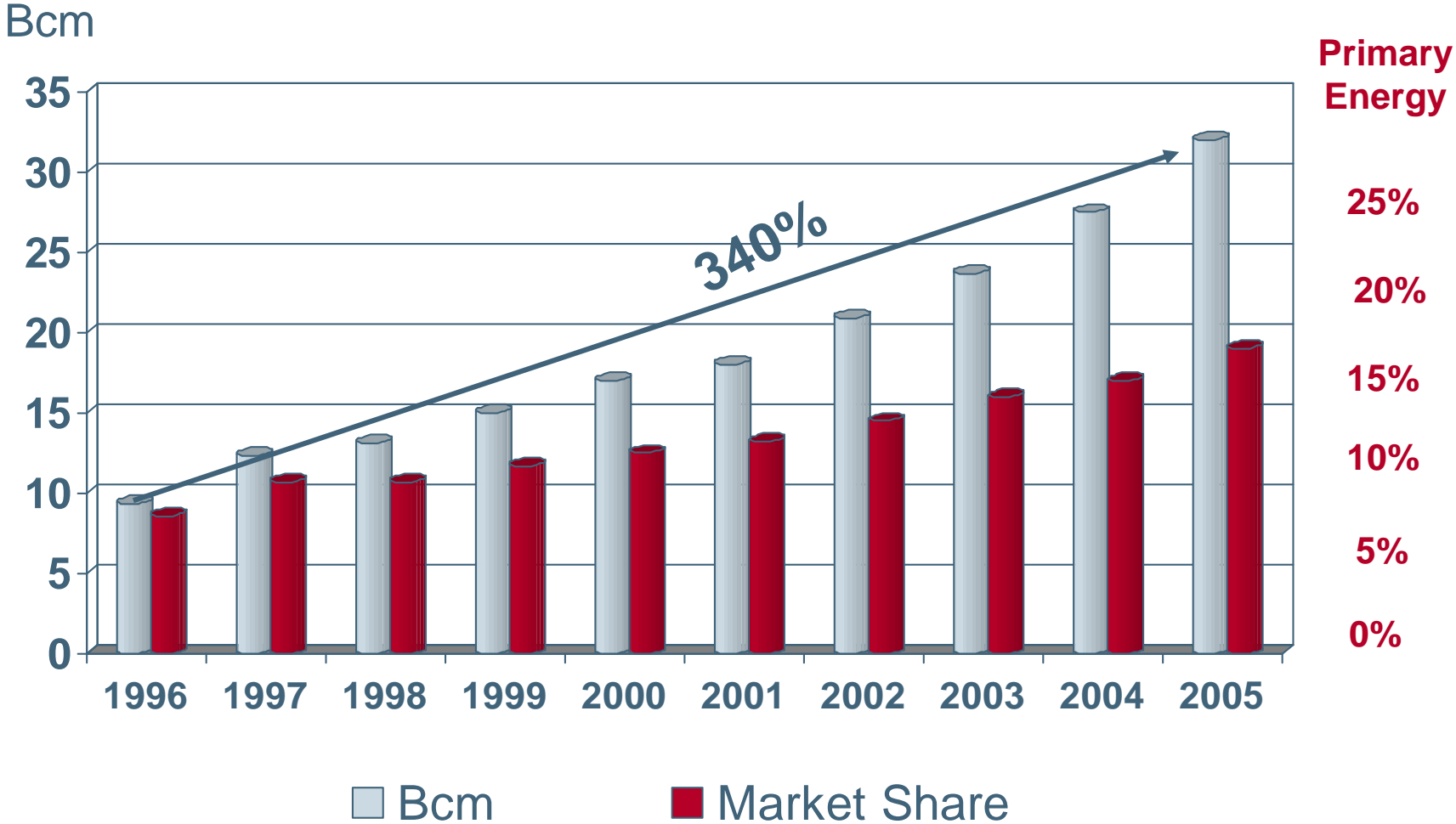


TWh (2003)



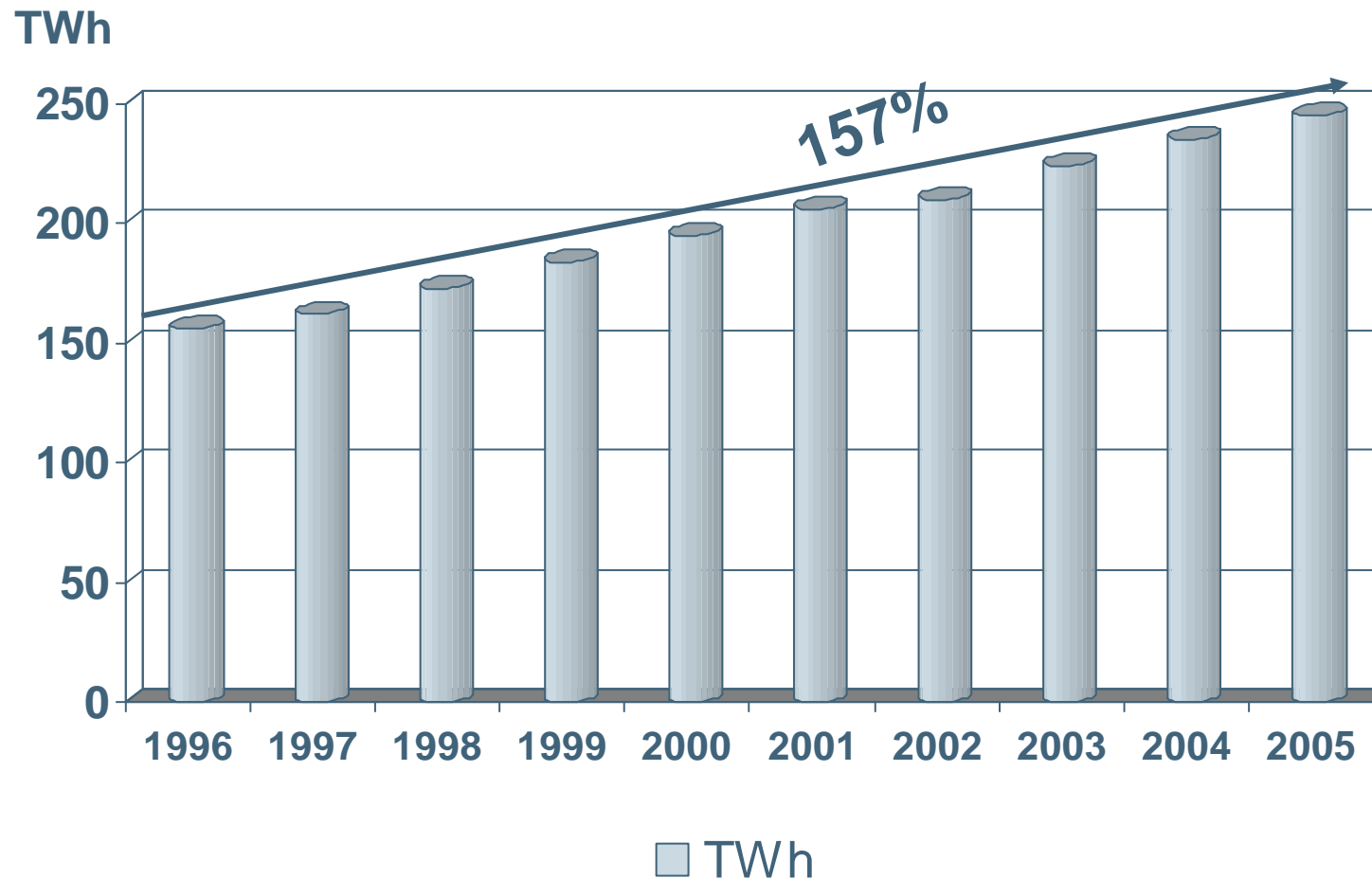
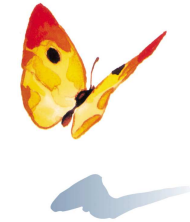
Source: IEA

Record Growth Rates in Gas Demand



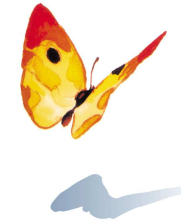
Source: Sedigas

...And Notable Rates in Electricity Demand



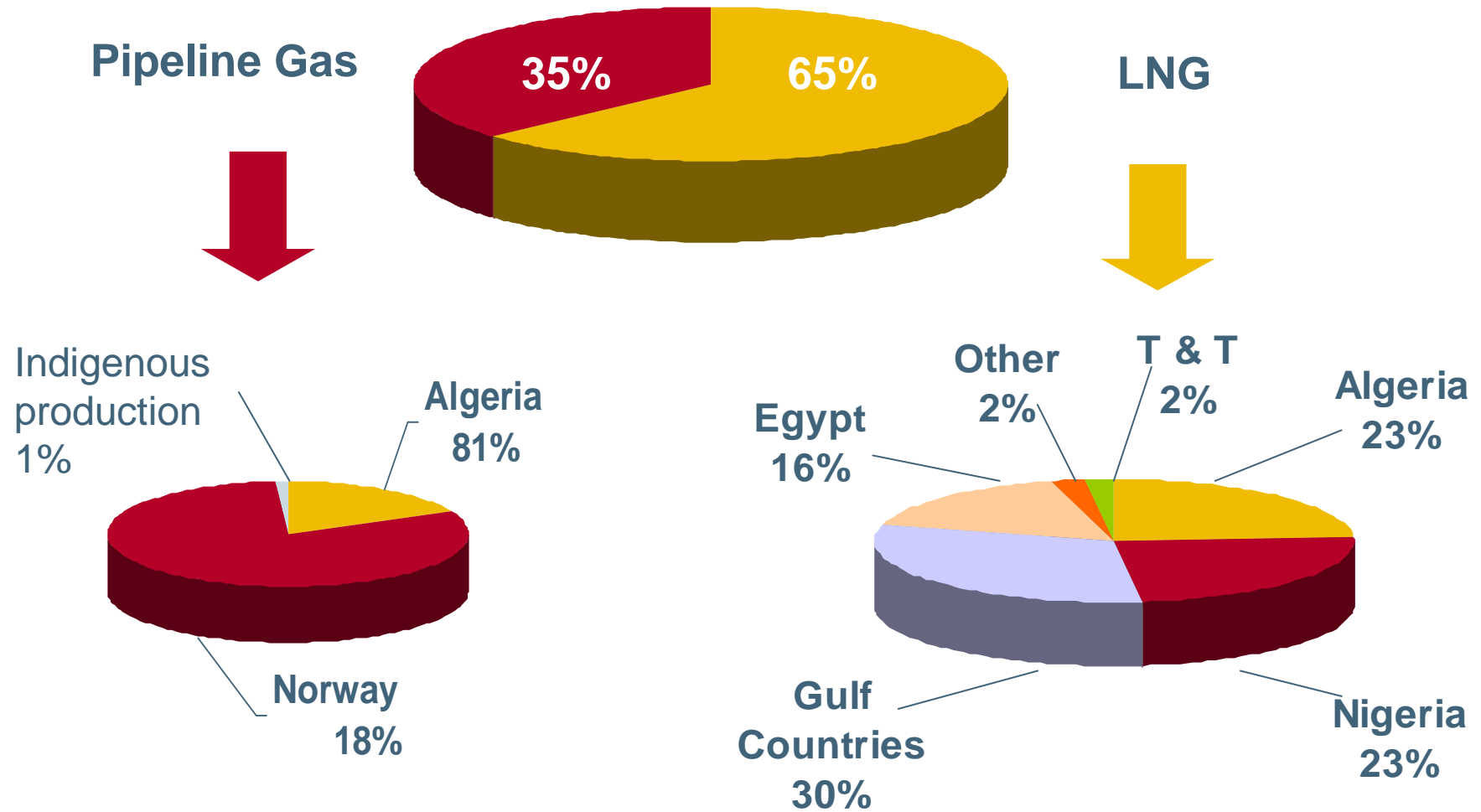
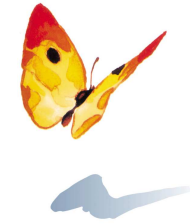
Source: IEA

Well Developed Infrastructure of Access



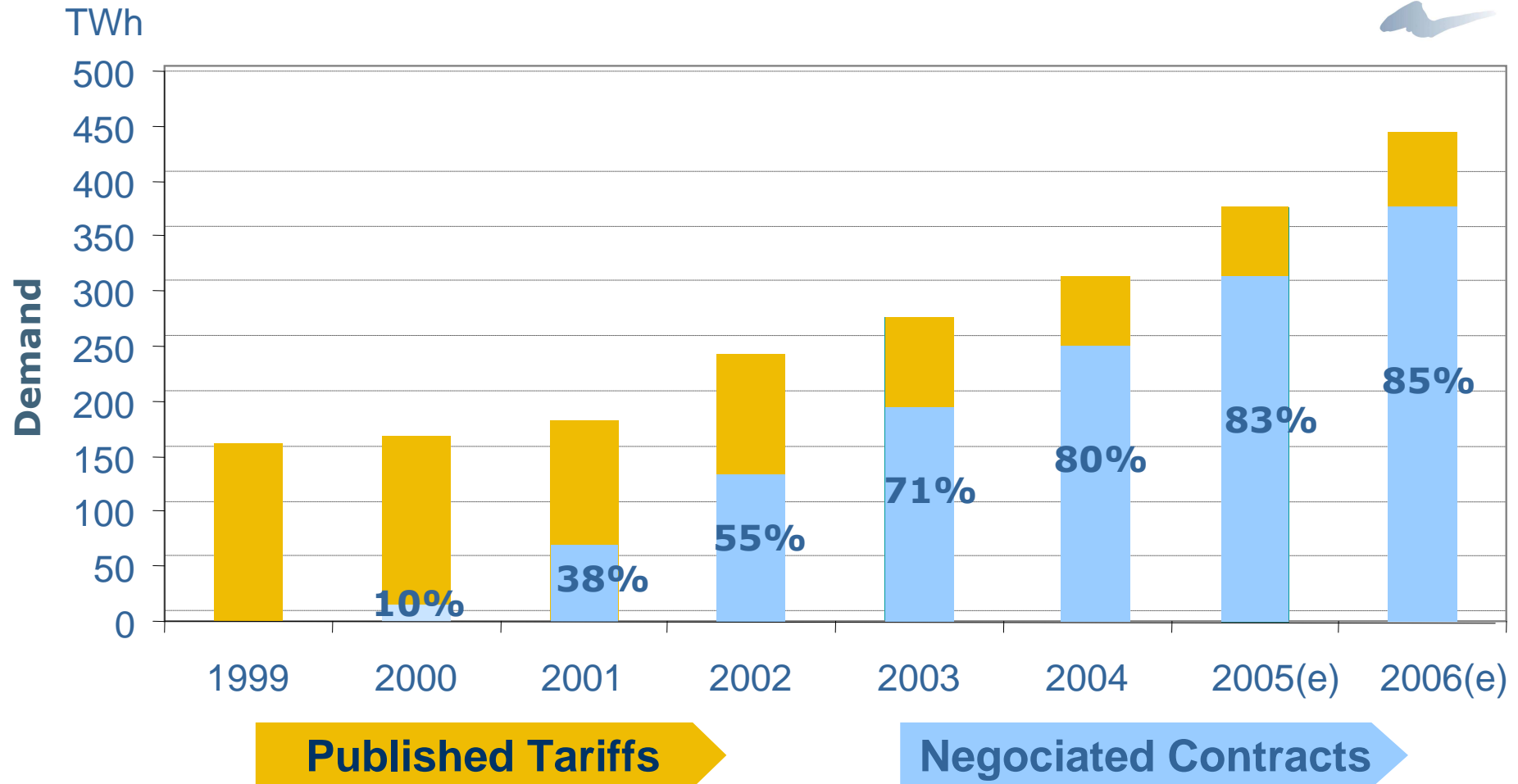
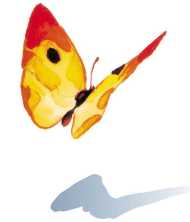
Source: Department of Industry

Largest Diversification of Gas Sources



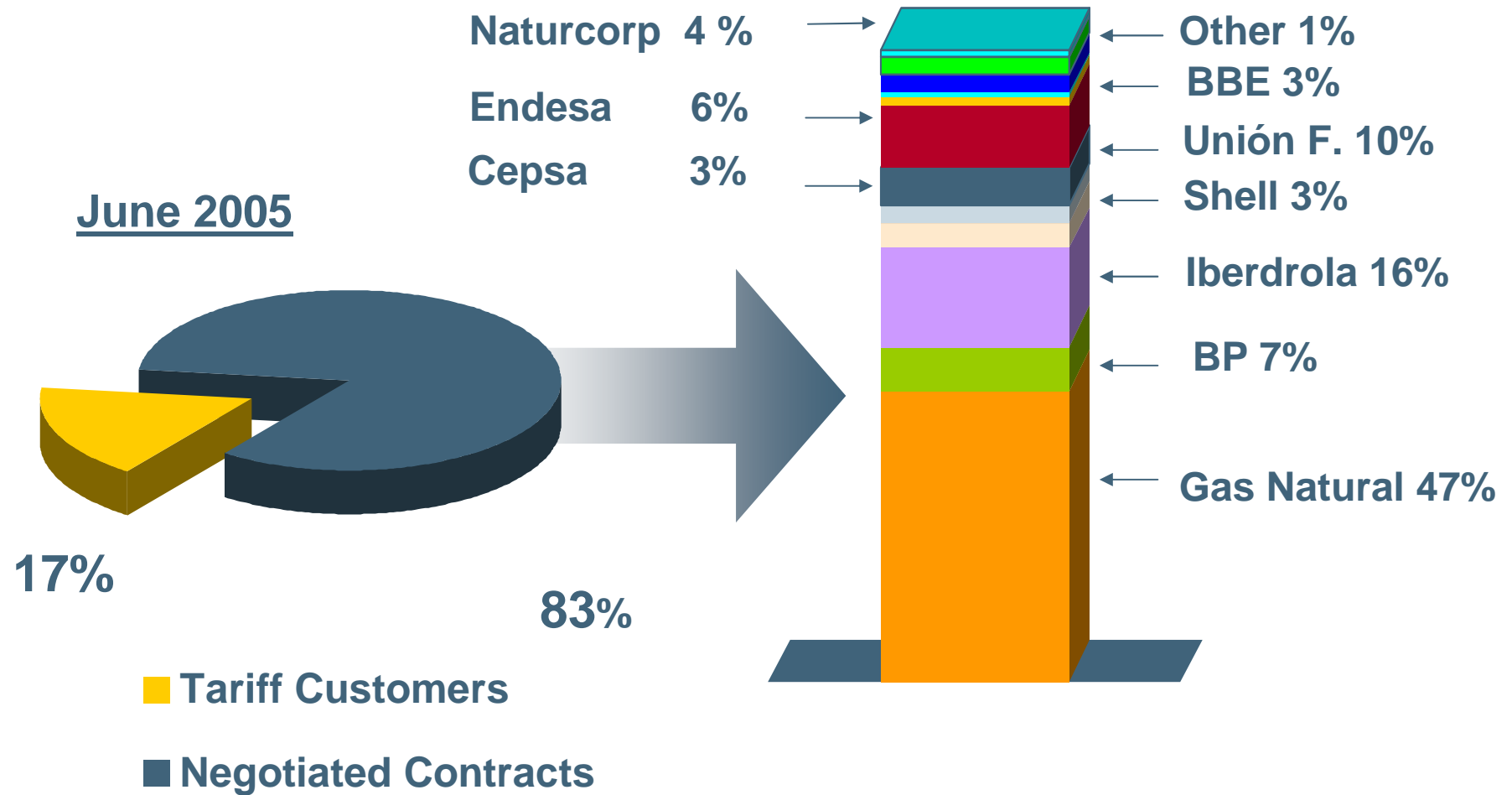
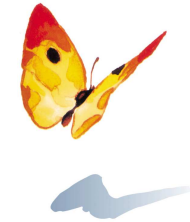
Source: Sedigas

Rapid Switch to Negotiated Contracts



Source: CNE

Changing Market Shares

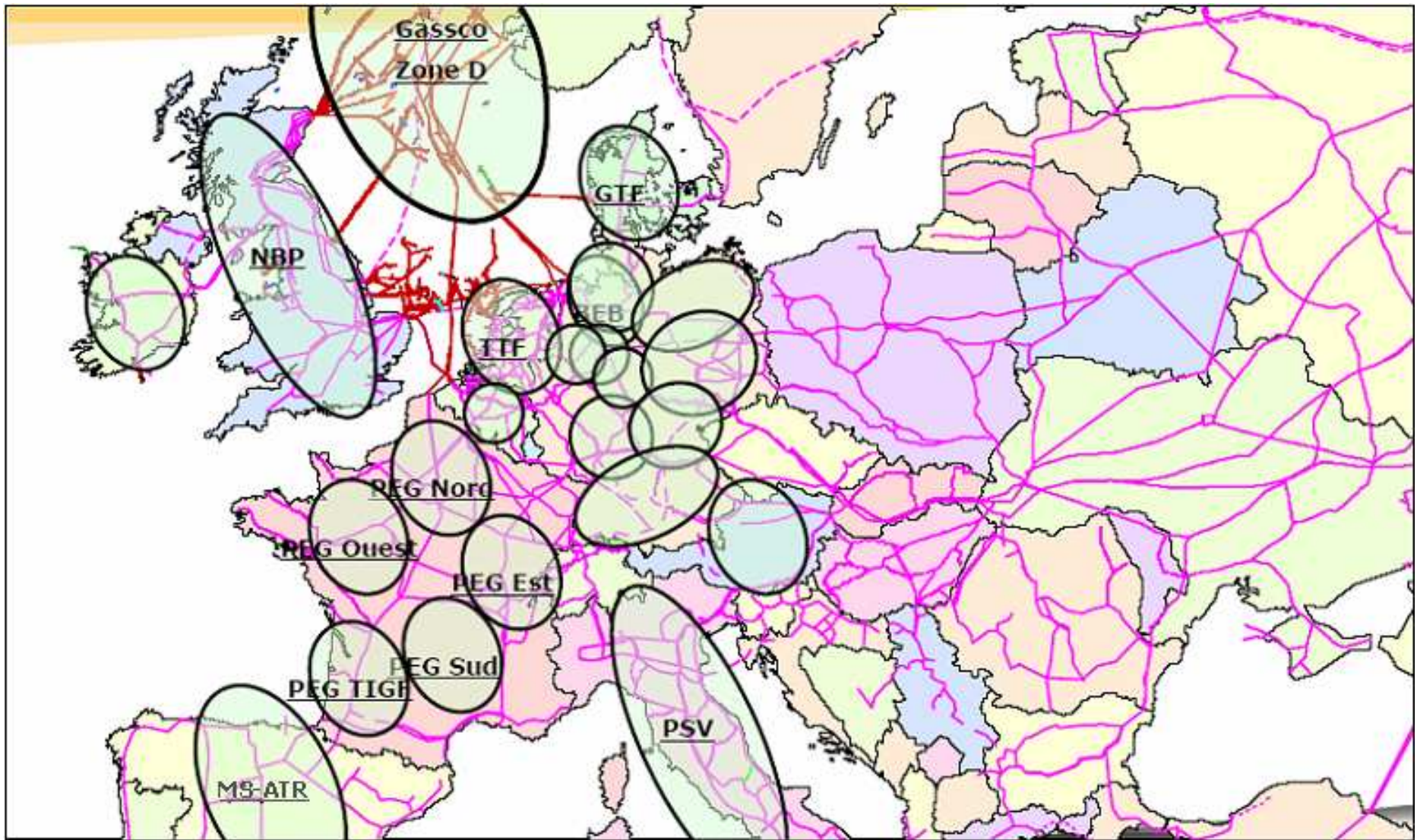


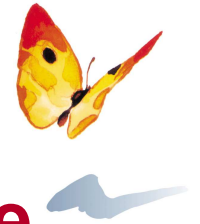
Source: CNE

Drivers for Effective Liberalisation (in Spain)



- **Energy Regulator**
- **Independent TSO**
- **Access system easy to implement**
- **Gas release programme**



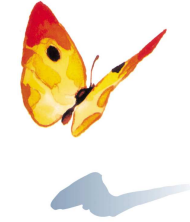


How We Deal with Liberalisation Challenge

- **Geographical diversification of gas distribution and supply activities**
- **Entering into the electricity business**
- **Pursuing vertical integration of non regulated activities**

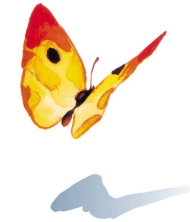
Gas Natural Worldwide

(31/12/2005)



Customers Portfolio
10,179,000
Spain: 5,134,000
Latin America: 4,757,000
Italy: 288,000

Gas Natural's CCGTs in Spain



Joint-Venture with Repsol YPF for LNG Trade



LNG Value Chain



Management Tool

E&P JVs

Liquefaction COs

New Company

Regas COs

Assets Property

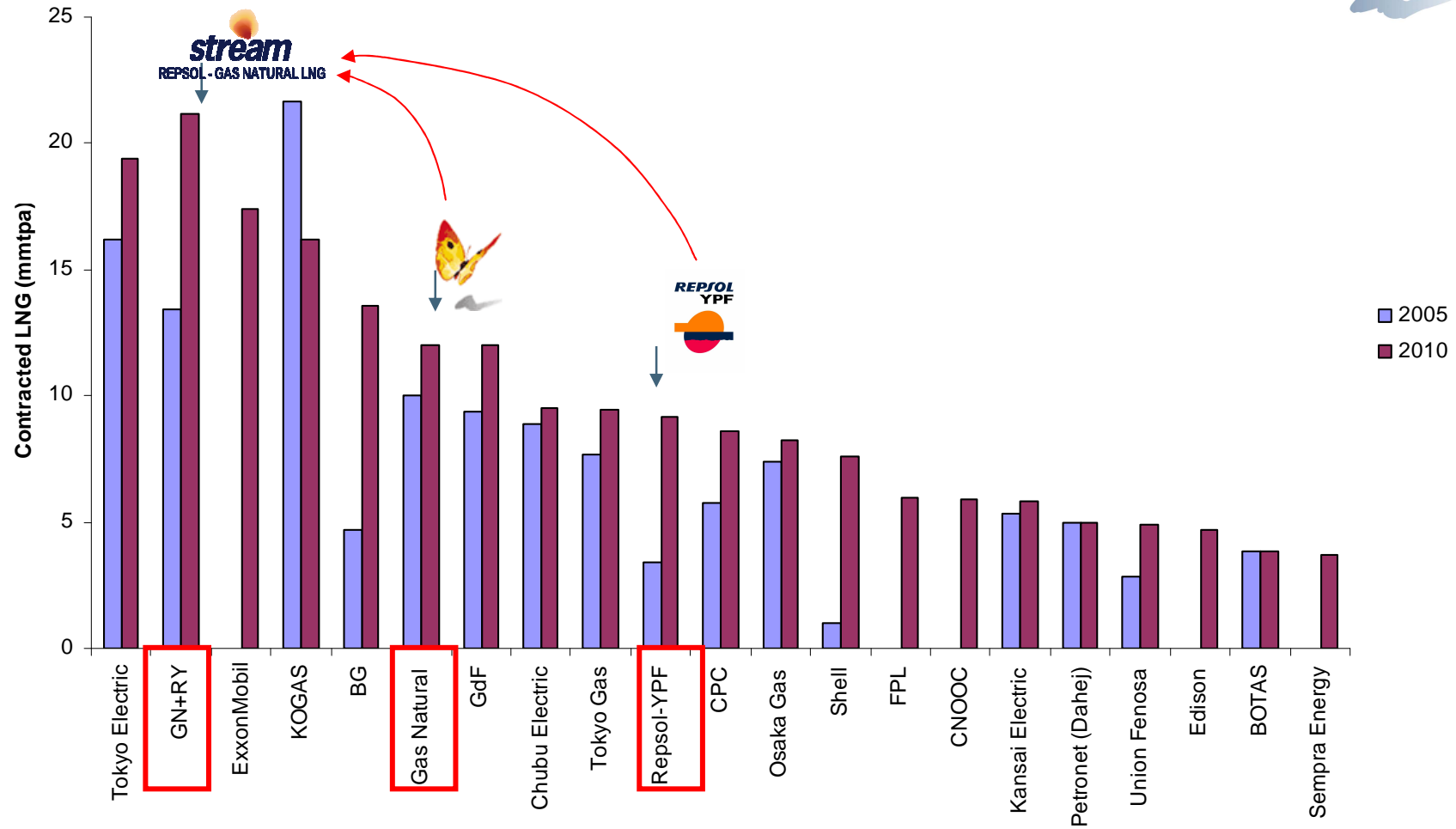
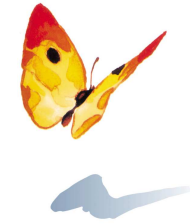

60%


40%

50% RY / 50% GN

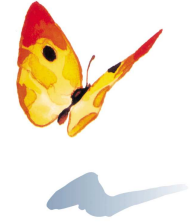

stream
 REPSOL - GAS NATURAL LNG

Stream Among the World LNG Players



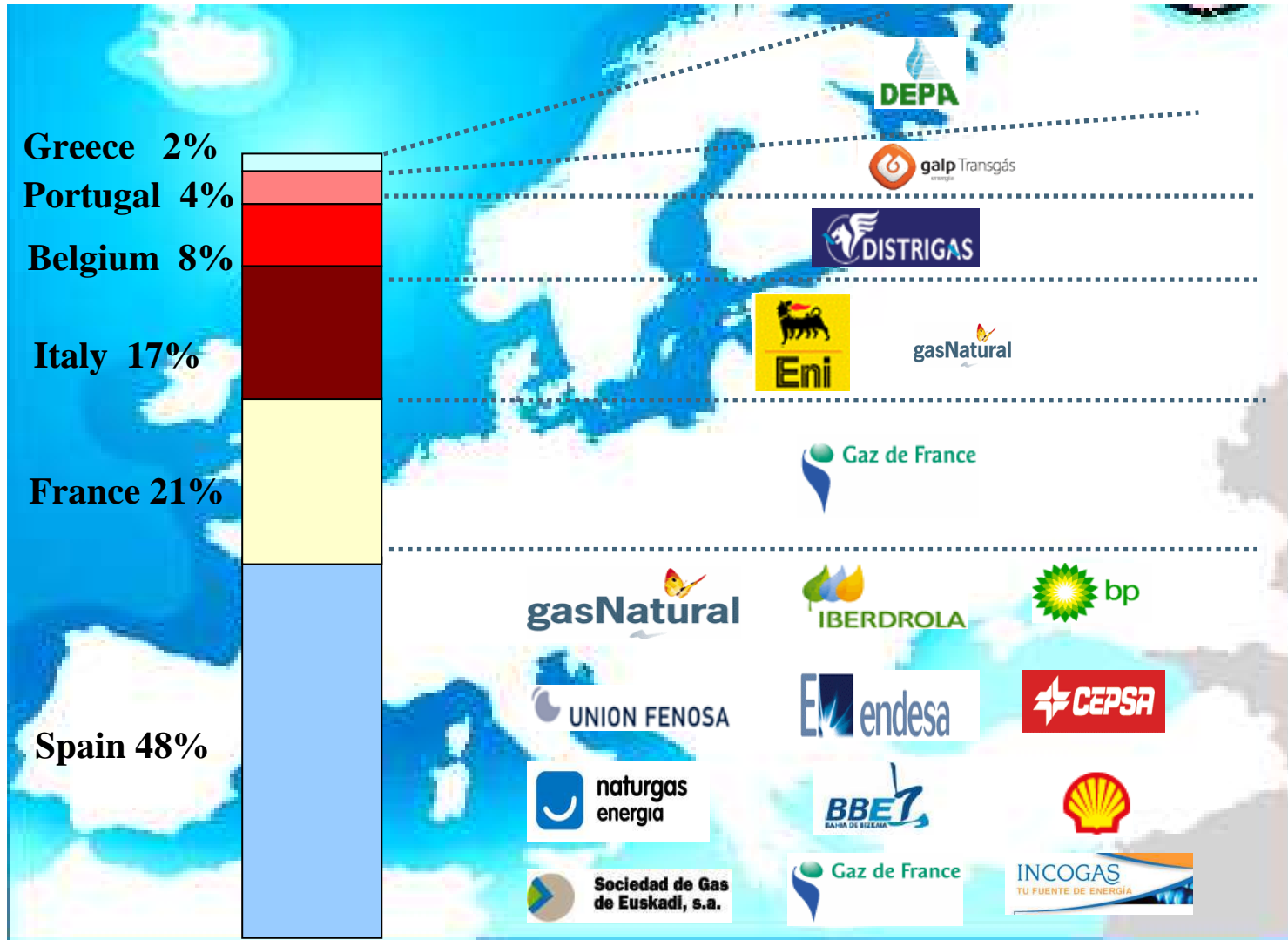
Source: WoodMcKenzie 2005 and Company Data

Appeal to Major Energy Players



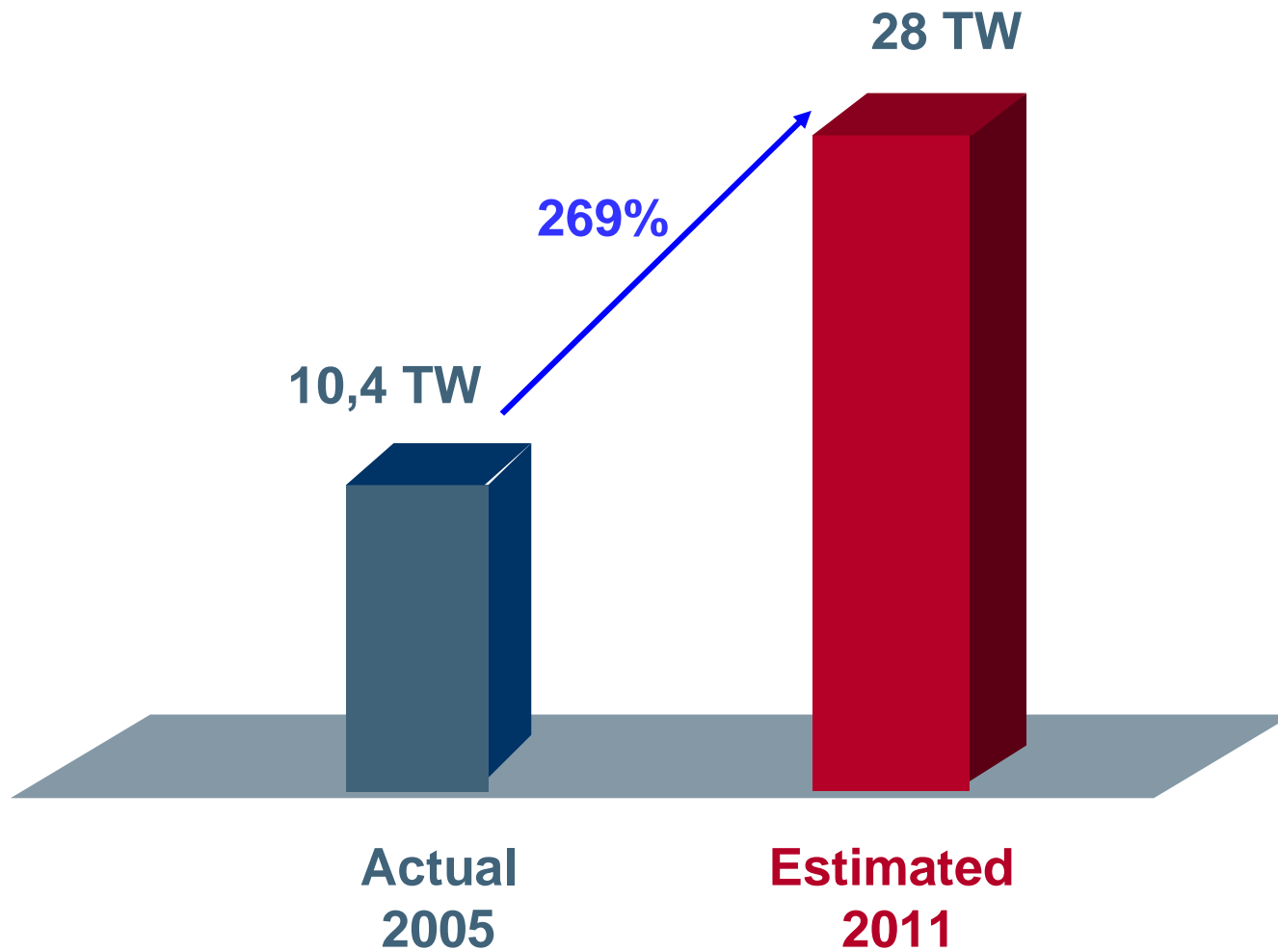
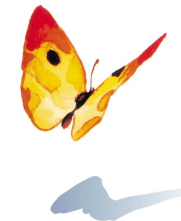
- **Main destination of LNG imports into Europe**
- **Easy access to the market**
- **Development of a secondary gas market**
- **Ample potential for gas fired generation**
- **International presence of Spanish energy companies.**

LNG Imports into Europe (2004)



Source: Enagas

Growing Need for Gas-Fired Generation



Source: MITYC

Thank you

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