

## PRESS RELEASE

### **The CNMC fines Naturgy Generación, S.A. 19.5 million euros for presenting high prices in its offers to the electricity market, altering the dispatch of generation**

- It presented offers for eight plants in the daily market above its marginal cost, forcing the operator to schedule them due to technical restrictions, which increased the price of electricity.
- This behaviour occurred between October 2016 and January 2017 and involved eight of its combined cycle plants.
- Presenting offers with abnormal or disproportionate values in order to unduly alter the dispatch of generation is considered a "serious infraction" under the Electricity Sector Law.

**Madrid, 14 May 2019** - - The CNMC (National Commission on Markets and Competition) has imposed a fine of 19.5 million euros on Naturgy Generación for eight serious violations of the Electricity Sector Law. Specifically, it presented high prices in its offers to the electricity market that altered the dispatch of generation. The events occurred between October 2016 and January 2017 and involved eight combined cycle plants. ([SNC/DE/175/17](#)).

The offers presented by Naturgy Generación for eight combined cycle plants were higher than those presented in the same period for combined cycle plants with similar characteristics belonging to other operators, and were higher than their marginal costs. This action resulted in abnormal and disproportionate values that altered the dispatch of electricity generation. These offers prevented scheduling the plants in the daily market for several days during this period, despite the prevailing high prices at the time, which should have led to the opposite situation.

These plants were Besós 4 and Puerto de Barcelona 1 and 2, located in the area of Catalonia, Sagunto 1, 2 and 3 in the Levante North area, Málaga 1 in eastern Andalusia and San Roque 1 in the area of Campo de Gibraltar. The sanctioned conduct was carried out by Naturgy Generación. The characteristics of the areas in which these power plants are located made it highly probable that they would have to be scheduled.

As a result, during several days in the period between October 2016 and January 2017 when the plants were available, the bids were not matched in the daily market, which made it necessary to reschedule them later during the technical restriction process. This caused an alteration in the dispatch of generation, which yielded higher revenues for Naturgy Generación.

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The CNMC is of the opinion that there have been eight serious violations of Article 65.34 of Law 24/2013 of 26 December on the Electricity Sector, as a consequence of the offers made to the daily market for the generation plants Besòs 4 and Puerto de Barcelona 1 and 2, which are located in the area of Catalonia, Sagunto 1, 2 and 3 in the Levante Norte area, Málaga 1 in eastern Andalusia and San Roque 1 in the Campo de Gibraltar area. As a result, it has decided to impose a fine of 19.5 million euros on Naturgy Generación for altering bids in the electricity generation market.

Pursuant to Law 29/1998 of 13 July, this Resolution may be directly appealed to the National Court through administrative channels within two months after the day the Resolution is filed.

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