

APPEARANCE OF THE PRESIDENT OF THE NATIONAL MARKETS AND COMPETITION COMMISSION BEFORE THE ECONOMIC AFFAIRS AND DIGITAL TRANSFORMATION COMMISSION OF THE CONGRESS OF DEPUTIES

Madrid, March 17, 2022

4 pm – Ernest Lluch Room

1. WELCOME AND THANKS

Good morning,

Ladies and gentlemen, it is an honour for me to appear again before this Economy Commission to report on the activity of the Spanish National Markets and Competition Commission, and to report on the fulfilment of our strategic plan and the programme of actions in 2021 and 2022.

This appearance allows me, ladies and gentlemen, to convey to you first-hand the work that the CNMC is carrying out, and above all to answer your questions and listen to all your suggestions focused on improving the institution that I preside over and its contribution to society.

The Commission is a relatively young institution, less than a decade old, but it is already among the most robust in Spain and Europe, with a growing number of powers in the economic area.

As you know, our mission is to ensure the proper functioning of the markets, both those that develop fully under free competition, and those subject to sectoral regulation and whose supervision is entrusted to us by the regulations; energy, telecommunications, audiovisual, transport and postal, and all for the benefit of consumers and users.

In this post-COVID period, the work that I come to present before you takes on special importance. We must match the path towards the recovery and transformation of our economy with efficient regulation that eliminates barriers to

economic initiative, protects the general interest and guarantees effective competition, so that the benefits of growth reach society as a whole and are passed on to consumers.

The sectors in which the CNMC acts are crucial to the ecological transition and digital transformation that are already underway. To cite some data,

- The energy sector represents approximately **3%** of Spain's GDP, and almost a percentage point of the contribution already comes from renewable energies.
- Information and communication technologies have an overall weight of **3.2%** of the GDP.
- The audiovisual sector represents 28.3% of the total cultural industries and represents **0.7%** of the national GDP.
- The air and rail passenger transport sector are closely linked to the tourism sector which, under normal conditions, involves around **12%** of the GDP.
- The postal market reached close to 3 billion shipments in 2020 and Correos, subject to universal service obligations, continues to be an essential operator for many consumers and users. Additionally, as you know, we have declared Amazon a postal operator, which means that it is now subject to the same rules as any other postal operator.

And we must not forget the impact of the area concerning the defence and promotion of competition, which acts in a cross-cutting way on the entire economy. In 2021, the companies sanctioned for anti-competitive practices had a combined turnover of **6,127 million euros in the markets affected by their infringements**; in addition, in our advocacy work we have developed recommendations to improve the regulation of crucial sectors such as insurance, medicines, urban transport and public procurement.

2. CROSS-CUTTING ACTIONS

i. Introduction The strategic plan

The CNMC Strategic Plan, presented in my speech in 2021, clearly defined the objectives of my mandate:

- To consolidate a culture of competition and good regulation that promotes a favourable economic climate for business initiative and innovation.
- To drive sectoral regulation towards the major goals that Europe has set in the scope of digitalisation and the ecological transition.
- And all of this with the ultimate aim of giving consumers access to more and better services and making them the ultimate beneficiaries of competition.

This year, 2021, and in accordance with the Action Plan that implements the strategy set out every two years, we have made progress in maximising the means at our disposal to also respond to the new responsibilities that have been entrusted to us through various regulations. This has been possible thanks to three main lines of action:

- Firstly, making the most of the synergies that exist between competition and regulation, creating cross-cutting work groups between the units;
- Secondly, by consolidating institutional relations in order to focus our actions on the priorities identified by other economic bodies, to allow us to better disseminate our work.
- Thirdly, by expanding our international networks and intensifying our participation in forums and groups in all areas of the CNMC's work, especially in Europe.

ii. The CNMC promotes synergies for the effective integration of CNMC services

In terms of leveraging synergies, over the course of 2021 we set up several internal working groups in the energy, transport and telecommunications and audiovisual sectors, with members from different units and disciplines.

This is allowing us to complement and share the knowledge of sector and competition specialists. The objectives are:

- i. to achieve a cross-cutting vision of liberalisation processes.
- ii. to share the best supervisory and preventive practices from the units that make up the CNMC; and,
- iii. to make progress towards real integration in an institution that arose, as I have already indicated, from the merger of several different bodies.

Ladies and gentlemen, please allow me to refer to two examples to illustrate this work.

- o In 2021 we launched the MECRE (Competitive Energy Markets and Efficient Regulation) project, focused on integrating the regulations emanating from the EU to move forward in the next phase of the energy liberalisation process. This new stage -which today is proving to be much more urgent than expected- is about the new role to be played by the consumer, not only as a recipient of commercial offers, but also as an active player in the markets and in energy production, which will enable us to derive the greatest possible benefit from an increasingly cheaper and more accessible energy supply thanks to self-consumption. This new "energy model" will involve a reformulation of regulations to allow access to consumer databases, the reorganisation of energy markets, the regulation of shared self-consumption, and the readjustment of transport and distribution networks. This is one of the keys to tackling energy dependence, progressing in the ecological transition and improving our competitiveness.

- Also last year we initiated a working group on rail liberalisation following the entry into operation of the new rail operators, Ouigo and Avlo, which will be joined this year by Ilsa. Major changes in mobility are expected in the future with new integrated multi-modal systems and applications through online platforms that will contribute to sustainable mobility. This successful liberalisation must be accompanied by close monitoring to avoid the usual bottlenecks that occur in network markets with an entrenched dominant operator. The input to this debate from teams that have already been involved in telecommunications liberalisation, for example, has proved invaluable in terms of implementing the reporting requirements and market monitoring methods.

Secondly, it also indicated that the CNMC is strengthening institutional relations to better orient our contribution to society.

In 2021, we strengthened our ties with other state institutions, business and consumer associations, universities and foundations. The objectives are:

- On the one hand, to improve the way we communicate the decisions taken within the CNMC so that our work and functions are better understood by the media, consumers, businesses and even institutions.
- On the other hand, to listen to the problems arising from inefficient regulation in the various economic sectors and to publicise our ability to act through the powers conferred on us, among other things, by the Law on Market Unity and Guarantees.

I think that on both these issues we have made notable progress. In 2021, the CNMC signed 31 agreements with various institutions. We also implemented a pilot programme involving paid external internships for doctoral students, which has led to the signing of agreements with 7 universities, and which will allow us to train the professionals of the future and, I hope, attract them to our team, as well as promote university research in the Commission's areas of work.

- iii. The CNMC acts in regulatory diplomacy in order to participate, from the outset, in the decisions emanating from the EU, conveying the Spanish perspective

More noteworthy has been our international presence in the area of the promotion and defence of competition, in which I have been personally involved, contributing through numerous initiatives in 2021.

We have become a member of the Bureau of the OECD Competition Committee and we are promoting both bilateral relations with other competition and regulatory authorities, and our activity in the main international collaboration networks, such as the International Competition Network (ICN).

This intense activity allows Spain to convey our country's position on matters that are of great import today, such as the design of the DMA and the DSA, both aimed at regulating the digital and services markets in Europe. It is crucial to be involved in these debates so that Spain's perspective influences the decision-making channels and our position is reflected in the final drafting of the new competition regulations.

No less intense has been our activity in international groups in the regulated sectors.

- Of particular importance is our participation in all the working groups of ACER, the European gas and electricity regulator, where the design of the new energy regulation for the new energy models and recently the functioning of the electricity markets is being discussed, in view of the recent energy turbulence.
- We also have a strong presence in BEREC and ERGA, organisations that set regulatory trends on key issues such as the deployment of 5G, with paradigm shifts in access regulation; and the audiovisual sector, which is experiencing exponential growth and requires new protection measures for consumers, especially young people.
- Finally, it is important to note that in 2022 the CNMC will act as Chair of the EU Postal Regulators Group, which is responsible for ensuring the

interoperability of postal operators in Europe, as well as harmonising postal and parcel legislation, which is essential to keep pace with the growth of online commerce in Europe.

3. DEFENCE AND PROMOTION OF COMPETITION

I would like to underline the fact that the companies that fall under the merger control regime are largely using the pre-notification tools, a solution that facilitates the procedures and reduces deadlines.

In this way we focus on analysing the more complicated transactions with the appropriate intensity, while resolving the simple ones very quickly. We do not want to delay the implementation of business decisions that are imposed in times of crisis, with more mergers and corporate restructuring. Our mission is exclusively to ensure healthy competition after changes of control and to prevent abuses of market power.

Therefore, despite the substantial increase in the number and difficulty of the operations, we continue to resolve all cases in extraordinarily short periods of time, in an average of 18 days.

i. The CNMC prioritises the detection of cartels in public procurement, a particularly harmful practice in the current context.

With regard to infringement proceedings, 5 sanctioning proceedings were initiated in 2021, which are ongoing and in the preliminary investigation stage - ICO loans, military equipment, platforms, data and renewables- on which I cannot comment at this time.

I would like to point out that the file related to ICO loans was the result of an investigation into the complaints received in our COVID mailbox, created to prevent abuses in sectors under stress, including insurance, medicines, sanitary masks, funeral homes and the conditions for granting public guarantees by banking organisations.

In addition, 25 cases were resolved, with 7 cartels being sanctioned, 5 of them related to the manipulation of public tenders. As I indicated to you, ladies and gentlemen, at my last appearance, detecting cartels in public procurement is a

priority for the CNMC. I believe that this is a matter of vital importance at this time given the role it will play in the coming years. If under normal conditions public procurement exceeds 10% of the GDP, the management of the "Next Generation EU" funds means this percentage will increase sharply.

Public procurement has an undeniable drag effect on the wider economy. It is a central element in the implementation of public policies, whether this is boosting innovation, productivity, the green and digital transition of the economy, ensuring that public services such as health and education are of high quality, or promoting social inclusion and improving the welfare of citizens. In all cases where there is a lack of competition in public tenders, these are lost opportunities. And, especially now, we must not miss opportunities to achieve strong, inclusive and sustainable economic growth.

The authorities must know how to react to markets where there is little competition and avoid public procurement designs that end up limiting competition in tenders. This is why we are constantly building bridges with contracting authorities, we have published recommendations aimed at improving the preparation of tender specifications from this perspective and we provide training for public employees so that they can detect collusive offers or other distortions of competition in tenders. To date, we have trained more than 2,500 people and we will continue to do so.

Aware of the challenges we face, at the CNMC we have intensified our pursuit of practices that restrict competition through our Economic Intelligence Unit, which in 2021 analysed 23 cases and received 138 communications, among other things, on this matter.

The Economic Intelligence Unit that I have just mentioned is one of our strategic commitments because, both materially and conceptually, it aligns us with a society in which digitalisation and *big data* are tools with which we have to carry out our work in defence of competition. Moreover, I can proudly state that our Economic Intelligence Unit is among the most cutting-edge of the competition authorities in our environs.

We are also in favour of prohibiting companies that have been sanctioned for very serious competence offences, such as bid rigging, from entering into contracts. The aim is to prevent this type of conduct, and to encourage companies that operate and compete in our country to adopt compliance programmes.

ii. Promotion of Competition: the CNMC focuses on making its recommendations for efficient regulation more widespread among local authorities

Besides tenders, the CNMC's action is also directed towards other areas of sectoral regulation, to ensure that it is efficient and does not impose disproportionate barriers to business initiative.

The recovery will undoubtedly return the GDP to pre-COVID levels, but these years of crisis have precipitated changes that are here to stay.

We are seeing new opportunities that will radically transform economic relations and the offer of traditional services, but at the same time they will also require legislative changes in the face of regulations that may have become obsolete.

In any case, we must avoid regulatory barriers to innovation, competitiveness and efficiency and provide a level playing field between existing players and new entrants.

One of the most important projects in the area of competition advocacy has been the development of the Ten-Point Plans for an inclusive economic recovery based on efficient regulation with a focus on municipal action.

In line with this initiative, we plan to develop sector-specific sections on urban mobility, 5G telecommunications network installations and professional reserves. This work will be circulated so that best regulatory practices are adopted by Spanish municipalities. They will also be announced through the Sectorial Conference for Regulatory Improvement and the Business Climate promoted by the Ministry of Economic Affairs and Digital Transformation, in which we participate at a technical level.

Along with this initiative, the CNMC has prepared 30 reports on regulatory projects and has completed two studies; one aimed at facilitating activity in waste management and the other on mergers and acquisitions in online advertising.

I would also like to highlight the actions that the LGUM, the Market Unity Guarantee Law, allows us to take to follow up on complaints against disproportionate regulations that act as a barrier to a certain activity. For example, excessive licences for setting up automated petrol stations, disproportionate requirements for opening certain shops, or requiring a specific qualification for the development of an activity that can be carried out by professionals with other alternative qualifications, to give just a few examples.

Finally, concerning competition advocacy, I would like to draw attention to a study funded by the EU through the Structural Reform Support Programme on the "Impact of Competition Advocacy and Market Unity Reforms in Spain" which was carried out by KPMG and the results of which were recently presented. The study aims to improve the Spanish authorities' ability to formulate and implement reforms aligned with the principles of better regulation, following an integrated and consistent approach across sectors and horizontal policies. In addition to analysing the measures approved by the CNMC in the area of competition advocacy and market unity, the study provides the CNMC with a method for measuring the potential impact of the Commission's actions from both an ex-ante and ex-post perspective.

Among other conclusions, the study highlights the fact that the success rate of the recommendations included in the studies approved by the CNMC is between 50-60%; a rate that, in our opinion, represents a very significant impact on regulation and economic activity, but we will certainly continue to work to increase this figure.

Importantly, the study concludes that the CNMC is in a unique position to independently assess a range of sectors and activities, and its opinion is essential to contribute to the public debate. Good practices should be shared and applied and our reports are a great opportunity to implement them. We should not overlook the fact that the opportunity cost of bad regulation usually translates into

losses of GDP or employment. The value we cease to create by abandoning these good regulatory practices comes from several factors, such as the loss of investment, innovation and consumption. Now more than ever, we cannot afford this undermining of our economy.

4. TELECOMMUNICATIONS AND AUDIO-VISUALS

In the area of regulated markets, I would first like to focus on the work of the CNMC in telecommunications, since, as you know first-hand, the digital transformation is one of the EU's priorities.

- i. **Message:** The CNMC's regulation has been very successful in bringing about international leadership in terms of fibre network roll-outs and take-up. The CNMC's goal is to maintain the high degree of competition, investment and price competitiveness, and create a favourable environment for the roll-out of 5G.

In October 2021 the CNMC approved the regulatory review of the residential broadband market.

Regulation of these markets has been fundamental in achieving international leadership in roll-outs and take-up of new fibre networks, especially regulated access to existing operators' passive infrastructures. In Spain, more than 90% of fixed broadband connections are already next-generation, fibre or cable, above the OECD average and behind only Korea, Japan and Sweden. The Spanish regulatory framework, with its focus on duct access, geographic segmentation of the regulation and symmetrical obligations for access to fibre networks inside buildings, has been recognised as a successful model in the EU and is now included in the European Electronic Communications Code adopted in 2018.

This best practice will be a competitive advantage in completing the roll-out of 5G networks and exploiting their full potential, which require a broad base of sites connected to fibre networks.

The CNMC has modified the reference offer, referred to as MARCo, to improve access to poles in areas of low population density where the connection still

needs to be improved. This will also favour the development of so-called "empty Spain".

On the other hand, digitalisation and next-generation networks are enhancing the value of ducts attached to other infrastructures. For example, ADIF's railway tracks, REE's high-voltage networks and Enagás' gas pipelines are equipped to deploy high-capacity telecommunications networks; and the urban furniture of city councils, such as poles and lampposts, can house 5G antennas.

With the aim of ensuring effective competition, the CNMC is monitoring access to these media to which technology has given a supervening value.

Another issue that arose in 2021 was the obsolescence of traditional copper exchanges. By the end of 2021, more than 1,000 exchanges had already closed and almost 2,000 more have planned closure dates. The CNMC is monitoring this transformation to ensure that the transition does not disrupt or impair either the service or the choice of affected consumers.

In 2022, the CNMC will gain new functions following the adoption of the European Electronic Communications Code through the General Telecommunications Law, including the supervision of *over-the-top* operators, who provide communications services -such as WhatsApp- over the internet.

These new entrants provide services over the Internet equivalent to the more familiar traditional services such as voice communication, messaging or more sophisticated services such as content distribution or *cloud computing* solutions, all using networks offering high capacity fixed or mobile broadband connections.

The obligations established for new and traditional operators regarding data quality or use must be symmetrical. It is necessary to create a level playing field in which incumbents and new entrants are subject to the same regulations, which do not discriminate against one over the other.

Following the approval of the new law, the CNMC will acquire additional functions, among which the most important are: (i) the supervision and guarantee of the affordability of broadband access and fixed voice communications services - included in the universal service- of operators in Spain; (ii) the measurement of

network quality; (iii) options for changing operators; and (iv) the supervision of open access to the internet, radio spectrum and the protection of end-users' rights.

- ii. **Message: We must step up our supervision of the new audiovisual players so that we protect young people in particular and ensure accessibility to content.**

Continuing with the challenges of digitalisation, I now turn to the audiovisual sector.

Internet services have led to an unprecedented dynamisation of the audiovisual market. The growth in the offer of audiovisual content is spectacular; more than 500 hours of content are uploaded to YouTube every minute, and more than half of the citizens interviewed on this subject consume Internet-based audiovisual content at least once a week. This market has become the predominant consumption channel for young people.

This undoubtedly means an improved experience for consumers linked to the diversification of the offer. But, on the other hand, the progressive significance of this type of content, with a widespread presence at both the advertising and consumer level, warns regulators that we should go further in monitoring these services. If not, the general interest may be compromised, in particular that related to consumer protection, especially that of minors.

That is why, for several years, the CNMC has been closely monitoring the activities of the new agents that provide their audiovisual communication services through video sharing platforms, i.e., **Vloggers and influencers**.

Accordingly, the CNMC has carried out several **preliminary analysis and supervision exercises on the most prominent Vloggers' videos in Spain**, in order to identify the possible presence of content that could compromise the essential values of the audiovisual regulations.

The result of this exercise has revealed certain shortcomings that this content presents, in terms of the obligations established in the regulations, including:

- on the one hand, it has been observed that content not suitable for all audiences has been broadcast without any type of qualification; and,

- on the other hand, certain limitations have been detected in terms of consumer protection, due to the presence of commercial communications with no warning to the viewer.

In order to make progress in this supervision, at the end of 2020 the CNMC initiated a study to find out what the sector's perception was of applying the General Law on Audiovisual Communication to these agents. And at the European level, ERGA (the European Regulators Group for Audiovisual Communication Services) recently approved a report on the qualification of these agents as audiovisual providers and the criteria for identifying them.

Against this background, the CNMC has launched a public consultation to legally clarify the definition of these agents and the regulation to be applied to them.

Finally, the **new General Law on Audiovisual Communication**, currently being processed in Parliament, will transpose the new regulation emanating from the amendment of the 2018 European Directive with new supervisory functions for the CNMC, among which we should highlight:

- the **strengthening of the protection for consumer rights**, especially **minors, in all services**;
- the extension of **control over European funding to agents established in other Member States** (e.g., Netflix, Amazon Prime, HBO, Disney) in relation to the revenues they obtain in Spain;
- the supervision of **accessibility obligations for new agents**: pay-TV and on-demand services, with new quantitative and qualitative requirements.

The ultimate aim of all these powers is to ensure the safe and competitive future development of the audiovisual sector, where agents competing for similar audiences are subject to similar obligations.

It is our role as regulators of the audiovisual sector to establish the necessary framework of reference to ensure the proper application, to provide answers to the various issues, and to improve the protection not only of minors, but also of citizens as a whole.

5. ENERGY

Let us turn to energy. Ladies and gentlemen, the turbulence in the energy sector and the increase in energy prices have been the focus of the second part of 2021. Now, since the beginning of the conflict with Ukraine, they have become a source of major concern for the whole of Europe.

This has been a general phenomenon across all EU countries, which have been confronted with this increase in electricity, gas and oil prices.

In the case of the electricity market, the price increase has been spectacular, going from values of between 40 and 50 €/MWh at the beginning of the year, to reaching historical highs of 700 €/MWh during certain hours and an average daily price of 544 €/MWh recently.

This price increase has fundamentally been due to the cost of combined cycle generation, which depends on the price of natural gas and the price of emission rights, which have experienced an unprecedented rise.

It should be noted that the maximums recorded in other European markets, such as France or Germany, have exceeded these levels seen on the Iberian Peninsula, with prices reaching, for example, 2,000 €/MWh in Great Britain, and close to 3,000 €/MWh in Germany.

These facts should not overshadow the CNMC's good performance of its services in both the regulatory and supervisory areas; not only have we continued with the projects planned for 2021, but the CNMC, together with the ministries and agencies involved, has also been working intensively to resolve the situations arising from the price escalation, and has integrated the new powers entrusted to it by the emergency regulations, as well as preparing the way for the upcoming regulatory developments in Europe linked to the energy transition.

i. Boosting regulation to adapt energy regulation to the ecological transition.

Indeed. We must not forget that one of the key elements for the success of the ecological transition, which is more necessary now than ever, is the integration of new renewable energy facilities. This has required the development of new methodologies to ensure the connection of new electricity generation to the

transmission and distribution networks in safe and optimal conditions, while avoiding overinvestments that would be passed on to consumers.

The most recent price trends have favoured a very significant increase in self-consumption, thanks to all these new accompanying regulations. In 2021, the photovoltaic capacity available for self-consumption has more than tripled, demonstrating how attractive this type of energy is for consumers. This roll-out must not only be extended to individual homes or warehouses, but also to vertical property in accordance with the progress we have been making on the regulation on shared self-consumption and energy communities.

In addition, in 2021, labelling was introduced to identify the origin of electricity and thereby ascertain its environmental impact. We also monitored and validated the results of the two auctions for the awarding of the renewable energy economic system, with very attractive long-term prices ranging from 25 to 31 €/MWh. This outcome demonstrates the importance of the energy transition not only on security of supply, but also on competitiveness and sustainability.

As previously mentioned, CNMC's services are collaborating intensively with the European working groups convened by ACER to adapt the new energy regulations with a view to introducing the new energy models that are emerging as a result of digitalisation and the energy transition.

ii. [Monitoring of the costs of regulated gas and electricity activities to achieve the greatest possible savings for the consumer.](#)

In terms of regulated activities, the CNMC has, of course, continued to carry out all the work necessary to obtain detailed information on the costs of regulated electricity and gas activities that companies are required to declare. This is an enormously labour-intensive exercise, as it consists of comparing the regulatory accounts of the companies involved in these activities, the investments, degree of amortisation, changes in their valuation, operating and maintenance costs and the situation of liabilities, as well as checking their correspondence with the economic flows declared in the settlements of the electricity and gas system.

This task is essential to ensure that these activities obtain reasonable remuneration, which is then passed on to the tolls, thereby fulfilling the functions entrusted to the independent regulators by the European Directives in determining the economic regime for electricity and gas.

One of the most important challenges in the economic area is to introduce the right incentives so that distributors invest in the digitalisation of networks. This is crucial for new energy models to flourish and to optimise the use of existing infrastructure, making it easier to detect fraud, which we must also react to.

iii. The CNMC has reacted swiftly to disruptions in the energy markets to prevent abuses and mitigate the financial problems of suppliers.

On 18 March, 2021, the CNMC approved the new electricity transmission and distribution network access tolls, which came into force in June, following the approval of the new charges established by the Ministry. The new scheme of tolls, charges and capacity was designed with the aim of supporting the energy transition and reducing electricity supply costs.

Time bands were defined to encourage a change in people's habits, shifting power to less congested time slots so as to make optimal use of the existing infrastructure.

The turbulence in the energy market in recent months has diluted the effect of the slots, making it impossible to appreciate their effect for the time being. However, when the price scenario returns to normal, it will be necessary to restore this scheme of tolls and charges, to encourage optimal use of infrastructure in the context of the electrification of the economy.

In the meantime, the CNMC has focused on finding solutions to the price increases and alleviating the difficulties of some suppliers to avoid affecting supply continuity. For example, by speeding up the changeover for customers affected by the disqualification of their supplier and by changing various system operation and settlement procedures to alleviate the financial cost that the rise in electricity prices meant for non-integrated suppliers.

I would like to point out that the CNMC's work has been particularly focused on protecting consumers.

- We have run informational campaigns on electricity and gas bills.
- We have launched an application which, through the QR code on the new bill, makes it possible for each consumer to simply and directly find the best offers through our price comparison tool. In fact, ladies and gentlemen, I invite you to visit the CNMC in the coming days and bring your bills with you to see the potential of this tool designed by our technical services.
- We are working on a new tool *called "Understand your bill"* designed precisely so that consumers can easily understand the characteristics of their contract and can evaluate other more attractive offers.
- We have recommended to marketers that they provide the relevant information in a transparent manner when contracts are up for review.
- We have also drawn the attention of marketers to the obligation to publish their offers in transparent and comparable terms, clearly indicating the price revisions of the contract that is being signed.
- We have provided guidance on the consumer's right to terminate their contract free of charge when the supplier proposes changes to the terms, for example, changes in the price formula from fixed to indexed.
- We have ensured that toll reductions are correctly passed on to customers, facilitating claims for financial compensation.
- Finally, in view of the accumulation of overdue bills caused by some distributors as a result of their meter reading errors, the CNMC has issued a communication to consumers clarifying to consumers that they can pay in instalments and to retailers that they can negotiate a deferral of payment of invoices for tolls and charges to distributors.

In addition, in various forums and working groups, including the Council of European Energy Regulators (CEER), the CNMC has advocated forward

contracting to combat volatility. A debate that has reached all European countries, which have also been overwhelmed by the price rises in the electricity markets.

iv. Gas regulation puts Spain in a privileged position to guarantee supply security

As is well known, the electricity price trends are the result of soaring gas prices, which have been under pressure for months and which have shot up as a result of the conflict in Ukraine.

Despite the situation in the markets, I would like to stress that Spain enjoys an exceptional situation in Europe: it has several regasification plants that guarantee the supply of gas through LNG and a direct interconnection pipeline with Algeria. This infrastructure, with a well-oiled third-party access regulation, guarantees a highly dynamic Spanish gas market and diversification of supply sources. Moreover, in addition to our strategic storage facilities, we have a storage regulation that guarantees us much greater availability of stored gas than the countries around us.

In January 2021, storm Filomena demonstrated the resilience of the Spanish gas system; it continued to operate and there was no risk of supply disruption.

In fact, thanks to the CNMC's supervision of gas traders and their ship unloading commitments, this winter the LNG tanks are fuller than the historical average and Spain is even exporting gas to France despite the strong consumption pull from combined cycle generation plants.

The CNMC has also been able to lower gas tolls thanks to the surpluses in the gas system.

v. The CNMC has verified the dynamism of independent service stations, which are managing to compete with pre-tax prices at the same level as their European partners

However, we must not forget that automotive fuels are one of the most important sources of energy expenditure for households. This is why the CNMC systematically monitors service station margins, which in the past have been uncompetitive compared to other EU countries.

These reports reveal how effective the entry of independent petrol stations has been, meaning those that are not linked to the incumbent operators, as well as the introduction of automatic petrol stations. Obviously, the rise in the price of a barrel of oil cannot be controlled in this supply link, but we have seen pre-tax prices for these growing brands at competitive levels with our European partners.

The emergence of automatic and independent filling stations was the result of implementing competition promotion recommendations at an early stage. I would like to emphasise the fact that if our reports had been completely successful, the economic impacts in this area could have been increased by up to 300 M euros.

6. TRANSPORT AND POSTAL SECTORS

- i. The CNMC has pushed for a reduction of AENA tariffs, a better use of rail network capacity and measures to encourage the entry of new operators in the long-distance passenger segment.

To conclude the activity in the regulated sectors, allow me to review the work carried out in the transport and postal sectors.

The CNMC issued the second Regulatory Document (DORA II) and recommended a slight decrease in airport tariffs until 2026, which the Ministry of Transport finally decided to freeze after clarifying the discrepancies in operating and capital costs claimed by AENA to justify a tariff increase.

In the first year of DORA II, 2022, fares, after all the mandatory adjustments and the incorporation of COVID costs, will be reduced by 3.17%, which will favour the recovery of traffic.

However, in terms of transport, the most important milestone has been the liberalisation of passenger rail transport services, which began in May 2021 with the entry into service of Ouigo trains between Madrid and Barcelona. The CNMC has played a key role in this success, guaranteeing track capacity for the new entrants, Avlo, an operator linked to RENFE, and Iryo, which will soon begin operating its trains.

Consumers are already experiencing the price reductions that the liberalisation of high-speed rail transport can bring. In the coming years, other routes will be

opened up and integrated mobility services will be introduced thanks to digital technologies. We are facing a change in the pattern of passenger mobility markets, which will be more sustainable and more competitive.

Given the importance of getting the most out of the network capacity, the CNMC has requested that Adif provide information on the capacity requested by railway companies and the actual traffic they have operated, in order to compare this with the framework capacity allocated to them. The infrastructure manager should update its framework capacity offer, according to the effective use.

The CNMC has re-emphasised the importance of rail charges combining the sustainability of the infrastructure manager's revenues with traffic recovery.

Finally, we have proposed a number of measures to meet the growing demand for train drivers in the rail sector. We do not want the lack of these professionals to unnecessarily delay the pace of liberalisation. To this end, it has been proposed, among other things, that training centres should be given easier access to rolling stock and the necessary routes, thus speeding up the practical training of future train drivers.

ii. [The universal postal service, new supervision and control functions](#)

Finally, with regard to the regulated sectors, I will refer to the approval of the Universal Postal Service, which will be supervised by the CNMC, now with specific criteria and conditions that will provide a better understanding of the financial burden involved and the need for compensation through the Universal Postal Service Financing Fund, which will also be managed by the CNMC.

7. NEW FUNCTIONS

Ladies and gentlemen, what I have just described is only a brief summary of the almost 3,000 files that we have dealt with in 2021 in the CNMC Council in the weekly Competition, Regulation or Plenary Chambers, in the form of circulars, studies, resolutions, appeals, sanctioning procedures, access disputes, collection of fees and hundreds of consultations.

Thousands of hours of work by the in-house technical services, which have also integrated the new functions that have been assigned to us to deal with the consequences of technological changes:

- on the one hand, in terms of internal processes, the organisation cannot lag behind in the digitalisation of our operation. This includes introducing artificial intelligence technologies as well as the digitalisation of processes and database technologies.
- on the other hand, there is the development of sectorial regulation in the face of technological changes such as the regulation of platforms, the supervision of audiovisual content and new energy models.

I would like to remind you of some of the new functions that have been entrusted to us since our creation:

1. In competition, we have new functions related to:

- a. applying the mechanism provided for in Article 150 of the Public Sector Contracts Act,
- b. reports relating to the commercialisation of football rights as a result of Royal Decree-Law 5/2015.
- c. reports in proceedings before the First Section of the Intellectual Property Commission, in accordance with Law 2/2019.

2. Recently in the field of energy, we have been entrusted with new functions by three Royal Decree-Laws:

- RDL 17/2021 and RDL 23/2021, measures to adapt the suspension of the tax on the value of electricity production and the revenue from the mechanisms for reducing excess payments in the electricity market and the supervision of forward contracting in wholesale markets
- to develop the methodology for calculating the reserve price for the auctions of manageable infra-marginal and non-emitting energy and its supervision.

- adaptations to incorporate the minimum vital supply, extend the electricity social bonus and cap the gas tariff.
 - and by RDL 29/21, to pay direct subsidies for investments in the digitalisation of electricity distribution networks and in electric vehicle recharging infrastructure from Recovery, Transformation and Resilience Plan funds.
3. In postal services: the CNMC is entrusted with settling the Universal Service Financing Fund.
 4. In telecommunications, the CNMC supervises the regulation of new internet service providers.
 5. In the audiovisual field, the CNMC must address supervisory mechanisms for protecting consumers from content offered on the Internet and compliance with the financing of European works by new players in this sector.

8. CONCLUSIONS AND CLOSING

Ladies and gentlemen, I would like to recap before ending my speech and then respond to any questions you may wish to ask me.

- 2021 has been a year in which we have observed a significant increase in mergers between companies. We have tried to speed up the process, reducing deadlines in those cases that presented no problems. At the same time, we have prioritised the detection of cartels in public procurement, aware of their importance in the management of *Next Generation* funds.
- In the field of telecommunications, deeply influenced by digitalisation, the CNMC has maintained the degree of competition and price competitiveness while creating a favourable environment that will allow the roll-out of 5G.
- In the energy sector, we have promoted regulation in line with the ecological transition, carrying out our supervisory work for the benefit of

the consumer, and reacting to market disturbances in order to prevent abuses by distributors and suppliers.

- In the field of transport and postal services, I would like to highlight the tariff reduction for AENA, the better use of the railway network's capacity and the entry of new operators into the long-distance passenger segment.

We have made progress in line with the Strategic Plan and the Action Plan that I presented to this Commission a year ago. We have been sensitive and adapted our actions to the pandemic and post-pandemic stages and the energy crisis that will mark the recovery and transformation of our economy and in which the CNMC will carry out its regulatory work efficiently, eliminating barriers to the development of economic activity, guaranteeing effective competition and protecting the general interest.

But, ladies and gentlemen, here I cannot avoid mentioning the unprecedented situation we are experiencing as a result of the war between Russia and Ukraine.

This conflict is testing the institutional and international machinery in which the CNMC participates.

As I have already mentioned, we are members of all major collaborative networks for European and international authorities in the areas we monitor, and we have a voice when it comes to making difficult decisions.

For example, we have supported the suspension of Russia's participation in the collaborative networks in which we participate, such as the ICN and the OECD; we have coordinated within ERGA and with the EC to suspend the broadcasting of official Russian news channels; and we have facilitated measures to help and assist Ukrainian citizens through our participation in various European regulators (ERGP, BEREC, ACER and CEER): supporting the reduction or abolition of postal charges to and from Ukraine, the reduction of *roaming* charges for Ukrainian refugees and international call charges to Ukraine; and the synchronisation of Ukraine's power grid with the continental European electricity system to ensure stability of supply in Ukraine and its neighbouring countries.

We are also working closely with the various relevant ministries and institutions regarding energy measures aimed at combating the tensions in the markets caused by the war.

I mentioned that the war has put our system of institutional and international relations to the test and I am proud to say that we have emerged stronger than ever. It allows us to react quickly and decisively, to feel that we are not isolated, on the contrary, that we are united in a single voice in defence of the humanist principles that inspire our institutional framework.

I am proud that you trust me to lead the CNMC and to shoulder the current responsibilities. I only hope to be able to offer my best judgement from an institution that is fundamental to our well-being.

And we will push forward in this context, and hopefully soon in one of peace, by contributing our efforts, time and passion.

Thank you very much, and I remain at your disposal, ladies and gentlemen, to answer any questions you may have.