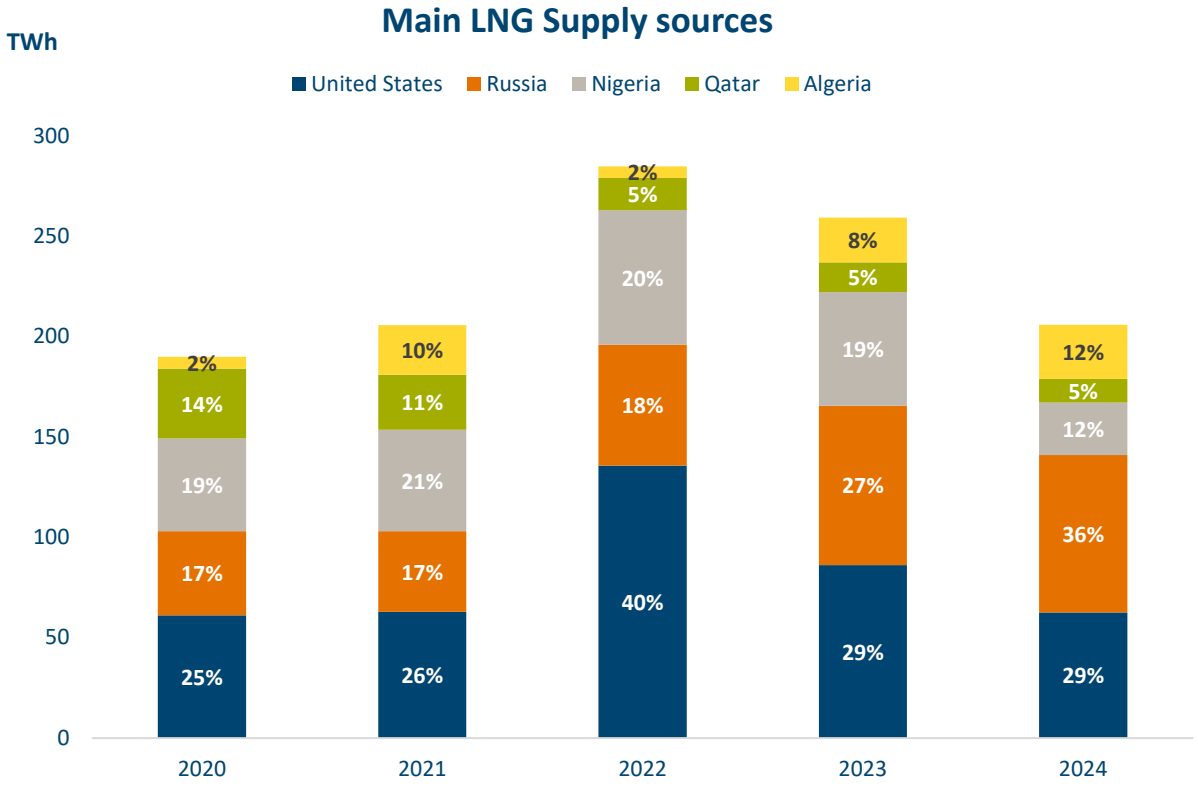
LNG supply evolution in Spain

April 2025

Evolution LNG Supply in Spain - Context

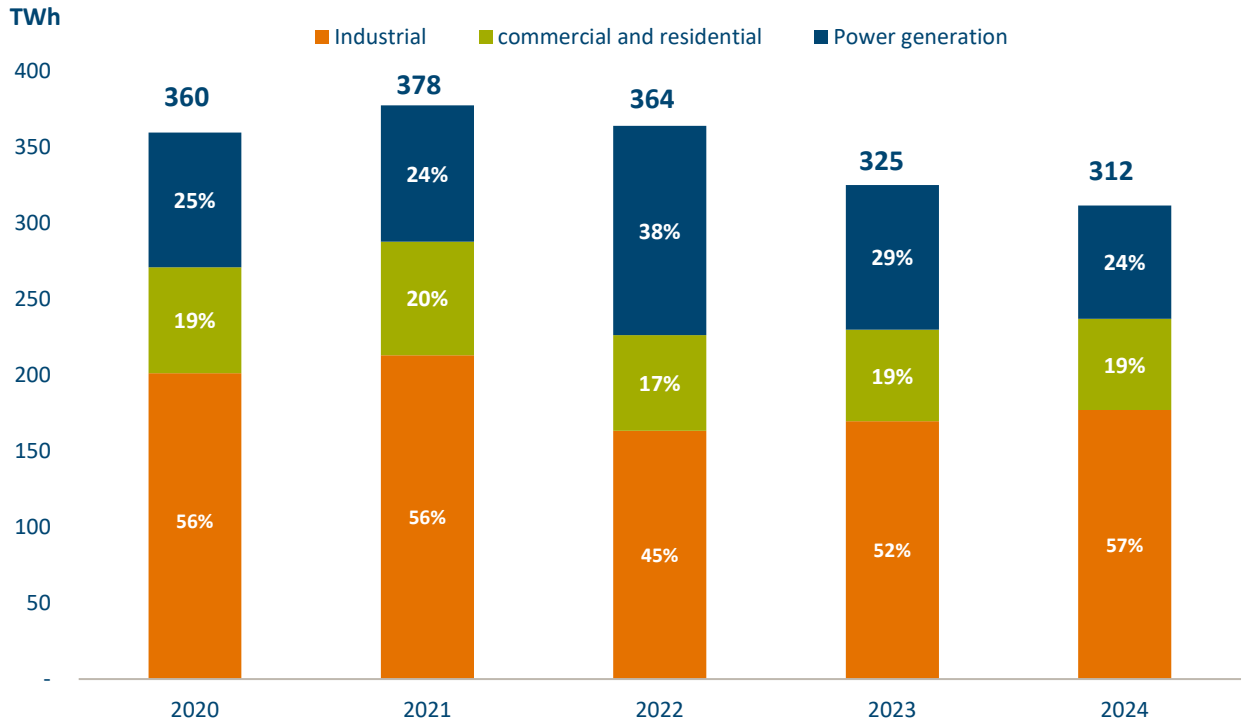
- **Regulations related to the reduction of carbon emissions** in both final energy consumption and energy generation:
  - Spain has developed a National Plan with the ambition of becoming a carbon-neutral economy by 2050. It mandates that by 2030, **48%** of the final energy consumption and **81%** of electricity generation should be derived from renewable sources
  - The EU also has published a directive with similar objectives. Among its measures, it stipulates that member states shall collectively ensure that the share of energy from renewable sources accounts for at least **42.5%** of the Union's gross final energy consumption by 2030
- **LNG Supply challenges**:
  - In **Nigeria, a force majeure** was declared in 2022, resulting in a reduction of delivered volumes. Additionally, in 2024, its contract with Naturgy for 1.6 bcm expired, leaving only 3 bcm in contracts with other companies and some spot cargoes to Spain
  - **US volumes are being diverted to more premium destinations in NWE**
  - Algerian, Qatar and Russian volumes have remained constant having no impact on pre existing long term contracts.



From 2022 to 2024, Gas demand in Spain has dropped by approximately 50 TWh
Electricity generation through natural gas has fallen by 4% , and
LNG imports from the US have gone from 40% to 30%

Natural gas demand evolution by sector in Spain

- **The demand for generation has experienced a significant reduction, largely due to the increase in generation from renewable sources**
- Industrial demand has been slightly recovering after the decline suffered during COVID-19. The main consumers are from the refining, pharmaceutical/chemical, electrical, and agri-food sectors. Nevertheless, this effect alongside the **high prices scenario of 2022 impacted the historical natural gas industrial demand rates**
- **Conventional gas demand remains relatively constant**, exhibiting variations associated with temperature as is customary.

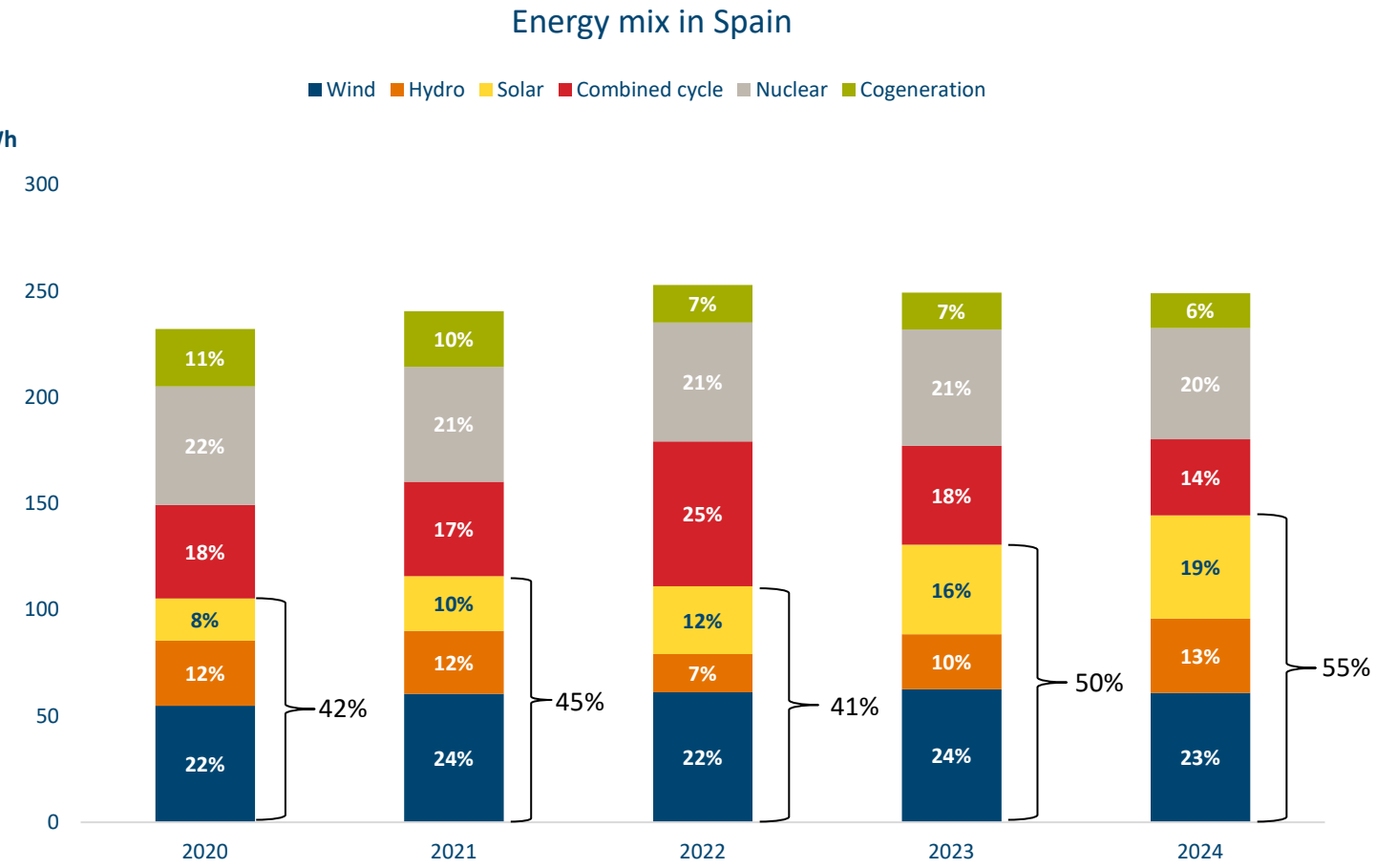


The Covid crisis and the high prices scenarios of 2022, impacted the Industrial demand in Spain

Electricity generation in Spain

- **Installed capacity evolution**:
  - Since 2022, the installed **renewable capacity has increased by more than 13.5 TW**
  - The most significant increase has been in solar photovoltaic, which has grown by 11 TW.

- Generation by technology evolution:
  - Generation from renewables has increased across all technologies. The renewable source that contributes the most to generation is wind power, although solar photovoltaic has significantly increased its share in the electricity market in recent years
  - **Combined cycle generation has reduced its contribution to the generation mix from 68 TWh in 2022 to 36 TWh in 2024**
  - The generation from other technologies has remained constant



From 2022 to 2024, Combined Cycles generation has fallen by 10%