



Madrileña
RED DE GAS



Annual Report



2025

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Main figures

Municipalities

Total No.



Length of network

Total Km (natural gas and LPG networks)



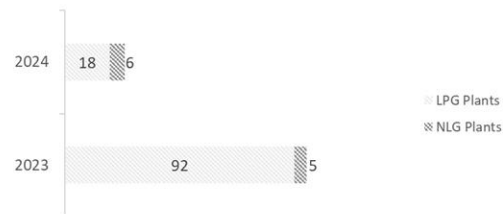
Consumers

Total No.



Plants

Total No.



Employees

Total No.



Income

Total €M



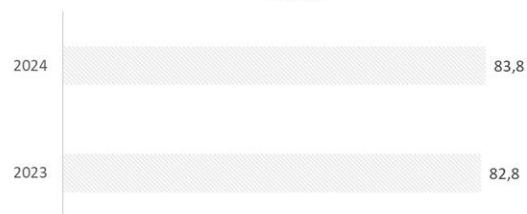
EBITDA

Total €M



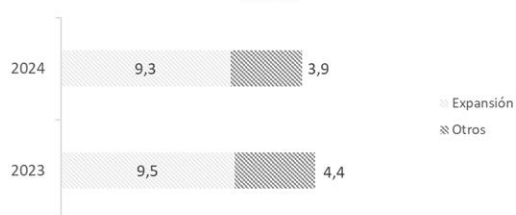
Cash flow

Total €M



Investments

Total €M



Company



One of the most significant milestones for Madrileña Red de Gas in 2024 was achieving the highest score in the GRESB index, attaining sector leadership in Spain, Europe, and globally. Furthermore, as a result of this achievement and its strong overall performance, the company was honored with the Sustainability Award by Corporate magazine.

In 2024, Madrileña Red de Gas also reinforced its commitment to regulatory compliance and criminal risk prevention by updating its risk map and developing action and training plans.

Lastly, the company strengthened its cybersecurity maturity, working in collaboration with INCIBE among other initiatives, and launched the strategic Turing Project to drive a transformation towards a data-driven organization.



Board of Directors

Carmen Gómez de Barreda Tous de Monsalve. **Chairwoman**

Cornelia Bernadette María van Heijningen **Director**

Suyu Wu **Director**

Simon Davy **Director**

Romain Thierry Victor Bruneau **Director**

Alexandre Pieyre **Director**

Kai Chen **Director**

Jan Matthijs Lakerveld **Director**

Shankar Krishnamoorthy **Director**

María Martín | **Secretary (non-board member)**

Management Committee

Alejandro Lafarga **CEO**

Rafael Fuentes **Legal Director**

Inés Zarauz **Financial Director**

David Ortiz **Expansion Director**

Félix Blasco **Network Operations Director**

Glen Lancaster **Director of Systems and Client Operations**

María Vázquez **Human Resources Director**

Regulatory framework

On 17 January 2024, the Spanish National Commission on Markets and Competition (CNMC) published the calendar of regulatory Circulars scheduled for processing in 2024. Subsequently, on 19 April 2024, the CNMC approved an updated version of that calendar. To date, none of the Circulars related to the gas sector included in the 2024 calendar have been definitively approved. The proposed amendments remain in intermediate stages of the regulatory process. Separately, on 30 December 2024, the CNMC published the calendar of regulatory Circulars with potential implications for energy policy, scheduled for processing in 2025.

In addition, on 20 September 2024, Order TED/1013/2024 was published, establishing the charges for the gas system, as well as the remuneration and fees for basic underground storage facilities for the 2025 gas year.

Furthermore, on 20 December 2024, the CNMC approved a resolution concerning the calculation, monitoring, and assessment of gas system loss balances for the 2023 gas year, and their impact on the remuneration of infrastructure owners.

Finally, on 23 May 2024, the CNMC approved resolution RAP/DE/010/23, which sets the access tariffs for transmission networks, local distribution networks, and regasification for the 2025 gas year.

As outlined in its explanatory memorandum, this resolution aims to specify and justify the methodology used to calculate the access tariffs applicable from 1 October 2024, in accordance with Article 36 of Circular 6/2020, of 22 July, which establishes the methodology for calculating access tariffs for transmission, local distribution networks, and natural gas regasification.

European regulatory framework for the energy transition in the gas sector

On 15 July 2024, the Official Journal of the European Union (OJEU) published Regulation (EU) 2024/1789 on the internal markets for renewable gases, natural gas, and hydrogen, as well as Directive (EU) 2024/1788 on common rules for the internal markets for renewable gases, natural gas, and hydrogen. Both documents form part of the so-called Gas Package.

This regulatory framework aims primarily to facilitate the integration of renewable gases, incorporate hydrogen into the energy system, update access rules for natural gas and hydrogen networks, and support the European Union's decarbonization and energy transition goals. The Regulation, which is directly applicable, will be fully enforceable from 5 February 2025, although it entered into force 20 days after its publication. The Directive, meanwhile, must be transposed into national law by no later than 5 August 2026.

In 2024, Spain began adapting its national regulatory framework to align with these provisions, including a preliminary public consultation held between September and October, aimed at gathering proposals for the transposition of the Directive and adaptation of the Regulation.

"This legislative package constitutes a key element in the modernization and transformation of the European energy system, promoting a shift toward a more sustainable, efficient, and decarbonized model aligned with EU climate goals"



Prevention of criminal offences

Madrileña Red de Gas's criminal risk prevention management system is based on the following general principles:

- Legality.
- Due diligence.
- Ethical and responsible leadership.
- Compliance monitoring.
- Review and continuous improvement.
- Systematic and adaptive risk management.

In accordance with the provisions of Law 1/2015, which amended the Spanish Criminal Code and further regulated the criminal liability of legal entities, establishing the obligation for corporations to implement effective crime prevention measures within the scope of their activities, Madrileña Red de Gas has implemented a robust criminal compliance management system, which is composed of:

- A criminal prevention policy.
- A criminal risk map.
- An internal prevention protocol.

The person responsible for overseeing this system is the Criminal Compliance Officer.

The conduct controls determine the information required and the course of action to be followed in situations involving regulatory non-compliance and/or practices that are contrary to the values and principles established in the Code of Ethics and the Anti-Corruption Policy of Madrileña Red de Gas.

In this regard, Madrileña Red de Gas has a whistleblowing channel (managed by an independent provider), through which any member of the organization—regardless of their rank or responsibilities—as well as any customer, supplier, or third party, may report, with the highest guarantees of confidentiality and protection against retaliation, any irregularity or behavior that is contrary to the law or to the rules and procedures established by the company.

Furthermore, in accordance with the new Law 2/2023 of 20 February, regulating the protection of persons who report regulatory infringements and the fight against corruption, the whistleblowing channel of Madrileña Red de Gas was updated with the advice and oversight of the independent provider. Additionally, the governing body has drawn up and approved policies and procedures aimed at updating the internal system for reporting irregularities, as established by the aforementioned law.

Specifically:

- The Policy for the Management of Irregularity Reports.
- The Procedure for the Management of Irregularity Reports.

Madrileña Red de Gas updated its Whistleblowing Channel and adapted its irregularity reporting system, thereby complying with the new Whistleblower Protection Law.

Additionally, during 2024, the risk related to crimes included in the company's risk map was reassessed in order to identify behaviors that could constitute violations of the applicable regulations and entail liability. As a result of this evaluation, the annual compliance review report and the annual action plans addressing the identified needs are prepared. Furthermore, relevant training on criminal offense prevention has continued to be provided, which is currently delivered upon joining the company as part of the onboarding program.

"During 2024, the risk related to the offenses included in the company's risk map was reassessed in order to identify behaviors that may constitute a violation of the applicable regulations and entail liability."

Corporate risk management

Madrileña Red de Gas has a robust risk management system, specifically designed for the company and based on a comprehensive approach. This system enables the identification, prioritization, and implementation of measures and/or controls aimed at recognizing, preventing, mitigating, or managing the risks the company faces.

The Audit and Risk Committee reports directly to the Board of Directors and operates in accordance with its internal regulations, which define its objectives, functions, and composition. This committee is composed of representatives from the Board of Directors of each of the four shareholders, several members of the Executive Committee, and the Risk Management Department.

The agenda items addressed in the committee's periodic meetings, which take place prior to each Board of Directors meeting, are internally agreed upon at the beginning of each new fiscal year. Among the most recurrent topics are the monitoring of the corporate risk map, the most significant risks, and the established or proposed mitigation controls and plans; the financial audit; audits of the integrated prevention, environmental, and quality management system; an increasing number of sustainability-related issues; the criminal offense prevention policy; as well as cybersecurity risks and audits of the information security system. The outcomes of these activities enable the Audit and Risk Committee to issue recommendations aimed at risk management and/or to the Board of Directors.

The integration of the risk management policy within the company has been structured through the progressive implementation of cross-functional risk analyses, involving the business units most closely connected to the affected processes. Likewise, risk management is a regular agenda item in the periodic meetings of the Executive Committee.

Currently, the Madrileña Red de Gas risk map (Figure 1) encompasses a wide range of risks, focusing its attention on the ten most material risks, whose evaluation has been carried out based on the following criteria:

- The probability of occurrence of a risk.
- The impact, based on the combination of the effect on net present value and reputational impact. The effect on net present value considers both the direct economic impact over the next twenty years and potential sanctions.

The risk map incorporates emerging risks through periodic updates of its contents. Additionally, it establishes new high-level controls that complement those already in place. The implemented action plans contribute to mitigating the consequences of these risks.

Compared to previous years, in 2024 the definition and evaluation of several risks have been refined through more detailed analyses of their contextual conditions and the potential consequences that may arise in the event of their materialization. Likewise, a strategy aimed at preventing and mitigating the potential impacts associated with these risks has been developed in parallel.

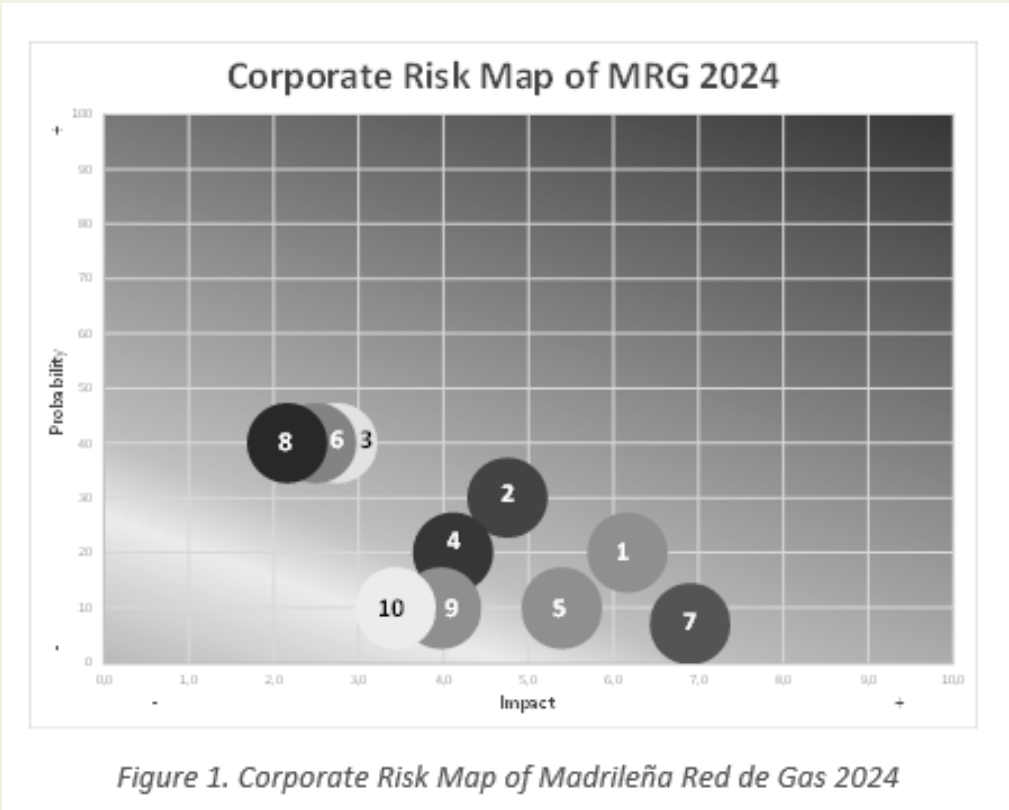


Figure 1. Corporate Risk Map of Madrileña Red de Gas 2024

Sustainability

After nine consecutive years of participation and achieving outstanding scores in the previous three editions (93, 96, and 100 out of 100), Madrileña Red de Gas has once again secured its sector leadership in Spain with the highest possible score: 100 out of 100. This achievement allows the company to renew, for the fourth consecutive year, the prestigious 5-star rating, which is only awarded to the top 20% of companies with the highest scores in the GRESB assessment.

In addition to this recognition, Madrileña Red de Gas has climbed to first place in the European sector ranking, as well as worldwide in the multisectoral category, by achieving the top position across the entire spectrum of the GRESB 2024 index (Figure 2).



Madrileña Red de Gas acknowledges that sustainability and economic success will only be achievable if it actively, credibly, and tangibly contributes to addressing the challenges facing our society. To this end, the company has integrated a deep and ongoing commitment to sustainability across all its operations, adopting responsible practices that promote social, environmental, and ethical development, always placing the well-being of the community at the core of its work.

In its 2024 edition, the GRESB infrastructure assessments covered 720 participating companies across all sectors in 81 countries, making the recognition awarded to Madrileña Red de Gas even more significant within a highly competitive global context.



Figure 2. Recognition Seal Awarded to Madrileña Red de Gas as Sector Leader in GRESB

As recognition for this effort, and following the success achieved in the GRESB rating, Madrileña Red de Gas has been awarded the Sustainability Award by Corporate magazine, acknowledging its leadership in the implementation of responsible and sustainable practices (Figure 3).



Figure 3. Alejandro Lafarga, CEO of Madrileña Red de Gas, receiving the Sustainability Award granted by Corporate magazine

"Madrileña Red de Gas has been awarded the Sustainability Award by Corporate magazine"

Transparency and communication

With the aim of improving communication and transparency regarding sustainability, Madrileña Red de Gas has updated on its corporate website the most relevant policies, the established objectives, and the performance achieved in each of the governance, environmental, and social vectors, both through the results of its own indicators and through various business excellence certifications and verifications.

Moreover, during the first half of 2024, Madrileña Red de Gas prepared and verified its fourth Sustainability Report according to the GRI (Global Reporting Initiative) standards, considering the current versions and the sector-specific standard for "Oil & Gas."

In this regard, starting in the second quarter of 2024, Madrileña Red de Gas began working on an implementation plan to ensure future compliance with the EU Directive on sustainability reporting requirements (CSRD), beginning with a situation analysis and needs assessment, followed by a review of the sustainability management model, and initiating the review of double materiality, impacts, risks, and opportunities.

As a result of this effort, Madrileña Red de Gas participated in the latest edition of the National Environment Congress (CONAMA) (Figure 4), where, together with other companies, it shared its experience in the field of sustainability, highlighting the progress achieved to date and its approach to addressing the challenges posed by the new reporting regulations, especially regarding the entry into force of the CSRD Directive.



Figure 4. Participation of Madrileña Red de Gas in CONAMA 2024

Cybersecurity

In an ever-evolving digital environment, cybersecurity remains a strategic priority for Madrileña Red de Gas. Aware of the increasing risks associated with digitization, data democratization, cloud systems, and the protection of its operations, the company has reinforced its commitment to security in 2024 through the implementation of a solid and structured action plan.

Cybersecurity as a percentage of the total information technology budget. In 2024, cybersecurity accounted for 10% of the total information systems expenditure for Madrileña Red de Gas, aligning with the global benchmarks for 2024, which range between 6% and 10% (references from Forrester's 2024 Cybersecurity Benchmarks Global Report).

During this fiscal year, eight key initiatives have been developed that have strengthened the company's security posture.

In addition to these milestones, in 2024 collaboration with the National Cybersecurity Institute (INCIBE) was reinforced by subscribing to early warning services for vulnerabilities, cyber threat sharing, and incident response. As part of this effort, key information about the company's systems and networks has been shared, and participation in specialized forums, such as the International Information Security Meeting (ENISE) in León, has been ensured.

Finally, looking ahead to 2025, preparations have begun for compliance with the new NIS2 regulation (Network and Information System 2), ensuring adherence to European cybersecurity standards and strengthening Madrileña Red de Gas's resilience against emerging threats.

In short, Madrileña Red de Gas continues to advance its cybersecurity strategy, consolidating a culture of comprehensive protection that safeguards its assets, operations, and the trust of its clients and collaborators.

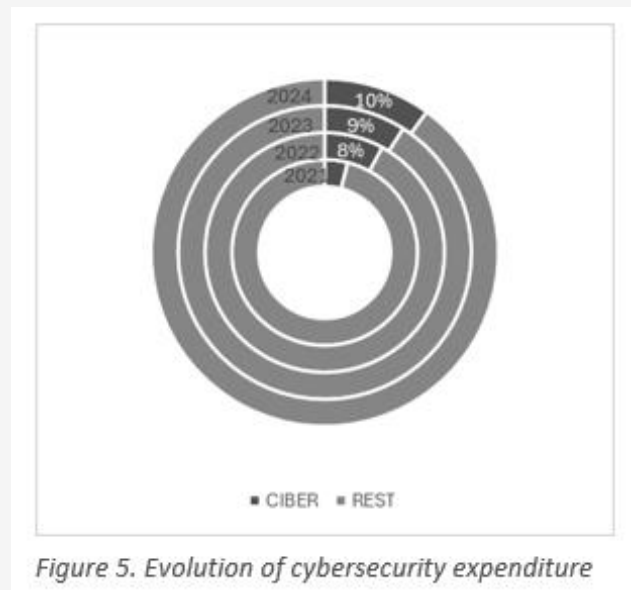


Figure 5. Evolution of cybersecurity expenditure

"Madrileña Red de Gas continues to advance its cybersecurity strategy, consolidating a culture of comprehensive protection that safeguards its assets, operations, and the trust of its clients and collaborators"

Information security and personal data protection

"In 2022, Madrileña Red de Gas completed the implementation and certification of its information security management system according to the ISO 27001 standard. This model is fully aligned with the current integrated management system and also encompasses the personal data protection management framework within its scope"

Madrileña Red de Gas has appointed its Data Protection Officer, who serves as the highest authority on the matter and participates in the Executive Committee, the Audit and Risk Committee, and the Cybersecurity Committee. Additionally, a manager for the information security management system has been designated, along with a technical security manager who is supported by a team of administrators.

Once again, in the area of personal data protection management, the most relevant activities have primarily focused on managing data subject rights, handling incidents, and resolving inquiries; many of these are related to the interpretation of current legislation and the exercise of data protection rights by the data subjects.

Additionally, based on the information security and personal data protection policies, Madrileña Red de Gas has management manuals developed through more than eighteen procedures related to information security and personal data protection. These procedures undergo periodic reviews to ensure their contents remain up to date.

Through the completion of the asset inventory, 11 asset groups have been identified, broken down into 111 asset types. The criticality of each asset has been assessed from the perspective of confidentiality, integrity, and availability, followed by a risk evaluation based on the combination of criticality, probability, and impact.

The information security and personal data protection management model includes interaction with stakeholders through various channels:

1) Publication on the website of the information security and personal data protection policies, as well as the data processing information intended for data subjects, whose dissemination is further reinforced through various communications sent to users.

2) Active management of the Data Protection Officer's mailbox, which has received a significant number of requests.

3) Employee awareness and training activities.

4) Interaction with organizations and authorities, such as the Spanish Data Protection Agency (AEPD) and the National Cybersecurity Institute (INCIBE).

Additionally, the following actions are fully integrated into the management system:

- Establishment of contractual clauses regarding information security and personal data protection.
- Identification of the most sensitive suppliers from the perspective of information security.
- Coordination actions for business activities related to data protection with data processors through meetings, unification of criteria, and agreements on best practices.
- Monitoring of information security and data protection performance across the supply chain through the information provided on the Repro-Achilles portal regarding the maturity of their privacy policies, as well as through audit reports conducted by the Repro-Achilles Community.
- Registration of information security and data protection incidents, whose investigation contributes to improvements in information management.
- High alignment of the goals considered within the system's annual objectives with the actions established in the current cybersecurity master plan.



As relevant updates compared to previous years, the following should be highlighted:

- The number of inquiries related to personal data protection has increased by more than 50% compared to the previous year.
- Four personal data protection incidents were recorded, none of which qualified as a personal data security breach. The investigations revealed the need to incorporate improvements in the management and processing of personal data.
- The management indicators dashboard has been further enhanced, and a first executive report of the system has been developed following the philosophy and guidelines of this type of report. This report includes various sections: incident management, physical and environmental security, compliance, supplier relations, asset management, communications security, operations security, human resources security, and information security management system (ISMS) process indicators.

- Adjustments have been made to various procedures.

- Review and update of the context analysis concerning threats, weaknesses, opportunities, and strengths.

- Development of the first cybersecurity emergency plan and execution of a drill applying this plan, with a report drafted that includes improvement actions.

- Work has begun on adapting the management model to the requirements of NIS2 and the updated version of ISO 27001, aiming to renew this certification under the new standard next year.

Likewise, with the aim of fostering an internal culture of data protection, news about the revisions and updates made have been published in Madrileña Red de Gas's internal regulatory repository, maintaining control over the validity of the documentation collected there.

Project Turing: towards a data-driven organization

"In 2024, Project Turing was launched with the objective of transforming Madrileña Red de Gas into a data-driven company"

Project Turing is a strategic initiative sponsored by senior management, aimed at creating an internal team to drive the use of data and its application in decision-making.

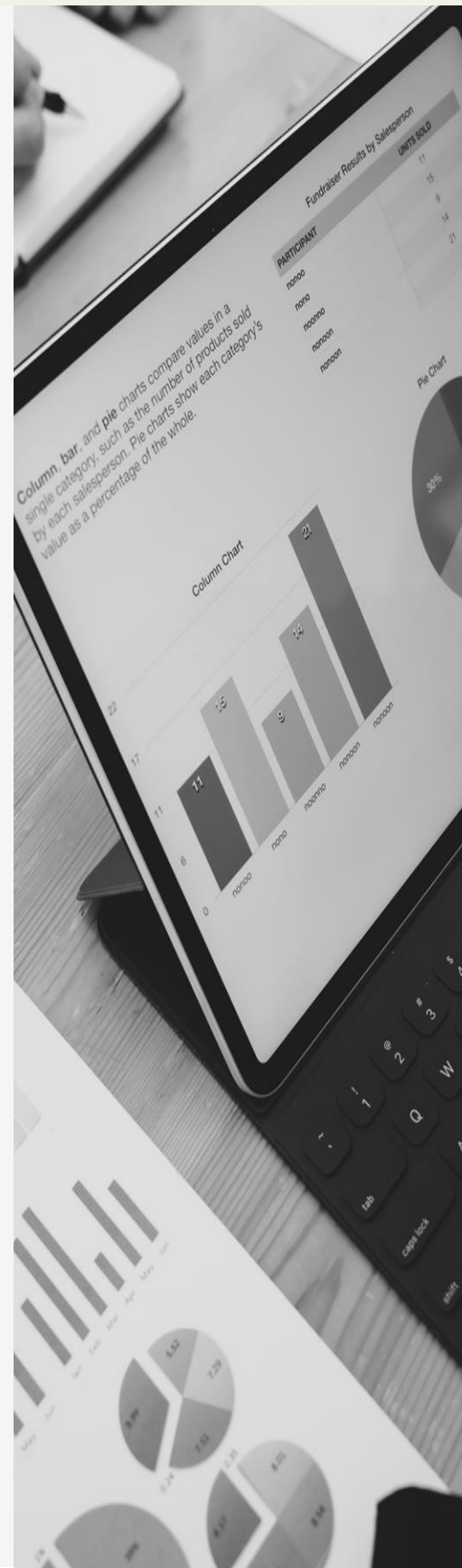
To carry it out, a working team was organized, led by the Systems and Processes unit, composed of one member from each business unit. A committee was created with direct reporting to the CEO and Management, and a three-year master plan was developed. This plan includes training the team in strategy and data analytics, fostering a data-driven culture within the organization, data governance and quality, report standardization, data-driven decision making, as well as identifying the use of artificial intelligence and predictive analytics in certain cases to help optimize and make business processes more efficient.

Business

In 2024, Madrileña Red de Gas sustained a steady growth trend, solidifying its position as the leading distributor in the Community of Madrid with over 905,000 active supply points and a net increase of more than 2,000 new installations. Notably, significant progress was made in the horizontal saturation market, alongside meeting the targets in the Large Consumption market.

Additionally, during 2024, over 3,000 meters of networks were constructed for future urban developments, and more than 2,000 supply points were converted to natural gas. The company also began supplying gas in two new municipalities, Casarrubuelos and Miraflores de la Sierra, putting into operation the new LNG plant in the latter.

Finally, the emergency service managed 17% fewer calls than the previous year, reflecting greater operational efficiency.



Residential market

In 2024, the business expansion of Madrileña Red de Gas continues the trend from previous years, maintaining a positive net growth in new supply points and total consumption, as shown in Figure 6.

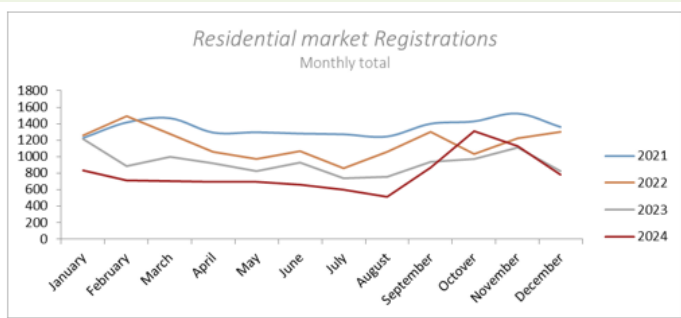


Figure 6 Registrations in the residential market during 2024

According to the results of the “Informe Trimestral del mercado de gas natural en España” published by the CNMC for the first and second quarters of 2024, which analyzes topics such as growth trends, market share, and more of the supply companies and DSOs in the natural gas market in Spain, Madrileña Red de Gas consolidates itself as the gas distributor with the highest number of active supply points in the Community of Madrid, with over 905,000 active supply points (Figure 7).

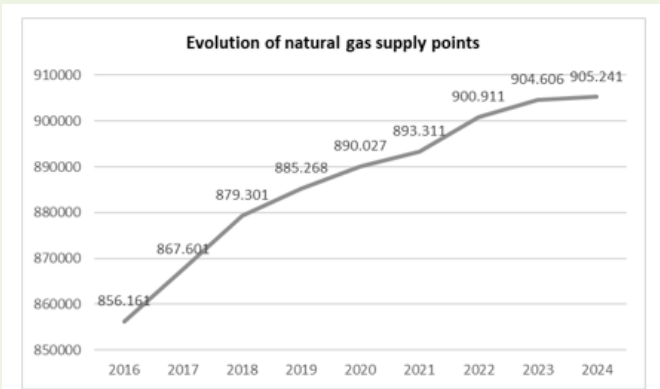
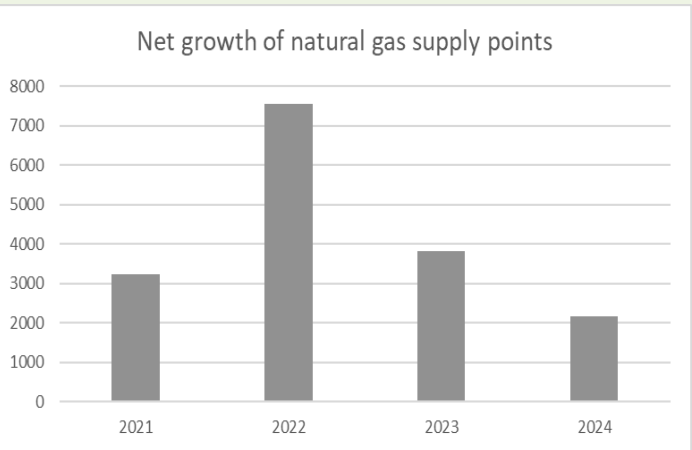


Figure 7 Evolution of natural gas supply points

In recent years, as a complement to the traditional commercial sales channel in less attractive but low-saturation territorial areas, an internal sales team has been established within Aliara Energía to implement commercial actions where the traditional channel does not reach. This project, launched in the second half of the year, has focused on the vertical saturation market of buildings with low penetration, conducting massive door-to-door campaigns with an aggressive offer, complemented by scheduled visits and calls to property managers.

These commercial actions, combined with inorganic growth initiatives such as LPG conversions and acquisitions of installations, have once again enabled a positive net growth of over 2,000 new supply points, as shown in Figure 8. In a challenging environment, the expansion team demonstrates its commitment to continue increasing the company's value.



"In 2024, Madrileña Red de Gas's business expansion follows a consistent trend compared to previous years, maintaining a positive net growth in new supply points and total consumption"

Despite the stigmatization context that the gas sector has been facing in recent years, Madrileña Red de Gas continues to commit to offering significant incentives both to end customers and to the commercial channel of installation companies, to encourage the construction and commissioning of new installations (Figure 9 and Figure 10).

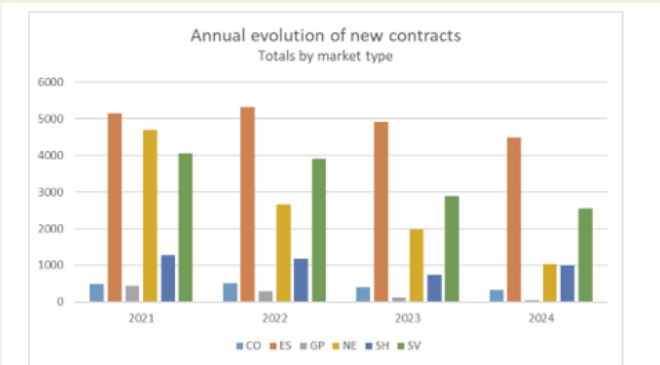


Figure 9 Annual evolution of new contracts by market type



Figure 10 New contracts in 2024 by market type

In 2024, an additional boost was achieved in the horizontal saturation market, as shown in Figure 11. The commercial actions carried out in this market have responded very well to the users' needs.

New potential market niches have been identified in the decentralization of multi-story buildings, successfully displacing outdated energy sources such as diesel, propane, and even coal.

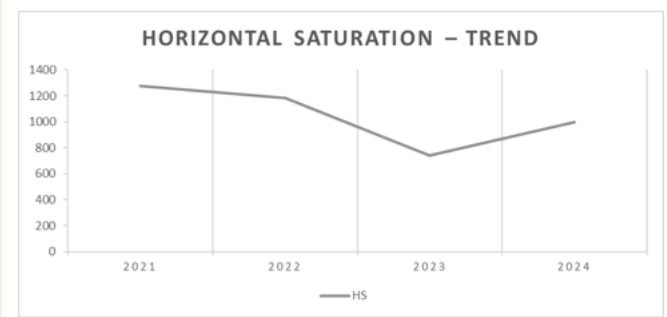


Figure 11 Evolution of the horizontal saturation market

Marketing in private residential developments with piped propane installations has also been an important achievement for growth in the horizontal saturation market. Many of these installations are reaching the end of their useful life, and now administrations and homeowners' associations are considering changing their supply. The local knowledge possessed by Madrileña Red de Gas's commercial team plays a key role in identifying these opportunities and defining the best offer for each residential development. Thus, during 2024, more than 200 gas installations in single-family homes were put into service, and a pipeline has been created for the following year, ensuring a positive outlook for the horizontal saturation market throughout 2025.

"In an unfavorable environment, the expansion team demonstrates its commitment to continue increasing the company's value. In 2024, an additional boost was achieved in the horizontal saturation market"



Large Consumption

Once again, in the Large Consumption market, the established targets have been achieved.

"In this fiscal year, a total of 380 supply points were reached, with an associated consumption of 157 GWh. These results confirm the confidence of various sectors in the advantages of natural gas"

The Large Consumption market is especially important as it is less seasonal. Consumption patterns are less affected by weather conditions.

One of the uses of natural gas that has seen a notable increase is in workshops with paint booths, given its many advantages compared to other fuels.

These workshops not only aim to boost energy efficiency and increase profitability but, by using natural gas for their paint booths, they reduce work, preparation, and drying times by up to 35%. Additionally, thanks to higher efficiency and air-vent installations, savings of up to 40% are achieved, shortening drying times.

The installation of natural gas also provides more space in the workshop since it does not require a storage tank or space like other fuels, ensuring greater safety.

During 2024, 14 workshops chose natural gas as their primary energy source. Since this market is strategic for the 2025 objectives, a commitment has been made to boost its growth. To achieve this, commercial campaigns will be launched, and close collaboration will be established with AMDA (Madrid Association of Automobile Distribution) to promote the benefits of natural gas and support other workshops in their transition to this energy source.

On the other hand, in recent years, self-service laundries have experienced significant growth in Spain. This expansion is due to benefits for both customers and business owners. Among the main advantages are time savings, cost savings, and a notable load capacity. These self-service laundries also present economic benefits for entrepreneurs, such as low initial investment costs and savings on staff.

During 2024, 42 new laundries were opened within the Madrileña Red de Gas distribution area, all supplied with natural gas. The speed and efficiency of the company in providing the natural gas supply to these establishments stand out, which has been a key factor in earning the trust of major franchises in the sector for the opening of their new locations.

It is also worth highlighting that, following the modernization of two shopping centers, they will now have natural gas supply. On one hand, the comprehensive renovation of the Sexta Avenida shopping center in the Moncloa area continues to rely on natural gas, with new connections installed to supply its future restaurant premises. Likewise, the Parque Corredor shopping center in Torrejón de Ardoz has been refurbished to improve its facilities and has been supplied with natural gas, expanding the installation to provide gas to new commercial premises.

Regarding commercial activity in the Large Consumption market, during 2024 efforts were made through mailing campaigns targeting various sectors. In this context, several Secondary Education Institutes, most of which currently use diesel, were offered a technical-economic study to assess the feasibility of switching to natural gas. This study was supported and carried out with the assistance of a specialized company. This initiative allows these institutions to plan facility upgrades based on their budgets for upcoming years, considering the budget constraints of Public Administrations. Additionally, this same action was taken with companies in specific industrial parks, as well as various hotels and gyms, always aiming to improve their energy efficiency.

Also,

"During 2024, Madrileña Red de Gas has worked to combat the confusion caused by the new Energy Efficiency Directive (EU) 2023/1791 and the alleged ban on gas boilers"

This confusion continues to generate misinformation and distrust among end users, including in centralized boiler rooms of homeowner associations, where the confusion is sometimes heightened by the inclusion of possible modifications to enclosures in planned renovations.

Despite all these doubts generated among both prospective and existing customers, a significant volume of installations has been maintained, slowing down the shift to heat pumps for this type of client through a centralized boiler system supplying nearly 1,000 homes.

In this regard, in contrast to the aerothermal project and with the support of a collaborating company, an efficient project was presented featuring new equipment (natural gas condensing boilers, prepared to operate with biomethane and hydrogen) at a budget much lower than that of heat pumps, making it more affordable for the residents, while offering significant improvements in performance and savings. The new homeowners' association board was explained the type of installation their homes had, and based on this, they understood that the most economical, efficient, and future-ready option (for biomethane and hydrogen) was to maintain natural gas, as it represents a safe bet for the well-being of the community's residents. Faced with both projects, they decided to halt the transformation to heat pumps, continue with natural gas, and study the Madrileña Red de Gas proposal.

To support the project, visits were arranged with the board to see installations currently operating with the proposed boilers, where they could observe the system in action, speak directly with the owners of these installations, and clarify any doubts or questions.

At Madrileña Red de Gas, through contacts with property managers, presidents, and others, efforts have always been made to convey the advantages of using natural gas in residential communities. These benefits include continuous supply—since it is directly connected to distribution networks—making it a convenient and clean energy source, as well as one of the cheapest energies currently available, significantly more affordable than electricity or liquefied petroleum gases.

In addition to the above, it is worth mentioning a boiler room project signed for the replacement of current diesel boilers with natural gas boilers, achieving significant annual savings of around €92,000. This boiler room supplies heating and domestic hot water (DHW) to a total of 520 homes in the municipality of Alcorcón.

Regarding commercial campaigns related to boiler rooms, campaigns were conducted targeting property managers, and, with the help of The Marketing Hub, brochures and informational letters were sent to homeowner associations offering technical and economic studies for replacing their diesel boiler rooms with natural gas systems.

In short, natural gas remains key in the Large Consumption market and is indispensable for activities requiring high heat demand, where electrification cannot meet the high thermal needs that certain industrial processes demand. While biomethane and green hydrogen represent the medium- and long-term future, natural gas will continue to play a crucial role during the transition to decarbonization.

"Natural gas remains key in the Large Consumption market and is indispensable for activities that require a high heat demand"

New builds

During 2024, in the new construction market, there has been a clear shift toward renewable systems, especially aerothermal technology. To strengthen its presence in this sector, Madrileña Red de Gas participated, together with Nedgia and Gas Extremadura, in REBUILD 2024.

REBUILD is the premier event driving and promoting evolution in building construction and offers manufacturers and distributors in the construction industry the opportunity to:

- Identify new key players and industrial partners in construction, such as builders, developers, investors, architects, engineers, and other professionals.
- Establish high-quality relationships with current and prospective clients.
- Showcase leadership and value within the industry.
- Present innovative products and solutions to boost sales strategies.
- Collaborate and partner as industrial stakeholders in an event transforming the construction sector.

Madrileña Red de Gas did not want to miss the opportunity to be present at an event of this magnitude and, in collaboration with Inmergas, to showcase a hybrid technology (essentially a natural gas condensing boiler unit with DHW storage) that integrates electric aerothermal heat pump technology within the boiler body (Figure 12).

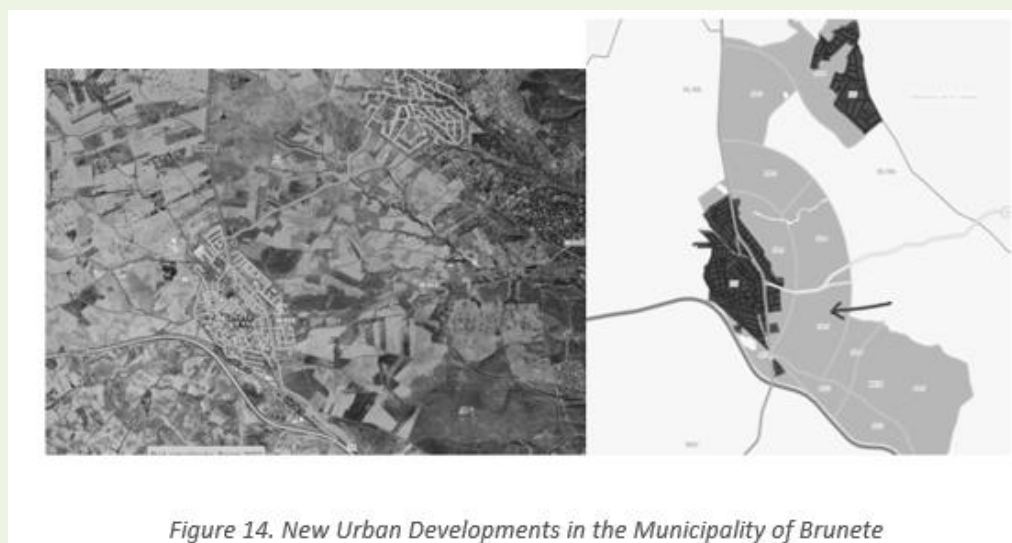
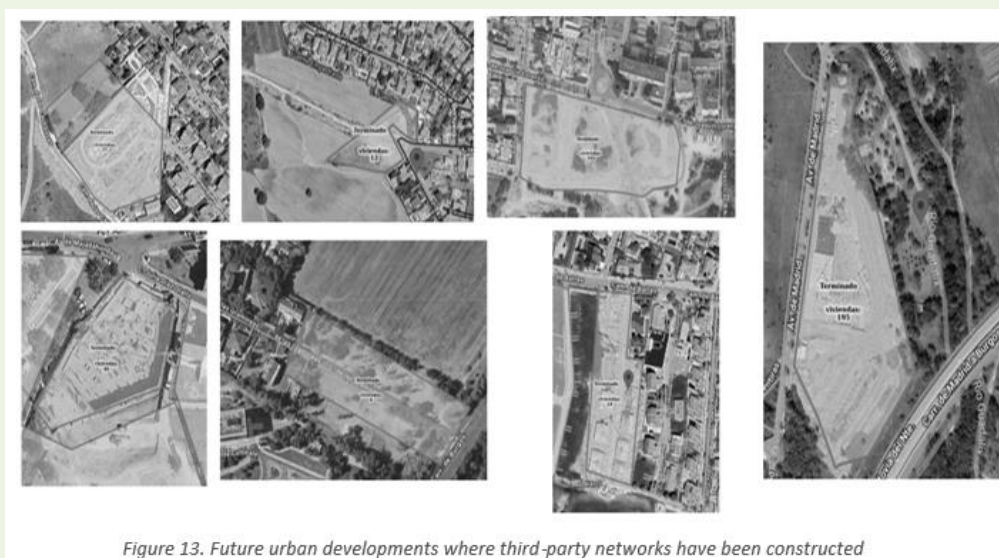


Figure 12 Inmergas team with hybrid natural gas and aerothermal technology

From the Expansion team, work has continued diligently with developers, holding meetings with each of them to demonstrate that using a natural gas system today is the gateway to H₂ in the future, and, in particular, promoting the aerothermal–natural gas hybridization.

Furthermore, throughout 2024, over 3,000 meters of third-party networks have been constructed for future urban developments, as shown in Figure 13.

These networks are designed to accommodate renewable gases, also paving the way for future hydrogen networks. Likewise, the administrative concession for new urban developments in the municipality of Brunete has been reactivated (Figure 14), marking a significant advance in the town's pipeline infrastructure.



"Throughout 2024, more than 3,000 meters of third-party networks were constructed for future urban developments"

LPG Market

Madrileña Red de Gas has initiated a phase of the transformation project involving more than 850 supply points in Miraflores de la Sierra, around 2,400 supply points in Villanueva de la Cañada, 685 supply points in Los Molinos, as well as the completion of the transformation of the municipality of Griñón for the years 2024 and 2025.

During 2024, the transformation to natural gas of over 2,000 supply points was carried out in the municipalities of Griñón, Leganés, Villanueva de la Cañada, and Miraflores de la Sierra (Figure 15).

This operation was performed by four leading companies in the sector, converting 8 storage centres to natural gas. It is worth highlighting the start of operations in Villanueva de la Cañada, due to the difficulty in reusing the existing networks.

Additionally, in 2024, more than 2.3 million euros were allocated for the work involving network reuse and expansion, installation adjustments and modifications, appliance conversions, and the dismantling of storage centres (Figure 16).

Beyond this work, progress has continued in digitizing and automating the order generation processes for field execution and in resolving claims with an attention time of less than 48 hours.

For 2025, it is expected to complete the transformation to natural gas of more than 1,000 homes, thus finalizing the transformation of the municipalities of Villanueva de la Cañada, Miraflores de la Sierra, Griñón, and Los Molinos, and all installations currently viable for connection to the natural gas network, as well as beginning work in the municipality of Soto del Real.

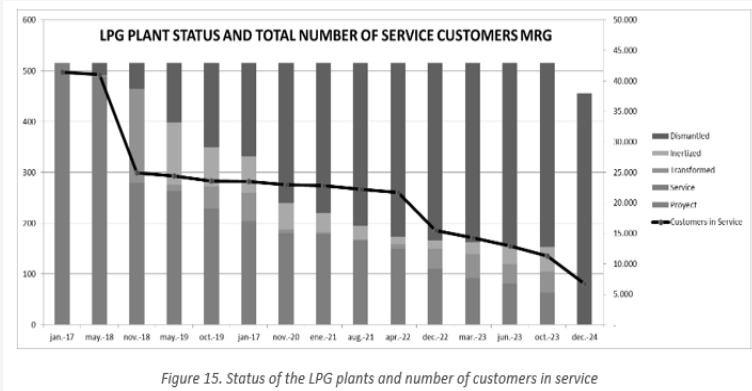


Figure 15. Status of the LPG plants and number of customers in service

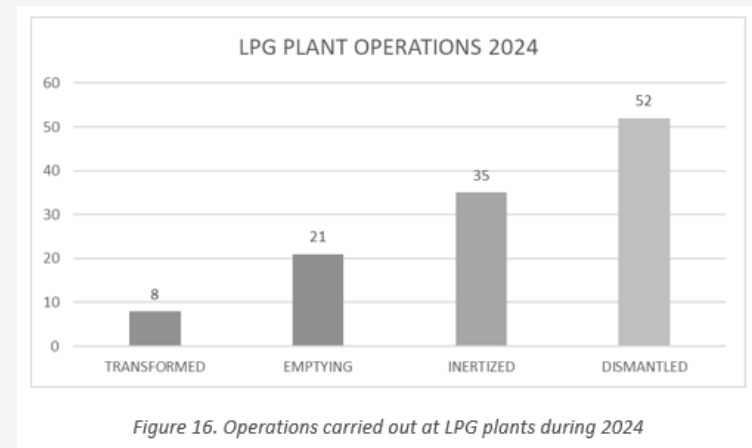


Figure 16. Operations carried out at LPG plants during 2024

Commissioning and digitalization

Since the implementation of the Virtual Office for installation companies, the volume of registrations through this channel has continued to grow.

Although it may appear that regulatory changes concerning new constructions, as well as conflicting messages regarding the future of gas, might be encouraging the sector to shift towards alternative energies, the reality is not entirely so.

"In 2024, more than 90 new companies registered on the Madrileña Red de Gas website. These companies have carried out gas installations within the distribution municipalities, currently forming a network of 1,058 partners"

On the other hand, to continue the improvements initiated during the previous year and to keep providing the best customer service, the correction of minor defects has been maintained during the commissioning visit for existing installations. As was the case in 2023, this approach has helped reduce intervention times, as failing to carry out these tasks would have delayed the commissioning. Customers were often required to find an authorized installer themselves and, in some cases, ended up cancelling the service altogether due to being unwilling or unable to cover the cost of the repair.

The increased cost of this approach is offset by higher customer satisfaction and a reduction in administrative procedures and travel, since there is no need for a second visit to the property.

As part of the ongoing effort to improve operational processes, 2024 has seen a particular focus on supply points which, although they may appear less significant at first glance, provide considerable value to Madrileña Red de Gas as a distribution company: commercial premises and industrial sites.

Until the previous financial year, when a customer signed a contract for a commercial premises with a gas supply history, the request was processed by the system in the same way as for residential properties, without considering the difference in usage. While residential installations typically remain unchanged over time, commercial and industrial premises are in constant transformation.

This led to delays in the gas activation for users, as well as complaints from energy retailers, who operate under strict timelines defined by their commercial offers to customers. The request and processing of all required technical documentation, as stipulated by regulations, did not begin until the contract had entered the operational workflow of Madrileña Red de Gas.

Currently, following a series of changes to the IT systems and through ongoing communication with installation companies, the supply point is not made available for contracting until all necessary technical documentation has been received. Although this may appear to be a minor change, it has resulted in greater traceability of the documentation managed at each supply point, better anticipation of the tariff type to be contracted by the customer, and shorter lead times for gas activation once the contract is initiated.

Moreover, with a continued focus on installation safety, and an understanding that effective communication is key to progress, the ongoing collaboration between departments made it possible in 2024 to detect several instances of industrial fraud, as well as unauthorized extensions carried out without informing the distribution company.

These constitute serious regulatory violations that endanger not only the safety of the workers at those premises but also that of neighbouring properties, in addition to causing financial losses for Madrileña Red de Gas due to unrecorded gas losses. Within a period of no more than 15 days, the installations are brought to a safe condition, legalized, and regularized.

For the year 2025, there are plans to thoroughly review and improve the way customer activations are managed, with the aim of optimizing the process and delivering an even more efficient service.

In many cases, outdated processes tend to be maintained, with efforts focused on improving something that may not have been optimally designed from the outset—hindering a broader perspective. With the goal of defining the best possible system if designed from scratch, the necessary improvements will be implemented in the upcoming financial year. These improvements will focus on enhancing traceability, streamlining tasks, and enabling customers to manage their appointments more quickly and in a more personalized manner.

New municipalities

The year 2024 has been fruitful in terms of new municipalities for Madrileña Red de Gas.

"After a lengthy authorization process, approvals were obtained for the arrival of natural gas to the municipalities of Casarrubuelos and Miraflores de la Sierra, and supply to these areas was initiated"

The gas supply to Casarrubuelos has been established through a connection with the Madrileña Red de Gas distribution network in the municipality of Cubas de la Sagra. Following the execution of this connection, approximately 2,500 meters in length, the distribution network is being developed to supply all interested residences. Currently, there are over 70 customers in service, as well as 250 active contracts.

A few weeks later, the natural gas supply was initiated in Miraflores de la Sierra (Image 17). In this case, a modern Liquefied Natural Gas (LNG) plant was installed at the same location as the former LPG (Liquefied Petroleum Gas) plant.

Prior to this, significant infrastructure work was completed to connect the existing municipal networks, enabling the coordinated conversion of LPG customers in the area.

This new plant is equipped with the latest technology available for 24-hour monitoring and remote control.

In just a few months, 600 customers have already been converted to natural gas, and the conversion of the remaining customers previously supplied from LPG plants—approximately another 600—is planned throughout 2025.

Significant progress has also been made in the processing of permits for three other municipalities. Combined with legislative changes, this paves the way for the imminent natural gas supply to the municipalities of Los Molinos, Moralarzal, and Soto del Real, reinforcing Madrileña Red de Gas's commitment to growth.



Figure 17: New LNG plant installed in Miraflores de la Sierra

Regulatory changes

The process of obtaining authorizations to extend gas supply to a new municipality is long, complex, and challenging. In order to lay a gas pipeline between two municipalities, it is necessary to secure not only operational permits from the relevant authority—in this case, the Directorate General for Energy Transition and Circular Economy—but also successive approvals from other agencies affected by the pipeline route. These may include municipal licenses, environmental permits, permits related to livestock trails, the Tagus River Basin Authority, road authorities (both of the Community of Madrid and the Ministry), the Historical Heritage department, among others.

Additionally, since the project involved more than one municipality, authorization for a Special Infrastructure Plan was required, processed as the substantive authority by the Directorate General of Urban Planning of the Community of Madrid. The approval of such a Special Infrastructure Plan is a lengthy and complicated process, involving successive approval phases with many of the agencies mentioned above. These plans were originally designed for large-scale infrastructure projects rather than relatively straightforward works like those undertaken by Madrileña Red de Gas; however, in the absence of a specific regulatory procedure, these projects were classified under such frameworks.

In collaboration with Deloitte, work was carried out alongside the Community of Madrid, holding working meetings with the Ministry of Environment, Agriculture, and Interior, as well as with various Directorates General, including Urban Planning and Energy Transition. The objective was to present a coherent and implementable proposal on behalf of the administration. This effort culminated in late 2023 and early 2024 with a proposed amendment to the Community of Madrid's Land Use Law, which was well received and reported to be scheduled for approval during the year.

The proposal emphasized the need for an open and competitive environment that does not hinder investment opportunities considered by companies such as Madrileña Red de Gas, which cannot afford prolonged delays. Natural gas networks provide a public service and should be regarded as strategic assets; they represent access to a less polluting and cost-competitive energy source for small municipalities that remain unserved by gas in the Community of Madrid, a situation that could amount to discrimination against part of the population. Additionally, they serve as a gateway to renewable gases.

The Community of Madrid was also working on a plan to streamline and adapt certain urban planning procedures. This effort culminated in the publication of Law 7/2024, dated December 26, concerning measures for balanced development in environmental and territorial matters. From now on, "in the case of energy transportation and distribution infrastructures necessary for the provision of services of general interest, the authorization or permit granted by the competent administration for the commissioning of new facilities will legitimize the execution of the related works." Therefore, this is excellent and long-awaited news that will facilitate and expedite administrative procedures.

"Natural gas networks provide a public service and should be considered strategic assets; they represent access to a cleaner and more competitive energy source for the small municipalities that remain unserved by gas in the Community of Madrid"

Commercial activities

Generic campaigns throughout the territory

The year 2024 began with the launch of new commercial campaigns, which always bring numerous opportunities. By targeting specific market niches, offers can be customized to make each household feel that the proposal is tailored to their needs. This approach not only increases customer satisfaction but also improves the effectiveness of existing pipeline connections.

Decentralization incentives have been promoted, with contributions of up to €650 per supply point.

The multifamily housing campaign has been renewed, offering contributions of up to €450 per supply point.

Single-family home campaigns have been expanded, with contributions of up to €500 per supply point.

Advertising Campaigns

Birth of Calderín

During 2024, and in collaboration with Madrileña Red de Gas's marketing agency, Calderín was created—a friendly and eye-catching animated character designed to communicate news about natural gas and renewable gases (Figure 18).

This character brings personality and appeals to all audiences, helping Madrileña Red de Gas communicate more effectively.

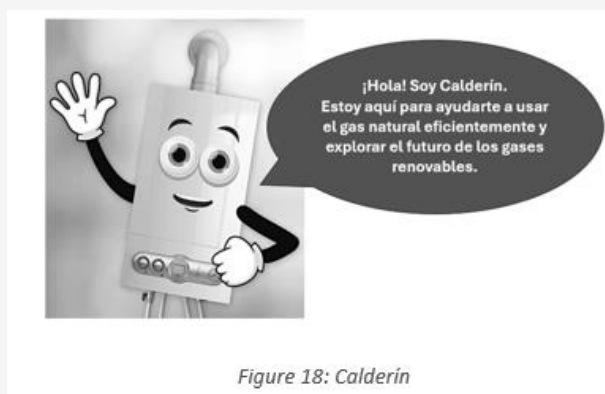


Figure 18: Calderín

The campaign was designed to pursue the following objectives:

- Increase awareness about the current situation of natural gas and the transition to renewable gases: enhancing understanding of the benefits of renewable gases.
- Raise awareness of public policies and the energy transition: fostering critical thinking within society and supporting the adoption of clean technologies.
- Encourage citizen participation: social media platforms enable direct interaction through reactions and content sharing.

- Visually impactful educational content: Two videos, three blog posts, and a landing page have been created to combat misinformation, explain renewable gases, how renewable gases function in boilers, and why they are essential in combating climate change (Figure 19).

Brochures and posters targeted at specific market niches

In collaboration with TMH, various advertising dossiers have been developed to reach hard to access market niches, such as the hybrid systems brochure (Figure 20), aimed at real estate developers, homeowner associations, or boiler rooms with old and obsolete systems, where the best energy solution is system modernization.

Signing of the commercial agreement between Madrileña Red de Gas and Aliara

In 2024, due to the constant market changes, the need arose to establish an internal sales force as a fundamental element to achieve independence in the sector.



Figure 20: Advertising campaign on hybrid systems

This not only allows for better control over sales and marketing strategies but also facilitates adaptation to customers’ needs and preferences. Additionally, having an internal team can foster a stronger corporate culture aligned with the company’s objectives.

For this reason, the commercial agreement between Madrileña Red de Gas and Aliara was signed.

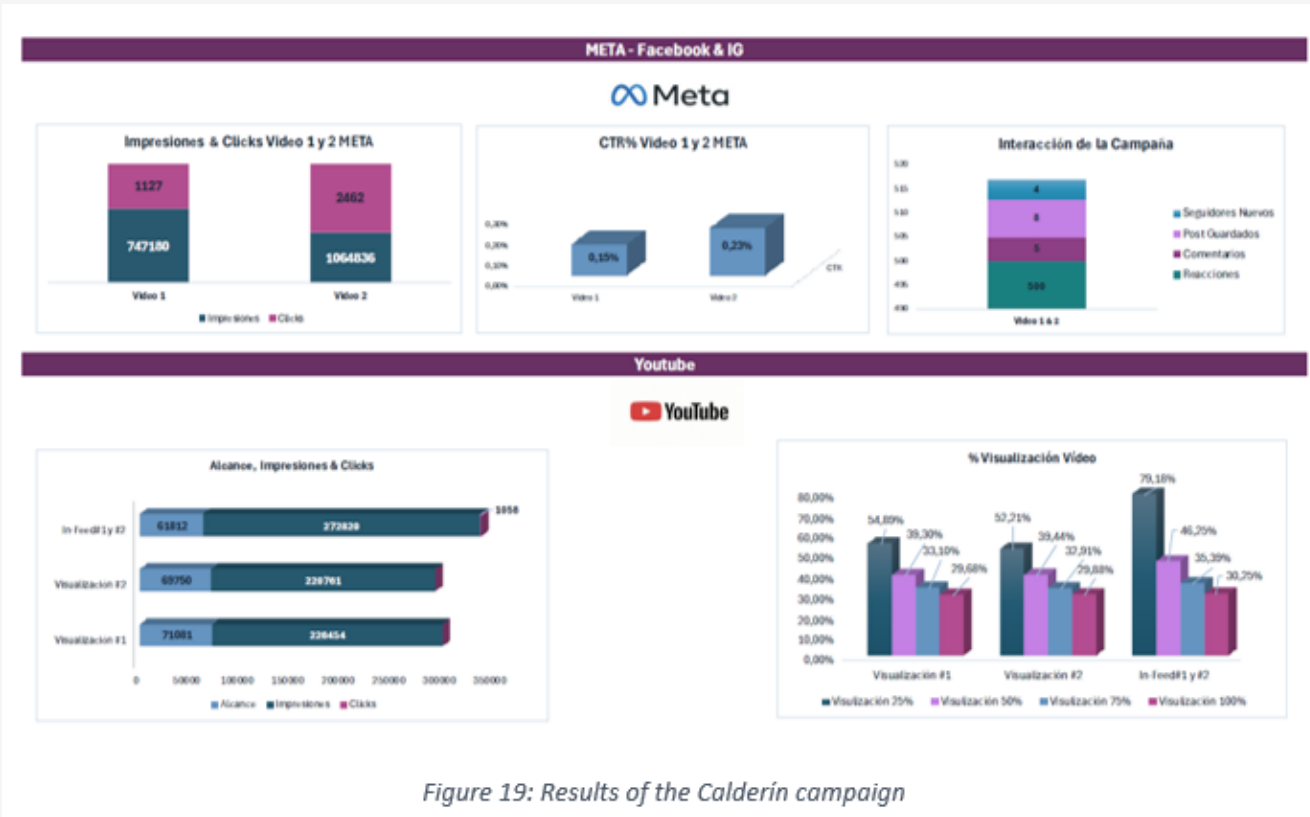


Figure 19: Results of the Calderín campaign

Public Offer 2024

Thanks to all the commercial campaigns conducted, in 2024 more than 150 installation companies joined Madrileña Red de Gas on this journey by signing the 2024 public offer and the commercial plans advertised through the website (Figure 21).

<https://www.madrilena.es/colaboradores>

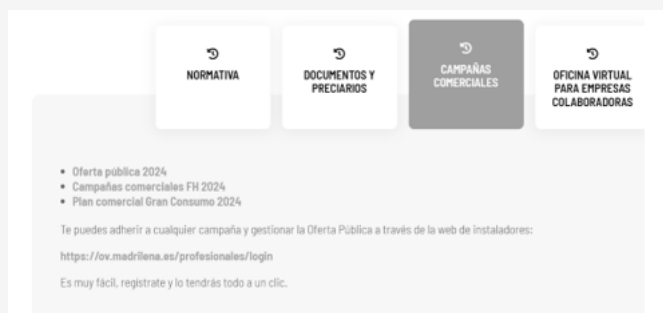


Figure 21: Commercial campaigns for collaborators

Referral Program

During 2024, two campaigns were carried out through Madrileña Red de Gas's referral program, one in summer and another in autumn. The rewards amounted to €75 for the referrer and €125 for the referred person once the service was activated.

The objective of this program is to reward customers who successfully recommend a contact, granting a gift to both the referrer and the referred party (Figure 22).

Other Actions

Announcement of the arrival of the natural gas network in the municipality of Casarrubuelos

During 2024, the natural gas network reached the municipality of Casarrubuelos, putting more than 100 homes into service in this first phase, with the goal of continuing expansion in the future. This information was published and shared through the company's social media channels (Figure 23)



Figure 22: Commercial campaign of the referral program



Figure 23: Announcement of the arrival of the natural gas network in the municipality of Casarrubuelos

Distribution network

As in previous years, 100% of the maintenance plan established by current regulations and the company's internal standards has been completed, covering the 6,060 km of gas network, auxiliary installations, the 6 satellite LNG plants, and the existing LPG plants. To this end, more than 11,000 scheduled actions have been carried out.

Additionally, the proper functioning of the regulation systems at various pressure levels has been managed.

Regulatory monitoring of the gas network has been conducted, including leak-tightness control over nearly 2,600 km of the gas network. More than 7,500 valves have been operated to verify their correct functioning, approximately 1,000 painting and cleaning actions on network elements have been performed, and around 6,903 measurements have been taken on equipment that ensures cathodic protection of the steel networks.

In coordination with the town councils of various municipalities within the Community of Madrid, a total of 52 LPG plants were dismantled in 2024. This involved draining, burning, inerting, and removing 80 tanks. More than 60 road transfers were coordinated with Repsol to move the extracted gas to Repsol's central facilities, thereby avoiding atmospheric emissions.

Additionally, the waste generated from these dismantling operations was transported to treatment plants authorized by the Community of Madrid, in line with Madrileña Red de Gas's environmental commitment. All activities were carried out without disrupting the daily lives of customers and residents in the affected municipalities, and strictly followed safety protocols—thanks to which no accidents occurred.

As part of the company's 2024 action plans, network renewals, meshing, and corrective measures were carried out to maintain safety and ensure supply in both the natural gas and LPG distribution networks. Materials such as steel, cast iron, and/or copper were replaced with polyethylene piping.

Throughout 2024, in compliance with current regulations and with the aim of removing as many old LPG copper and steel pipelines as possible, Madrileña Red de Gas inerted, decommissioned, and in some cases renewed nearly 8,000 meters of pipeline.

In collaboration with various companies, public entities, and customers, the company responded to requests to relocate gas networks affected by new urban developments in several municipalities across the Community of Madrid, including hospitals, roads, and new buildings. As a result, approximately 1,000 meters of the gas network were relocated.

Control Centre

Regarding the Distribution Control Centre, in 2024, one hundred percent of the maintenance established by the company's internal regulations was also completed. This involved carrying out a total of 176 preventive tele information maintenance activities across all ERM and EM units, as well as 314 corrective actions to resolve incidents.

Additionally, quality inspections for THT control were conducted throughout the entire distribution network and in the LNG, distribution networks, with an average of 105 monthly visits. In 2024, the LNG plant in Miraflores de la Sierra was commissioned, which has led to an increase in these visits to include the distribution network of this plant, where consumption is growing as the LPG network is being converted to natural gas.

During 2024, 86 LNG tanker deliveries were managed to ensure the supply of gas to distribution networks served by LNG plants.

Furthermore, the cartography of all transformed LPG industrial estates has been updated.

"Several municipalities, including El Molar, Griñón, Leganés, Fuenlabrada, and Móstoles, among others, have been fully converted to natural gas"

A total of 479 connection errors in the distribution network mapping have been corrected. Regarding verification and measurement, the industrial meter fleet is being upgraded to comply with the new ICT 555/2020 regulation, with 1,288 meters and converters already updated.

Additionally, the migration of the SCADA system has begun to ensure its update and upgrade, with completion scheduled for the end of February 2025.

Emergencies

Through the 24/7 emergency service, a total of 48,283 calls were handled by the Call Center in 2024, representing a 17% decrease compared to the previous year. Additionally, 9,889 emergency alerts were received and managed, which constitutes a 7.9% reduction from the previous period, as shown in Image 24.

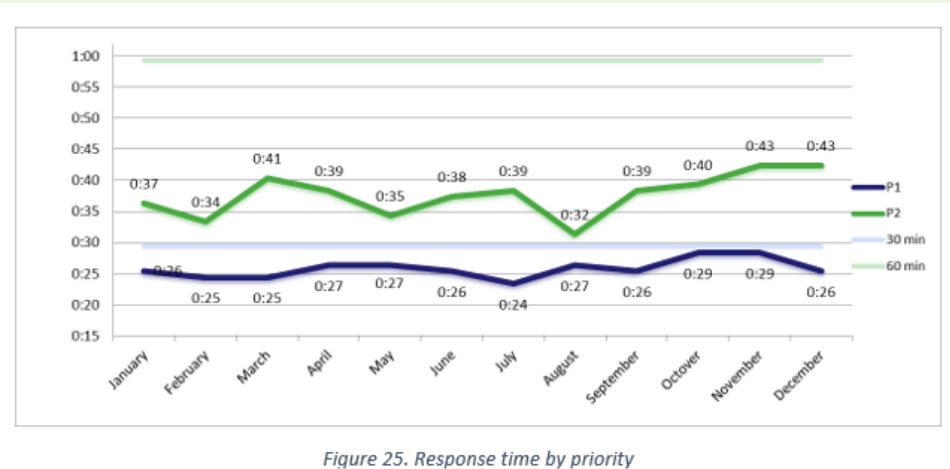
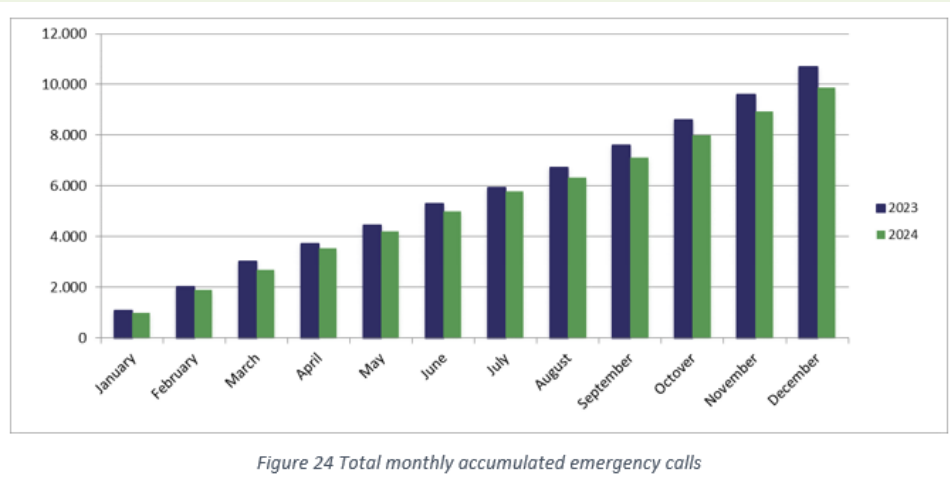
Of these alerts, 1,154 were classified as Priority 1 and were responded to in an average time of 26 minutes. Of these, 99.3% were attended to within one hour, significantly surpassing the established quality target of 30 minutes, with 96% resolved in less than one hour. The 3,952 Priority 2 alerts were managed with an average response time of 38 minutes (Image 25).

Additionally, during 2023, a total of 92 reports of distribution network ruptures caused by third-party companies were handled. The resolution of these incidents is immediate due to safety and environmental reasons.

The average response time was 31 minutes, 8 minutes faster than the previous year. The volume of gas released reached 1.05 GWh, with recovery of costs in practically all cases.


During emergency responses, 72 cases of fraud or tampering were detected.

As in previous years, all equipment and tools necessary for emergency operations have been maintained in perfect condition, calibrated, and regularly inspected.






Customers



The year 2024 has been the period in which Madrileña Red de Gas has received its highest customer ratings, achieving excellence levels (above 50) on the NPS scale for many of its key processes.

During this time, special emphasis has been placed on proactively engaging both with direct customers and with the various organizations that represent them. Additionally, a deeper analysis of the customer experience has been conducted, enabling a significant transformation in customer service.

Regarding customer operations, high levels of quality and service have been successfully maintained.



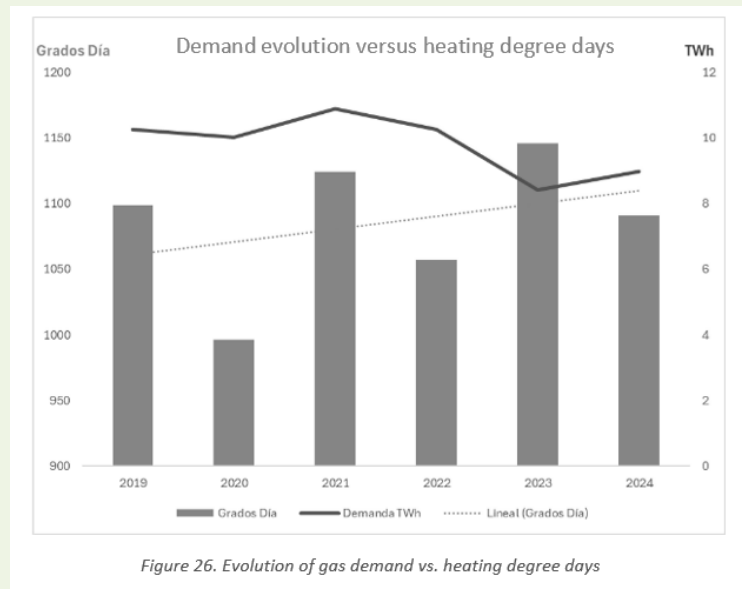
Gas demand

In addition to temperatures, economic variables such as the price of gas and household income, sociodemographic variables such as the number of household members and the usable floor area of the dwelling, as well as government policies, are explanatory factors of consumption.

Looking at data from recent years, consumer response to these variables has been a decrease in natural gas consumption.

In 2023, despite being a colder year than 2022, consumption declined, coinciding with an environment of exceptionally high natural gas prices and high inflation. In 2024, although it was a warmer year in terms of heating degree days, consumption was slightly higher, but still has not returned to the levels observed prior to the surge in prices and high inflation.

The sector uses the Heating Degree Days (HDD) metric (days below 15°C) to model the temperature associated with demand (Figure 26).



Customer Support

During 2024, Madrileña Red de Gas has undertaken a comprehensive transformation of its customer service model, integrating the service function directly into business units and fostering a culture in which all teams feel involved and jointly responsible for customer care.

This restructuring has had the following main objectives:

1. Full control of the service

This new model enables complete control over operations, including staff training, process management, and quality oversight.

This facilitates the implementation of continuous improvements and a swift adaptation to the evolving needs of customers.

2. Greater knowledge of the product and the company

Customer service managers now possess deeper knowledge of the company's products, services, and policies, enabling them to provide more informed and accurate assistance to customers.

"In 2024, Madrileña Red de Gas has carried out a comprehensive transformation of its customer service model"

3. Long-term Cost Reduction

Although initial costs may be similar or even higher, the new model can generate significant long-term savings, particularly by reducing call volumes through process improvements and digitalization, decreasing the percentage of repeat calls and customer complaints from dissatisfied clients, and promoting customer digitalization to enable 24/7 autonomy.

4. Improved Communication and Coordination

The new model facilitates communication and coordination between service managers and other company departments, resulting in a smoother and more satisfying customer experience, as well as an increased awareness of service quality among team members across different units.

5. Increased Customer Satisfaction

By providing a more personalized, coordinated, efficient service that aligns with the company’s culture and values, this new model helps to enhance customer satisfaction and loyalty.

6. Implementation of a New Training Methodology

Training is centralized through the Excellence Department, involving the rest of the company’s units in the process. Service managers are empowered with an initial training program lasting approximately three weeks, alongside continuous training linked to daily service management and ongoing feedback between the new service and the units.

Regarding the existing customer service channels at Madrileña Red de Gas, Figure 27 shows how user preferences have shifted among various contact methods with the company.

There is a significant increase in the “Web without login” channel, rising from 28% in 2021 to over 60% in 2022, remaining the dominant channel through 2024. This trend indicates a clear preference for fast and accessible solutions without the need for authentication.

In contrast, channels such as self-service and the virtual office experienced a decline in 2022, stabilizing thereafter. The WhatsApp channel also shows sustained growth, although to a lesser extent.

More traditional channels, such as agents and official organizations, remain at low and relatively stable levels, which may reflect a structural shift in customer service habits, with a greater inclination towards digital and automated solutions.

Regarding the number of requests received, after a period of steady growth reaching a peak the previous year, there was a decline in demand or customer interactions during 2024 (Figure 28).

Recently implemented measures, such as improved service, digitalization, and greater customer autonomy, may be having a positive effect on reducing customer requests, possibly by addressing their needs more efficiently and proactively.

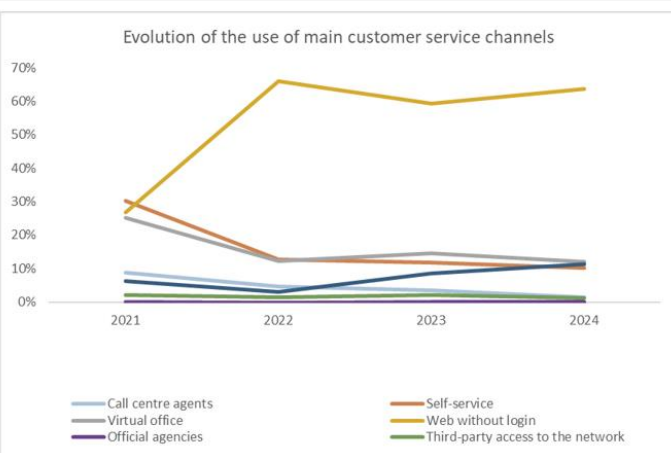


Figure 27. Evolution of the use of main customer service channels at Madrileña Red de Gas

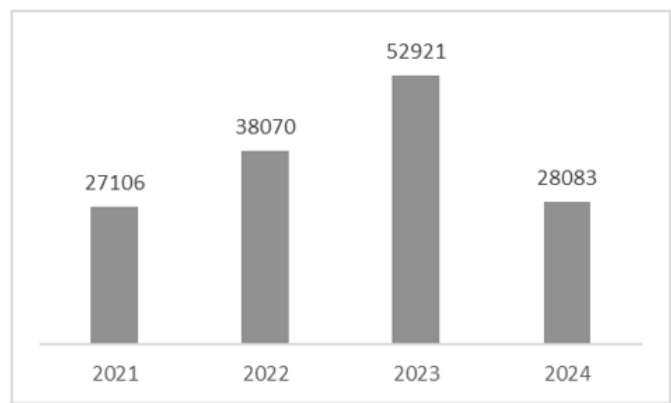


Figure 28. Evolution of the number of customer requests received

During 2024, the request resolution rates stabilized above 90%, reflecting a significant improvement in the system’s responsiveness and efficiency (Figure 29). This trend suggests that the corrective actions implemented have been effective, enabling the recovery and maintenance of high service levels in request resolution.

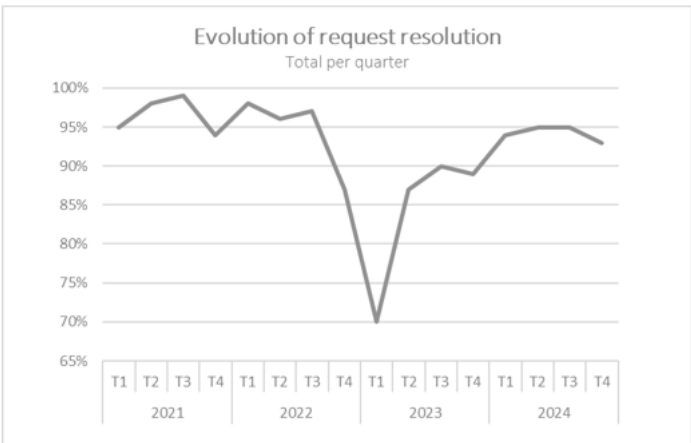


Figure 29. Evolution of the resolution of customer requests received

The objective of Madrileña Red de Gas is to ensure that customers remain permanently informed, providing them with value not only in relation to the company’s own processes, such as meter readings or periodic inspections, but also regarding the requests received by Madrileña Red de Gas from retail energy companies (Figure 30).

Administrative disconnections

Madrileña Red de Gas continues to work proactively to address the situation of customers who, despite having terminated their contract with the retail energy company, remain connected to the gas network. This situation is referred to as an administrative disconnection.

It is important to note that this anomalous situation, caused by a change in criteria by the regulator (CNMC), represents a potential risk both to safety and to the integrity of the gas system, potentially leading to cases of fraud. The set of actions implemented by Madrileña Red de Gas has made it possible to reduce the number of inactive supply points by more than 60%, from an initial total of 3,421 to the current 1,291 (Figure 31).

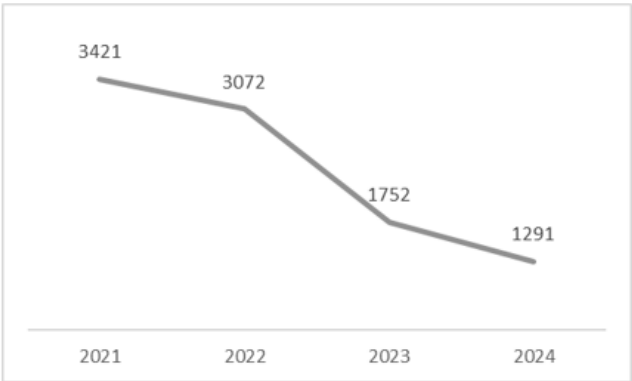


Figure 31. Evolution of the number of administrative disconnections

Customer analytics

During 2024, Madrileña Red de Gas has focused on implementing customer analytics across all its processes and customer interaction channels. As a result of this analysis, a detailed map has been produced (Figure 32), allowing for the precise identification of areas where efforts need to be concentrated.

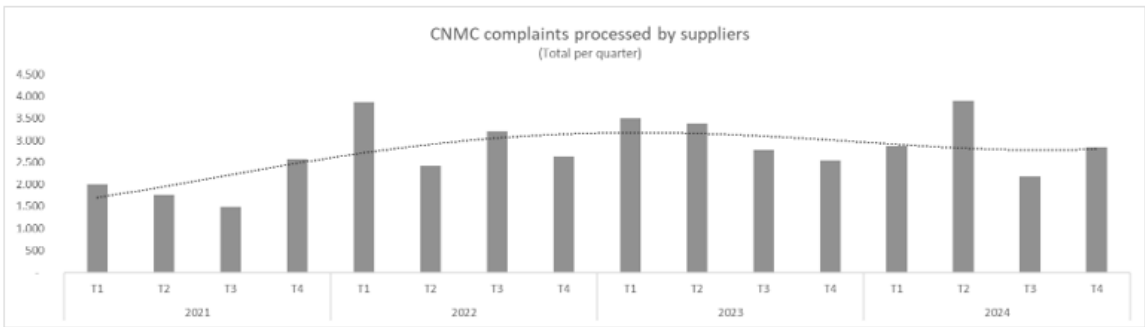


Figure 30. Evolution of CNMC complaints processed by suppliers

Specifically, the service is analyzed by both process and communication channel. At a more granular level, monitoring is carried out on metrics such as compliance rates, complaints per 1,000 operations, repeat calls, reworking, and average response time.

Artificial Intelligence

"Throughout 2024, Madrileña Red de Gas has conducted its first proof of concept tests using artificial intelligence tools, with the aim of supporting the analysis of call context and customer journeys"

The first test aims to comprehensively evaluate the context of a customer, with the purpose of identifying pain points and predicting potential situations that could lead to complaints or requests for action.

The second use case focuses on leveraging unstructured information collected in the field by technicians and recorded in observation fields—information that is currently difficult to utilize effectively.

This learning process will enable Madrileña Red de Gas to continue improving the customer experience. Additionally, the deployment of artificial intelligence tools aimed at users has begun, with the goal of enhancing individual productivity.



Digital communication

Madrileña Red de Gas reminds its customers of the importance of providing an actual meter reading at least once a year, as well as the convenience of basing billing, whenever possible, on actual readings.

With the objective of ensuring accurate billing aligned with real consumption, Madrileña Red de Gas offers its users various channels to communicate their meter readings, thereby promoting a more transparent and efficient management of the supply.

Figure 33 shows a clear customer preference for autonomous digital channels, especially the virtual office without login, to communicate readings. This trend reflects the success of Madrileña Red de Gas’s strategy to promote self-management, with minimal participation through agent-assisted channels and stable use of other digital means such as the Virtual Office and IVR.

"Madrileña Red de Gas provides its users with various channels for the communication of meter readings"

For customers, the channels chosen during 2024 are the Virtual Office without login (63.3%), Virtual Office with login (15%), WhatsApp (17.7%), IVR (voice response) (3.8%), and calls to call center agents (0.2%) (Figure 34).

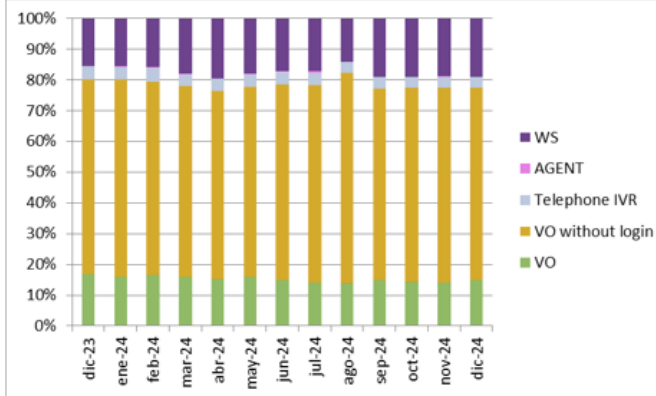


Figure 33. Channels used in the reading process

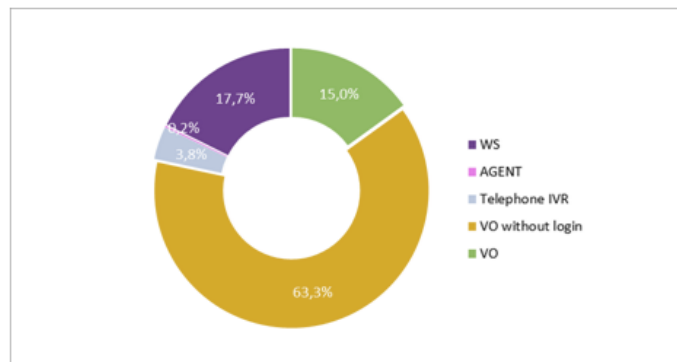


Figure 34. Distribution of channels chosen by users to submit their readings

On the other hand, Figure 35 shows the monthly complaints received during 2023 and 2024 related to the meter reading process. A significant and sustained reduction in the volume of complaints is observed in 2024 compared to the previous year, with a much more stable and controlled trend throughout the year.

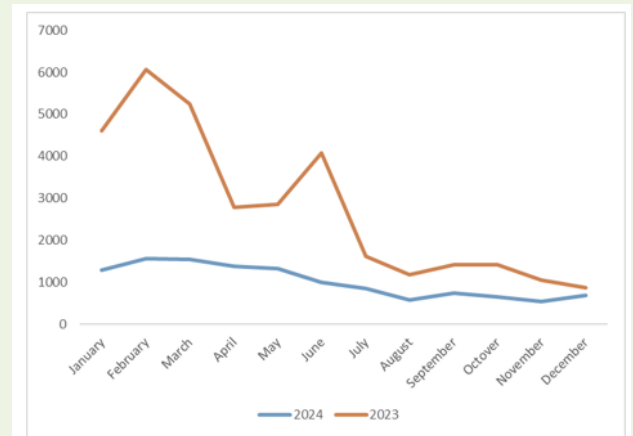


Figure 35. Number of complaints received during the reading process

This development provides clear evidence of the positive impact of the improvement measures in the meter reading process. Transparency towards the customer has been strengthened by clearly providing the chronology of readings and the values that will be used for billing by the retail company. This measure has contributed to a better understanding of the process by the user and has led to a decrease in the volume of inquiries received.

Additionally, the standardization and enhancement of responses to complaints have been crucial in reducing recurrence, ensuring more consistent resolution criteria and improving the overall perception of the service.

Loyalty

The average CSAT (Customer Satisfaction Score), which measures customer satisfaction across the range of services offered by Madrileña Red de Gas, shows a clear upward trend in service perception (Figure 36). This sustained improvement is the result of a strategic approach focused on operational excellence, user-centered digitalization, and increasingly close, proactive, and multichannel customer care.

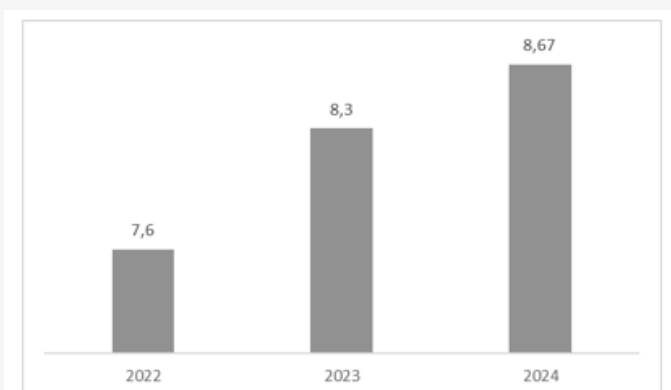


Figure 36. Evolution of the customer satisfaction score (CSAT)

During 2024, Madrileña Red de Gas identified WhatsApp as the most accessible and user-friendly digital channel for its older users, significantly outperforming other traditional means such as email, SMS, and even phone calls.

As part of its customer-centered digital transformation strategy, the company implemented WhatsApp usage in 100% of its customer service and management processes. The results were clear: the WhatsApp channel now accounts for 55% of all interactions recorded in its call center, establishing itself as the preferred medium among its users.

Customer reception has been outstanding, both in terms of usage and satisfaction. According to the latest measurements, the WhatsApp channel achieved a Customer Satisfaction Score (CSAT) of 9.1 points, significantly higher than the average score of 8 points recorded by traditional channels.

This success reflects Madrileña Red de Gas's commitment to closer, more efficient, and inclusive customer service and strengthens its goal to continue innovating digital solutions that enhance user experience.

Based on a thorough analysis of browsing behavior and main customer demands, Madrileña Red de Gas launched a new website in 2024 aimed at facilitating access to the most consulted information. The redesign was conceived under a "mobile first" approach, responding to the fact that 85% of visits to the site come from mobile devices.

The new portal not only optimizes the user experience but has also demonstrated significant improvements in key digital performance indicators:

- 23% decrease in bounce rate
- 12.5% increase in interaction with site elements
- 18% increase in average session duration
- 61% decrease in same-day repeated visits.



This redesign represents a key step in Madrileña Red de Gas's commitment to providing more intuitive, efficient digital experiences that align with the current consumption habits of its users.

"The WhatsApp channel now accounts for 55% of all interactions recorded in its call center, positioning itself as the preferred medium among its users"

In line with its commitment to transparency, Madrileña Red de Gas publishes its main customer service performance metrics in an accessible manner on its website (Figure 37).

Throughout 2024, Madrileña Red de Gas strengthened its commitment to closeness and customer care through a series of visits to the Municipal Consumer Information Offices (OMIC) responsible for 80% of its customer base. These visits, organized as a roadshow and real-case consultation sessions, were very well received by both technicians and municipal representatives, who highlighted that Madrileña Red de Gas was the only company in the sector to carry out such an initiative.

"Madrileña Red de Gas has strengthened its commitment to closeness and customer care through visits to the OMIC offices responsible for 80% of its customer base"

In the field of consumer service, the company positioned itself as a benchmark in complaint management. According to the ranking published by the Consumers and Users Organization (OCU), Madrileña Red de Gas ranked first in 2024 among companies in the sector, standing out for its efficiency, clarity in communication, and swift resolution of incidents.

Additionally, the overall user perception is also reflected on open and democratized platforms such as Google My Business, where the company maintained a solid average rating of 4 stars at year-end, based on over 14,000 anonymous reviews.



Figure 37. Publication on the website of key customer service metrics

"Madrileña Red de Gas publishes its main customer service performance metrics in an accessible manner on its website"

Customer operations

Field excellence

Field excellence is not limited solely to the correct execution of technical tasks. Madrileña Red de Gas firmly believes that delivering quality service also involves understanding customer needs, anticipating their difficulties, and acting proactively to improve their experience.

For this reason, the company has been systematically evaluating key indicators related to the most significant pain points for its customers over the years. This approach has enabled the identification of areas for improvement, the implementation of effective solutions, and the measurement of the real impact of its actions in the field.

One area where this effort has yielded particularly significant results is consumption readings. Thanks to improved planning, the use of technological tools, and more efficient management of visits, a historic low of 1.8% of customers without an annual reading has been achieved (Figure 38).

This milestone not only reflects operational improvement but also strengthens customer trust by ensuring actual readings and more accurate billing.

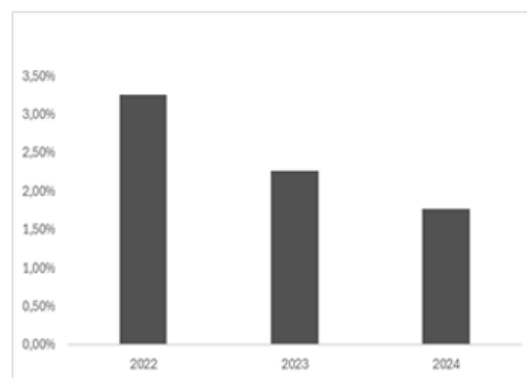
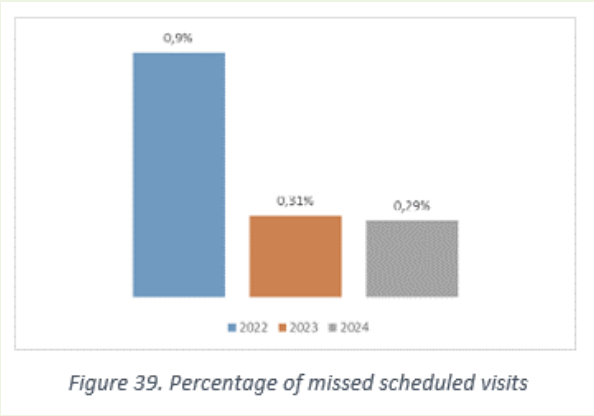


Figure 38. Percentage of customers without an actual reading in 12 months

Customer experience depends not only on the final outcome but also on how moments of contact are managed. In this regard, one focus has been to provide users with greater flexibility and control over scheduled visits. Currently, 18% of visits are rescheduled directly by the customers themselves, within a commitment window of just 2 hours.

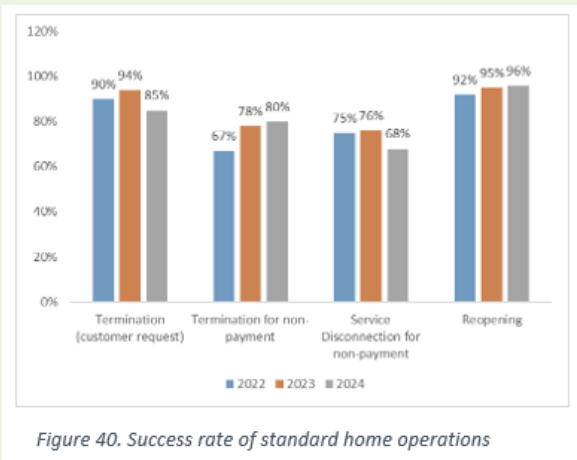
At the same time, the company continues to strengthen its commitment to punctuality and reliability. Madrileña Red de Gas has succeeded in reducing missed scheduled visits to a minimum of 0.29%, a key indicator of operational efficiency and respect for customers' time (Figure 39).

Additionally, Madrileña Red de Gas leverages field visits to perform fraud checks through litrados tests (known as “gas flow testing”). This procedure is applied to 90% of meters identified as a priority.



One of the main challenges in field operations execution continues to be accessibility to meters and the presence of the customer at the premises.

Despite these inherent limitations, Madrileña Red de Gas has managed to maintain high success rates in key operations (Figure 40), thanks to careful planning, proactive customer contact, and the constant adaptation of its teams to the realities of the operational environment.



Schedule inspección

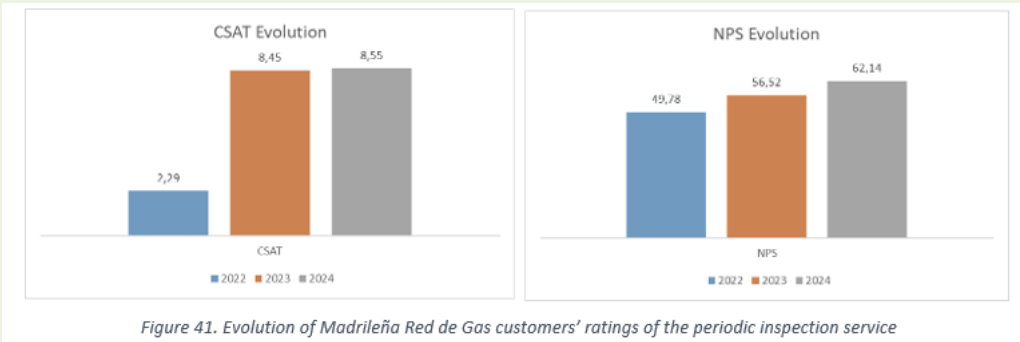
Every five years, Madrileña Red de Gas is required to carry out a thorough inspection of its customers’ installations to verify compliance with current safety regulations. This process not only ensures legal compliance but also protects users and extends the lifespan of the installations.

At Madrileña Red de Gas, significant effort has been dedicated to optimizing every stage of this process. Intensive work has been done in planning, personalized attention, and operational efficiency to make the customer experience as smooth, clear, and satisfactory as possible.


Thanks to this dedication, the five-year inspection process has become one of the most highly valued aspects by customers (Figure 41). Customers not only perceive it as a requirement but also as an opportunity to improve and secure their installations, guided by a professional, approachable team committed to service excellence.

"Madrileña Red de Gas was able to carry out 98% of the inspections planned for the 2024 campaign, detecting anomalies in 9.45% of the installations"

Proactive monitoring of anomaly corrections has enabled the recovery of 92% of correction certificates, thereby avoiding supply interruptions for safety reasons.



Human capital



In the Human Resources field, 2024 has been an exceptional year for Madrileña Red de Gas, marked by historic records across multiple key indicators that demonstrate strong internal commitment and the consolidation of a solid and continuously evolving organizational culture.

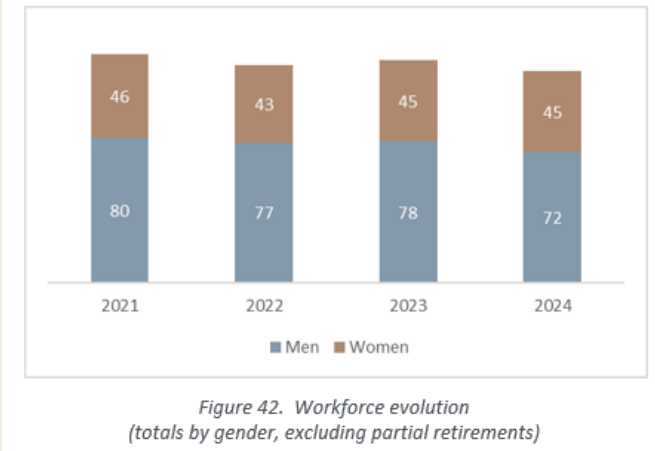
An excellent eNPS of 58.4 and an overall workplace satisfaction of 86%—the highest to date—were achieved. The company also reached record figures in various metrics: the highest proportion of employees with degrees (52%), the highest percentage of female representation (38%), zero unwanted turnover for the fifth consecutive year, and a historic high in training, with 55.5 hours per employee.

These milestones position Madrileña Red de Gas as a benchmark in talent management, inclusion, and professional development within the energy sector.

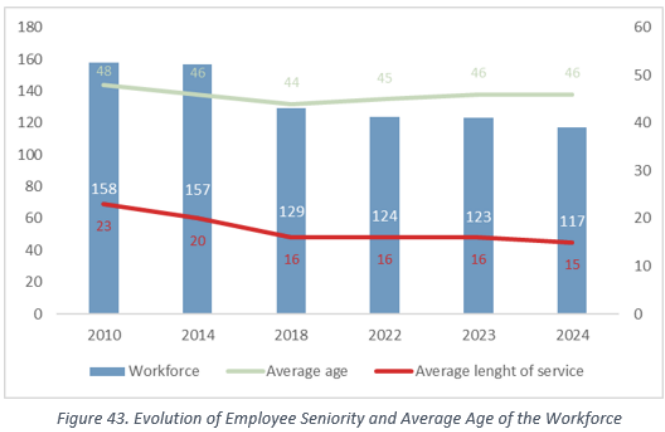


Workforce evolution

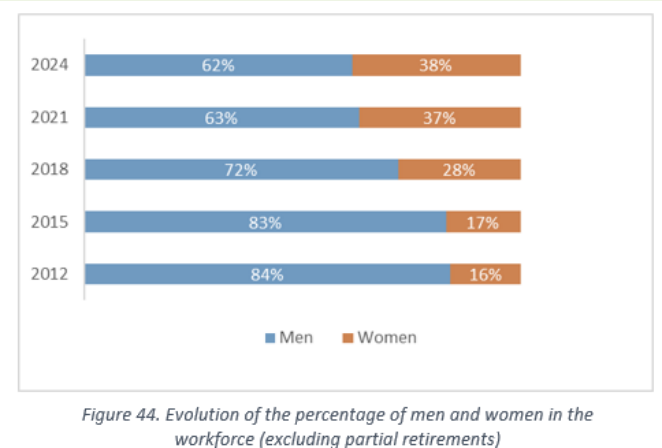
The workforce of Madrileña Red de Gas has followed a decreasing trend throughout its history. The year 2024 ended with a total of 117 employees (excluding partial retirees) (Figure 42), representing a 4.8% decrease compared to 2023 and a 26% reduction since 2012.



In 2024, the average seniority of the workforce at Madrileña Red de Gas stands at 15 years, reflecting stability and talent retention within the organization. Likewise, during the period from 2012 to 2024, the average age has remained steady at 46 years, the same as in the previous year (Figure 43).



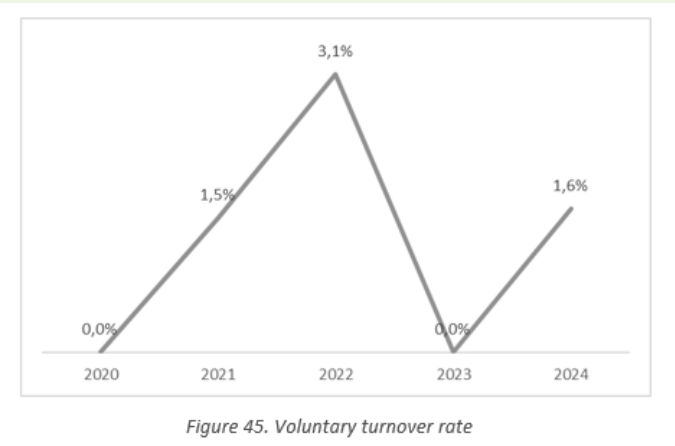
Female representation at Madrileña Red de Gas has steadily increased, reaching 38% of the total workforce in 2024, with 45 women and 72 men. This growth marks a significant advance from the 18% recorded in 2012 and reflects the company’s ongoing commitment to gender equity. This progress is particularly noteworthy given the traditionally male-dominated nature of the energy sector, positioning Madrileña Red de Gas as a benchmark for inclusion and diversity within its industry (Figure 44).



"Female representation at Madrileña Red de Gas has continued to grow, reaching 38% of the total workforce in 2024"

Madrileña Red de Gas maintains a retention rate of 92.7%, a particularly relevant figure that highlights the effectiveness of its talent management policies and internal best practices. Voluntary turnover stood at 1.6% in the past year, with an average of 1.2% between 2020 and 2024, while unwanted turnover has remained at 0% for five consecutive years (Figure 45).

These indicators support the results of the employee engagement survey, in which staff expressed a strong sense of pride in belonging to the company. In addition, remote work remains the most highly valued benefit among employees, reinforcing its role as a key driver of work-life balance and job satisfaction.



Selection and incorporation

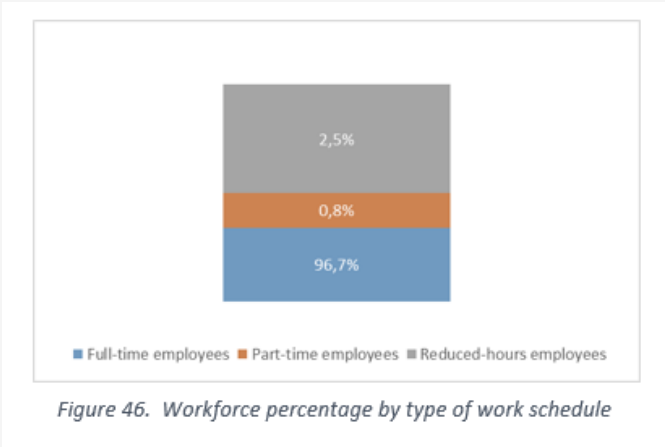
This versatility is clearly reflected in the workforce of Madrileña Red de Gas, which is increasingly motivated by new projects and better equipped to face the challenges of a constantly evolving environment.

As shown by the evolution of the technical profile of its staff, Madrileña Red de Gas has consistently fostered the development of versatile, agile, and efficient professionals—capable of adapting to sectoral changes, eager to learn, and ready to take on new responsibilities.

Currently, 52% of the company’s workforce holds a university degree, a reflection of this strategic focus on upskilling and talent development.

Moreover, aware of the importance of employment stability and quality, Madrileña Red de Gas has always prioritized secure employment contracts. As a result, 100% of its staff is employed under permanent contracts.

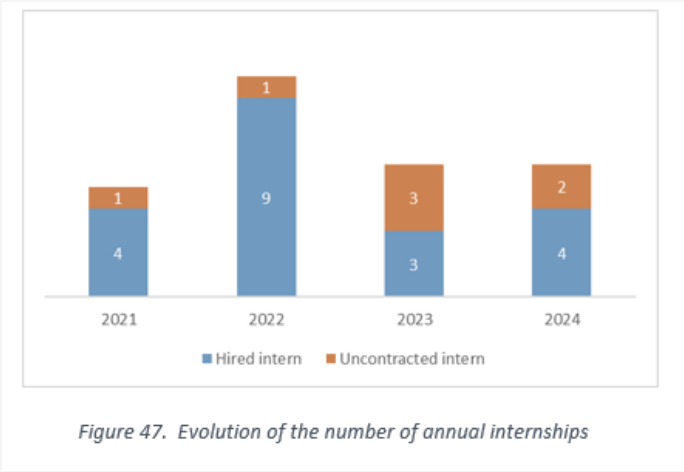
From a working hours perspective, 96.7% of the workforce performs their duties on a full-time basis. In contrast, only 0.8% work part-time and 2.5% have a reduced working schedule (Image 46). These figures reflect that the majority of employees are engaged in their jobs with full and consistent dedication.



"Madrileña Red de Gas has always prioritized secure employment contracts. As a result, 100% of its staff is employed under permanent contracts"

In reference to the incorporation of new talent, Madrileña Red de Gas has been actively promoting internships for young professionals from diverse backgrounds through agreements with various universities in the Community of Madrid. In 2024, the company expanded the number of universities with which it maintains active collaboration agreements.

Over the course of the year, a total of six students completed professional internships at the company—four men and two women. Notably, one of the female students was hired upon completion of her internship, reflecting the company's strong commitment to the training and development of young talent (Figure 47)



Talent management

In today’s environment of constant market changes and challenges, Madrileña Red de Gas recognizes talent management as a key factor for its success. The emergence of data in the business landscape, combined with artificial intelligence, has been truly transformative—not only in terms of productivity and efficiency but also in creating new business opportunities and enhancing the customer experience.

Within this framework of digital transformation, Madrileña Red de Gas reaffirms its commitment to the responsible use of data and the ethical application of artificial intelligence, with the objective that these technologies generate value both in decision-making and in the optimization of internal processes.

"Throughout 2024, data-related training has taken on particular importance"

During 2024, data-related training gained particular significance, with initiatives focused on data access and big data analysis capabilities, as well as data quality through governance. These actions accounted for 20% of the total training hours delivered during the current fiscal year, not only through structured courses but also via webinars accessible to the entire workforce.

It is also worth highlighting that Madrileña Red de Gas has continued to invest in specialized business training. As part of this commitment, one of the initiatives and discussions from previous years debate panels has been maintained: hydrogen courses. Additionally, training has been provided to polyethylene welders and technicians responsible for emergency and home operations. This specialized business training represents 30% of the total hours delivered.

Recognizing the importance of implementing various initiatives and creating collaborative spaces to ensure the growth of all its professionals, Madrileña Red de Gas launched a new development project in 2024 called "Anatomy of the Manager." This program, aimed at department heads, focuses on self-awareness and the skills of effective leadership to enhance their professional profiles and thereby foster continued growth within their individual development plans.

Furthermore, during 2024, Madrileña Red de Gas maintained its best practices in promoting interdepartmental relationships not only through training, continuing the EVOLUCIONA initiative, which notably included an original format presented by the Systems and Customer Operations Department to share detailed insights about their activities with the rest of the workforce, but also through corporate events. This year's events aimed to encourage teamwork by highlighting the strengths of each individual, as will be detailed in the following chapter.

In terms of diversity, Madrileña Red de Gas has always been committed to this fundamental principle, with a particular focus on equality due to its profound impact on individuals' rights.

Consequently, Madrileña Red de Gas has continued its training efforts on equality, not only through webinars on "inclusive language" and "prevention of workplace harassment" offered to the entire workforce, but also through a course on prevention and awareness of workplace violence and harassment. This course has represented the most significant training within the Occupational Risk Prevention area.

As a result of these initiatives, a total of 6,496 training hours were completed during 2024, distributed across 44 training activities. This translates to a ratio of 55.28 training hours per employee, slightly surpassing the 54.7 hours recorded in the previous year and consolidating a positive trend in professional development. This figure reflects Madrileña Red de Gas's commitment to maintaining high levels of training per employee, in contrast to earlier figures such as the 35.25 hours recorded in 2022 (Figure 48).

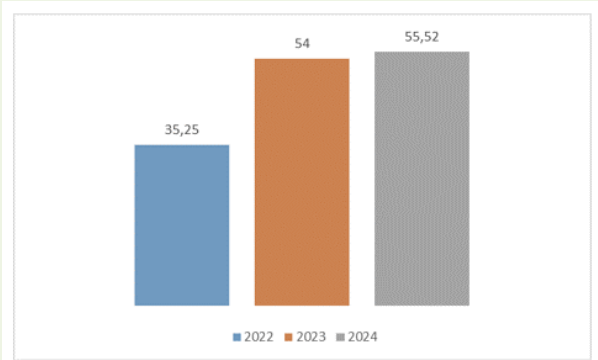


Figure 48. Training ratios per employee (excluding partial retirements)

Work climate

Madrileña Red de Gas presents a highly favourable scenario in people management. Active employee participation in the workplace climate survey has enabled the collection of valuable information regarding their well-being and level of engagement with the organization. In 2024, two significant milestones were achieved in the survey: a record high in overall satisfaction and a new peak in the eNPS score¹.

From a qualitative perspective, the survey results reflect that employees feel proud to belong to Madrileña Red de Gas, demonstrate autonomy and a high degree of responsibility in performing their duties, and share a strong commitment to excellence in customer service.

"In 2024, two significant milestones were achieved in the workplace climate survey"

¹ Employee Net Promoter Score (eNPS). On a response scale ranging from 0 to 10, participants are categorized as detractors, passives, or promoters based on their scores.

The most valued aspect of working at Madrileña Red de Gas continues to be, once again, the balance between personal and professional life, with special recognition given to the continuity and consolidation of the telework modality.

From a quantitative perspective, the 2024 workplace climate survey has yielded the highest overall satisfaction level recorded to date, reaching 86% (Figure 49). This result indicates that, on average, the various dimensions evaluated in the questionnaire have been positively rated. This percentage represents a 3-percentage-point increase compared to the satisfaction levels obtained in the previous two years.

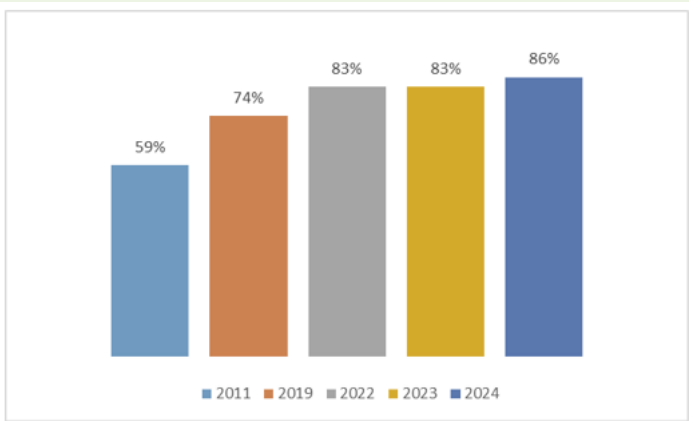


Figure 49. Evolution of overall employee satisfaction levels

Regarding the eNPS ratio, an excellent score of 58.4 was achieved, representing a 36% increase compared to the previous year's score of 42.9 (Figure 50). When asked to what extent they would recommend their company as a workplace, Madrileña Red de Gas has garnered a significant proportion of promoters, no less than 66.3%.

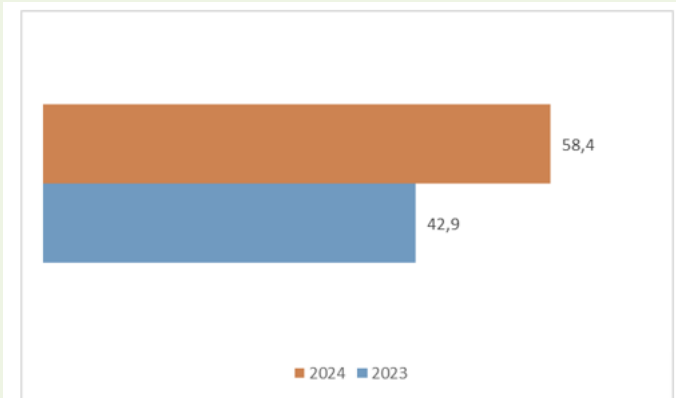


Figure 50. Evolution of the eNPS of Madrileña Red de Gas

Throughout 2024, interdepartmental collaboration has continued to be promoted through training sessions and corporate events aimed at strengthening internal cohesion. Additionally, a review of the training offer has been conducted to better align it with the organization's strategic needs, progressing towards an increasingly digital and data-driven organizational model.

With results surpassing historical records in terms of satisfaction and engagement, Madrileña Red de Gas reaffirms its commitment to continuous improvement. The company will continue to actively work on the identified areas of opportunity with the goal of consolidating achieved successes and reinforcing the trust placed in its human capital.

Annual team workshops

Corporate events continue to be highly valued by the workforce at Madrileña Red de Gas, as they strengthen interdepartmental relationships, build team spirit, foster camaraderie, and help create a relaxed work environment.

A distinguishing feature of the events organized by Madrileña Red de Gas throughout 2024 has been their originality. The activities were designed to promote teamwork by highlighting the unique qualities of each individual. All of this culminated in a single "performance," where each participant contributed, resulting in an exceptional collective outcome.

"Throughout 2024, interdepartmental collaboration has continued to be promoted through training sessions and corporate events aimed at strengthening internal cohesion"

Diversity, Equity and Inclusion (DEI)

Madrileña Red de Gas considers the convergence of diversity, equity, equal opportunities, and inclusion to be a fundamental element for ensuring cohesion in the workplace, as well as strengthening the capacity to adapt to change, among many other benefits.

Beyond its Code of Ethics, Madrileña Red de Gas reinforces its commitment to the values of diversity and equal opportunities through the implementation of various tools, including the Equality Plan, effective since 2022; the Protocol for the Prevention of Workplace, Sexual, and Gender-Based Harassment, in force since 2023; the Action Guide against Gender-Based Violence; and the Inclusive Language Guide.

Madrileña Red de Gas has maintained its commitment to incorporating underrepresented groups. Over the past four years, without exception, the company has integrated individuals over 50 years old into its workforce and, at the opposite generational end, has focused on attracting new talent through a young person who completed an internship with the company, as previously mentioned.

Regarding the hires made during the 2024 fiscal year, three individuals were incorporated (two women and one man) (Figure 51): one under 30 years old, one between 30 and 50 years old, and one over 50 years old.

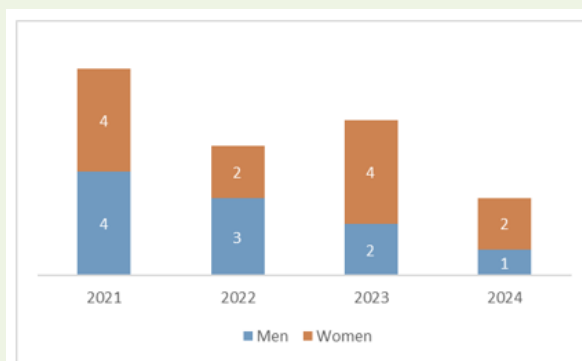


Figure 51. Evolution of new hires by gender

While Madrileña Red de Gas is aware of the need to continue making progress in equality, the historically male-dominated nature of the sector in which it operates cannot be overlooked. In this context, the company's sustained effort to improve female representation over time is particularly noteworthy.

As previously mentioned, the proportion of women in the workforce has currently reached 38%, with a total of 45 female employees, compared to 16% recorded in 2012 (Figure 52).

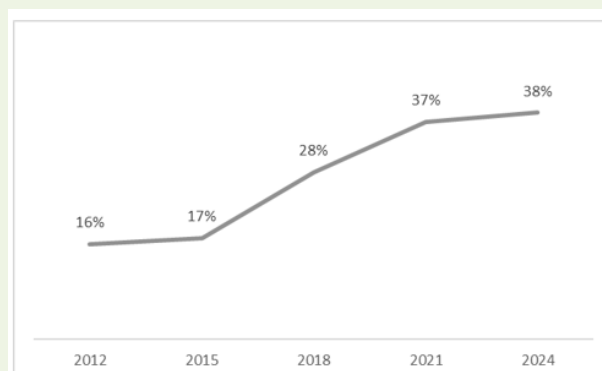


Figure 52. Evolution of the percentage of women in the workforce

It is noteworthy that the historical records of leave taken for the birth of a child show that, every year without exception, more men have taken paternity leave. In 2024, four individuals took paternity leave (for the first time, no women requested maternity leave) (Figure 53).

It is worth confirming that every employee who has taken this type of leave has returned to their position under the same conditions once the period ended, achieving a 100% rate of both re-entry and retention.

"Over the past four years, without exception, the company has integrated individuals over 50 years old into its workforce"

All these actions and principles, aimed at promoting gender equality through equitable selection and training processes that ensure equal opportunities, constitute fundamental values enabling Madrileña Red de Gas to progress as an inclusive company and attract the best talent.

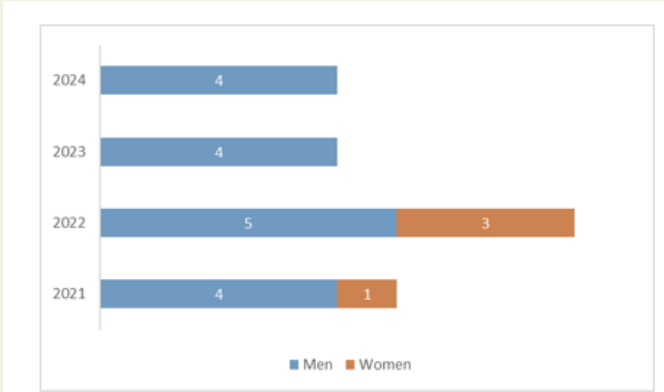


Figure 53. Evolution of maternity and paternity leaves

Occupational Health and Safety

In the 2024 fiscal year, Madrileña Red de Gas has remained aligned with the level of business excellence associated with maintaining certification of its management system according to the ISO 45001:2018 standard. The most notable aspects include:

A strong commitment to training in prevention to ensure that all employees of Madrileña Red de Gas receive the necessary education, covering the company's various workforce groups.

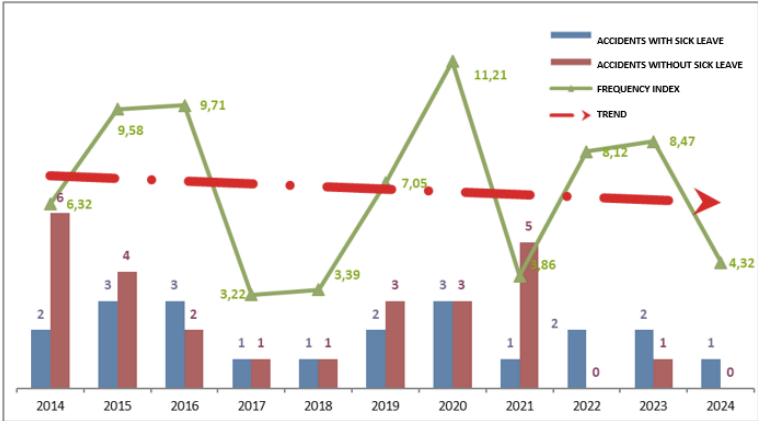
Control over documentation from contractors and subcontractors.

In collaboration with the mutual insurance company, distribution of various informational brochures on different occupational risk prevention topics, such as night and shift work, workplace harassment, and manual handling of loads, among others.

"The legal occupational risk prevention audit was voluntarily conducted during 2024"

Likewise, true to the department's commitment to achieving continuous improvement throughout the organization in occupational risk prevention management, and following the spirit of transparency, the legal occupational risk prevention audit was voluntarily conducted during 2024.


Regarding workplace incidents, in 2024 there was a single recorded accident resulting in leave, which was not commuting-related, caused by overexertion (Figure 54).



Frequency index: number of lost-time accidents (excluding commuting accidents) per million hours worked.
Severity index: number of lost workdays due to lost-time accidents (excluding commuting accidents) per thousand hours worked

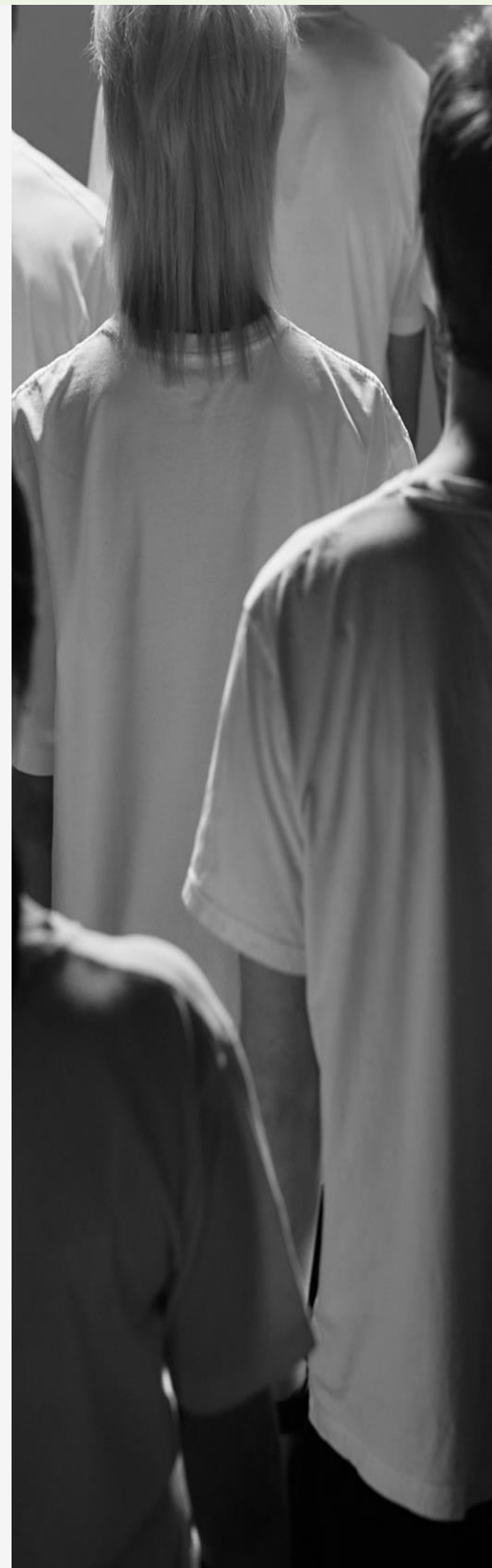
Figure 54 — Evolution of the number of non-commuting accidents at Madrileña Red de Gas over the last 10 years

Gas and society



Madrileña Red de Gas continues to advance its commitment to the decarbonization of the energy sector by leveraging its existing infrastructure to integrate renewable gases such as biomethane and green hydrogen. In 2024, the company signed the first connection contract for a production plant to inject biomethane into its network and has continued to drive several green energy projects, including the Inspira Madrid and Pryconsa projects.

Additionally, Madrileña Red de Gas remains steadfast in its commitments under the UNEP OGMP 2.0 initiative for methane emissions reduction, achieving a notable carbon footprint reduction exceeding 15% compared to the previous fiscal year. These advances position the company as a key player in the energy transition and in meeting the European Net Zero targets.



Gas natural vehicular (GNV)

The year 2024 has continued to be significant for the use of natural gas as a vehicle fuel. According to data from the Gasnam-Neutral Transport Association, natural gas consumption in mobility increased by 38% during 2024, with the majority of this growth driven by maritime transport.

Regarding land transport, natural gas consumption has stabilized, mainly due to a lack of vehicle models, especially passenger cars for private use. However, consumption in professional fleets has been maintained, with truck sales increasing by 4%.

It is important to highlight that approximately 40% of natural gas vehicles sold in Spain are sold in Madrid.

Given the environmental benefits and efficiency of CNG, there is a clear commitment from municipalities to reduce their carbon footprint. Many are opting for CNG vehicles for street cleaning and waste collection, thereby contributing to the reduction of CO₂ and NO_x emissions.

An example of this is Torrejón de Ardoz, where a CNG refuelling station was inaugurated in the Las Monjas Industrial Park. This station, equipped with eight filling points, supplies vehicles used for city cleaning. Its construction was funded by the company awarded the cleaning contract, with the aim of improving and modernizing the service provided.

Similarly, Valoriza Servicios Medioambientales has built another station in Majadahonda to comply with the contract requirements with the City Council and to continue improving the service in the locality. This station began operating at the end of 2024.

Thus, there are now 13 public stations and 9 private-access stations supplied from Madrileña Red de Gas networks (Figure 55).



Figure 55. CNG refueling stations in the Community of Madrid

<https://gasnam.es/mapa-estaciones-gas-natural-hidrogeno/>

"There are currently 13 public stations and 9 private-access stations supplied through the Madrileña Red de Gas networks"

Environment

During 2024, the core focus of Madrileña Red de Gas’s environmental performance has been on maintaining the processes that support its environmental management system. This has enabled the company to retain ISO 14001 certification, collect environmental management indicators, verify its carbon footprint report, engage in dialogue with stakeholders, and continue its membership in the Oil and Gas Methane Partnership (OGMP 2.0) as well as achieve the “Gold Standard Pathway” certification.

Furthermore, for the third consecutive year, an external verification of the 2023 Carbon Footprint Calculation (Scopes 1, 2, and 3) was conducted in accordance with ISO 14064 standards, alongside verification of the Sustainability Report following GRI standards, which encompass extensive environmental reporting requirements.

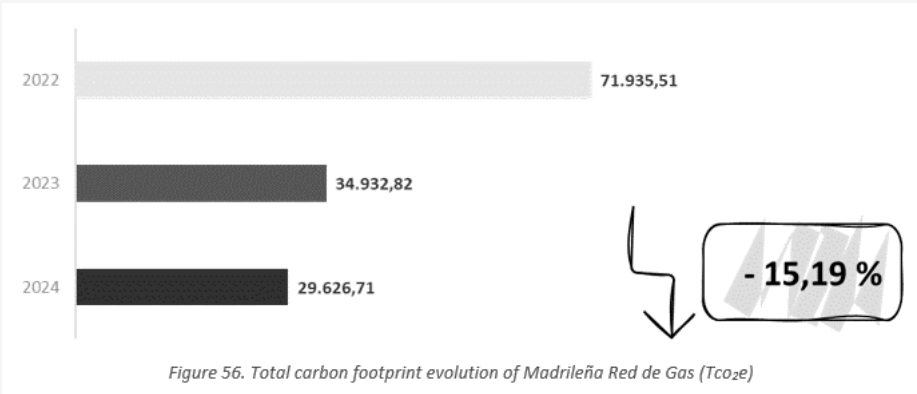
Madrileña Red de Gas has succeeded in reducing its total carbon footprint by more than 15% compared to the previous year (Figure 56), a significant achievement that reinforces its commitment to the European Union’s climate objectives, actively contributing to the fulfillment of the “Fit for 55” plan for 2030 and the “Net Zero” climate neutrality goal for 2050.

On the other hand, as in previous years, the identification and evaluation of compliance with applicable environmental legislation requirements have been managed through a dedicated application. Additionally, progress has continued steadily with the reporting of contaminated soil from dismantled LPG plants. In this regard, many property owners have already been notified of the conclusions of the administrative resolutions related to this process.

OGMP 2.0 initiative

Since 2023, Madrileña Red de Gas has been a member of the OGMP 2.0 initiative, the United Nations Environment Programme (UNEP) program for the mitigation and reporting of methane emissions in the oil and gas industry. This initiative aims to establish a new global standard for measuring methane emissions, facilitating their monitoring and enabling the development of reduction plans, all while ensuring transparency.

"Madrileña Red de Gas has succeeded in reducing its total carbon footprint by more than 15% compared to the previous year"



Furthermore, the OGMP 2.0 project will serve as a framework for the European Commission to develop a legislative proposal on the mandatory measurement, reporting, and verification of all methane emissions in the energy sector. To date, more than 150 companies with assets across five continents have joined the alliance, representing 37% of global oil and gas production.

During 2024, in response to the requirements of European Union Regulation 2024-1787 on methane emissions reduction and the commitments made with the OGMP organization, Madrileña Red de Gas initiated an evaluation of technologies for detecting and quantifying methane emissions in the distribution network. Initially, a selection of providers was conducted, and a comparative analysis was prepared with the aim of carrying out two pilot tests to monitor the network using vehicle-based technology.

Use of hydrogen at Madrileña Red de Gas offices

With the goal of demonstrating the use of hydrogen as an energy source for heating and domestic hot water (DHW), in 2023 Madrileña Red de Gas signed an agreement with the boiler manufacturer Vaillant to install a prototype hydrogen-ready boiler (Figure 57).

This unit, the same size as its commercial natural gas equivalent, is capable of producing hot water from hydrogen. The boiler was installed in a room designated as a rest area for employees, providing both heating and hot water to the space. It represents the first hydrogen boiler in operation in the Community of Madrid and the second in Spain.

The installation assembly was carried out as if it were a natural gas boiler, following current legislation and using the same materials and installation procedures.

The boiler uses 100% hydrogen supplied from an external storage, where, after a pressure regulation stage, the hydrogen reaches the boiler at a pressure of 22 mbar. This demonstrates that existing installations are capable of transporting hydrogen, opening the door to decarbonizing heating through the use of renewable hydrogen. Although it is not yet able to use hydrogen and natural gas mixtures, the manufacturer is working towards that capability.

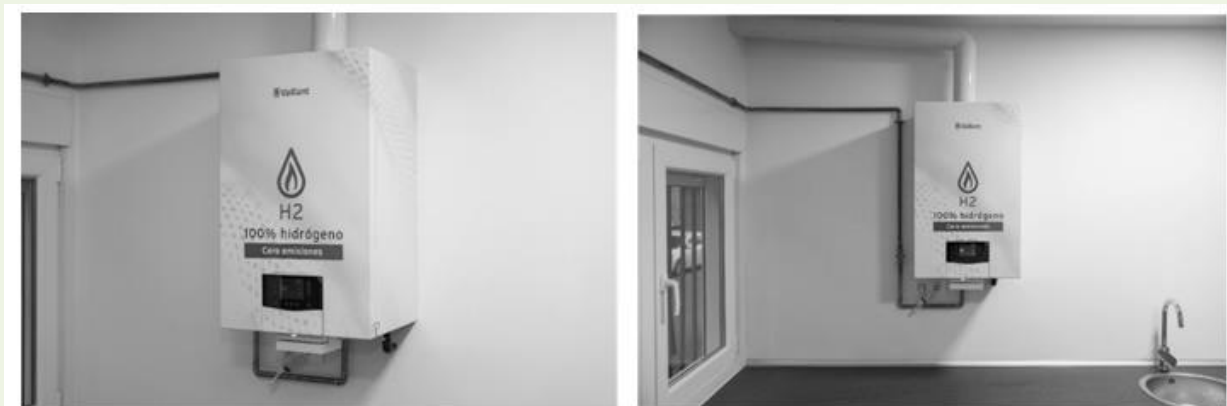


Figure 57 Boiler installed at Madrileña Red de Gas offices, designed to operate with 100% hydrogen fuel

During 2024, numerous visits have been made to the installation. The facility has been visited by technicians from MITECO, representatives from the CNMC, associations such as CONAIF and AGREMIA, as well as various housing developers and installers (Figure 58).

"In 2023, Madrileña Red de Gas signed an agreement with the boiler manufacturer Vaillant to install a prototype boiler prepared for hydrogen"



Figure 58 Members of the CNMC during their visit to the hydrogen facility

Inspira Madrid project

Obtaining European Funding

During 2023, efforts were focused on submitting the Inspira Madrid project to the Connecting Europe Facility (CEF) funding call, specifically related to the transport sector. This mechanism is a financial instrument created by the European Commission to develop the Trans-European Network, with a focus on alternative fuels infrastructure (AFIF).

After evaluating the proposals, the European Climate, Infrastructure and Environment Executive Agency (CINEA) selected 42 projects for the 2023 call, with a proposed funding amount of €424 million. In this call, the EU's CEF AFIF will support the construction of 4,200 electric charging points and 48 hydrogen refueling stations. Of the four Spanish projects selected by CEF AFIF, Inspira Madrid was the only one dedicated to hydrogen generation and refueling infrastructure in Spain.

Based on the fulfillment of priority and urgency criteria, maturity, quality, impact, and scalability, Inspira Madrid has secured up to €7.3 million in funding from the European CEF Transport program. Alongside the approval of additional financing from the Instituto de Crédito Oficial (ICO), the grant agreement was signed mid-year with the European Climate, Infrastructure and Environment Executive Agency (CINEA), confirming the award of the funds.

Current project status

The support from the European Union through the CEF funding has propelled the project into new development phases. Together with Sacyr Proyecta, the project has initiated the preparation of the Advanced Basic Engineering prior to the construction phase. In parallel, work is ongoing with the Community of Madrid to advance permits and obtain environmental authorization for the hydrogen production plant.

"Of the four Spanish projects selected by the CEF AFIF, Inspira Madrid was the only one focused on hydrogen generation and refueling infrastructure in Spain"

With the strategic advice of PwC the search for hydrogen mobility consumers in the Madrid region is reflected in the numerous contacts and meetings held by the project development team. The proper location of hydrogen refueling stations is crucial to the project's success, aiming to align demand with sites that are easily accessible from major transport routes.

It is also worth highlighting the close collaboration between Inspira Madrid and Toyota through agreements aimed at facilitating access to hydrogen vehicles, specifically the Toyota Mirai. The agreement reached will provide a promotional discount on the vehicle's price, bringing hydrogen mobility closer to a larger number of users during the project's initial phase.

Pryconsa project

The construction of the housing development, where the hydrogen-ready boiler will be installed, began during 2024. The final equipment to be installed will be a central boiler from the Bosch brand.

This boiler, the first of its kind installed in Spain, can be adapted to operate with different blends of hydrogen and natural gas. Starting with 100% natural gas, the boiler has the capacity to modulate and operate with various mixtures of both gases, including the capability to use 100% hydrogen and 100% biomethane.

Connected to the distribution network, the boiler will begin operation using natural gas and, being enabled for hydrogen use, will have the capability to utilize green hydrogen when required.

New Deal studies

Natural gas distribution companies in Spain, with the support of PwC, have worked on the development of a decarbonization strategy as an alternative to the current high-electrification approach.

The scenario developed, called the "New Deal," outlines a pathway to decarbonize Spain driven by renewable gases, in contrast to current proposals shaped by an energy policy focused almost exclusively on electrification. The New Deal aims to achieve a balanced development of both electrification and renewable gases, maximizing the use of existing infrastructure.

As a result, thermal uses can be decarbonized 11% faster over the long term, with cost efficiency of €73 billion for the end user and total investments of €172 billion compared to the current baseline scenario.

Short-term conclusions (2035)

The technological availability of renewable gases provides cost efficiency, certainty, and speed to the decarbonization process.

The New Deal results in €22 billion (32%) less in additional costs, driven primarily by the residential sector. The tertiary and industrial sectors also show significant savings—€1.3 billion (33%) and €2.3 billion (14%), respectively. At the same time, investment targets are eased, with less complex requirements and a lower volume of renewable energy deployment.

The greater development of renewable gases accelerates the reduction of cumulative emissions by 3.4% by 2035. The New Deal emerges as the most consistent and balanced option for short-term decarbonization of the economy. It offers flexibility to the end user and enables a safer, faster, and more economically efficient decarbonization process.

Long-term conclusions (2050)

The results of the study indicate that the New Deal is the most cost-efficient and emissions-reducing option in the long term. It enables €73 billion (56%) less in additional costs, making it the most competitive option for the residential and industrial sectors, while matching electrification in the tertiary sector.

Moreover, this scenario allows for a faster decarbonization process, achieving an 11.4% reduction in cumulative emissions by 2050.

Biomethane

Procedure for connecting biomethane plants

In 2024, the Resolution dated April 19, 2024, issued by the CNMC, was published, establishing the procedure for managing the connection of biomethane generation plants to the transmission or distribution network.

This procedure aims to regulate the connections of biomethane generation plants to the natural gas transmission and distribution network. In compliance with this resolution, a management tool for these connection requests was launched on the Madrileña Red de Gas website during 2024. Through the “New Energies” section, users can access information about biomethane and hydrogen, request information on the injection of renewable gases into the distribution network, and dispel biased or preconceived ideas surrounding hydrogen and biomethane, among other content.

Signing of the first connection contract on the Madrileña Red de Gas network

In 2024, the first connection contract was signed for a biomethane production plant to inject biomethane into the Madrileña Red de Gas network. The biomethane will be produced from a closed landfill in the municipality of Alcalá de Henares, where the landfill’s biogas will undergo an upgrading process to enable injection of the resulting biomethane into the network.

This milestone represents a first step in the company’s distribution network decarbonization, allowing biomethane to be directly supplied to current natural gas consumers. Injection of this renewable gas into the Madrileña Red de Gas network is expected to begin during 2026

“In 2024, the Resolution of April 19, 2024, issued by the CNMC, was published, establishing the procedure for managing the connection of biomethane production plants to the transmission or distribution network”

Collaboration with Francisco de Vitoria University

Within the framework of the collaboration agreement established with the Universidad Francisco de Vitoria (UFV), aimed at developing green hydrogen technology from research to implementation and development, various actions have been carried out based on this objective.

At the end of the year, a conference was organized for UFV engineering students (Figure 59). Addressing the challenges in distribution and supply for the energy transition, the event allowed future engineers to learn about the obstacles faced in hydrogen project development, the current state of the sector, and to ask questions and express concerns about this energy source.

The strong participation and positive reception demonstrated the interest of future engineers in green hydrogen, reinforcing the activities conducted under the collaboration agreement.

Additionally, this collaboration agreement has enabled two final-year engineering students from UFV to join the Expansion team at Madrileña Red de Gas as interns, supporting the department and allowing them to gain their first experience with biogas and hydrogen projects.



Figure 59 Pablo Grande, head of hydrogen and biomethane projects, during the conference held at UFV

"The strong participation and positive reception are clear evidence of the interest future engineers have in green hydrogen, thereby reinforcing the activities carried out within the framework of the collaboration agreement"

Results

The year 2024 was characterized by a downward trend in gas prices, accompanied by relatively milder winter weather conditions compared to the previous year.

In this context, marking the fourth year of the 2021–2026 regulatory cycle, Madrileña Red de Gas continues to stand out for its remarkable financial adaptability. By the end of the year, the company reached a total of 909,915 supply points, comprising 906,763 for Natural Gas and 3,152 for LPG.

Throughout the year, Madrileña Red de Gas invested €8.7 million in expanding its distribution network, thereby improving access for households, industries, and businesses to an efficient fuel through a reliable and continuous supply.



Summary of results

The year 2024 was characterized by a downward trend in gas prices, as well as relatively milder winter temperatures compared to 2023. In this context, Madrileña Red de Gas closed the fiscal year with a 4% increase in total demand compared to the previous year, reflecting a recovery in consumption volume that had previously been affected by gas price volatility.

According to data from the gas system operator, ENAGAS, total natural gas consumption in the conventional market reached 237.8 TWh in 2024, representing a 3.2% increase compared to 2023. The demand recorded by the company exceeded this volume, consolidating its market position.

The company generated revenues of €117.8 million (Figure 60), 2% lower than in 2023, despite a regulatory cut applied during the year amounting to €17.2 million, which is 30% higher than the cut applied the previous year.

Madrileña Red de Gas’s main activity—the distribution of natural gas—is a regulated activity, with regulatory periods spanning six years. The year 2024 marked the fourth year of the 2021-2026 regulatory period, with the gas year closing on September 30.

The remuneration for distribution activities is the company’s main source of income. This compensation is calculated annually based on a parametric formula and varies according to growth in supply points and the demand for gas transported through the network.

According to quarterly reports published by the CNMC for 2024, Madrileña Red de Gas continues to grow in the number of natural gas supply points within its area of influence.

At the end of 2024, Madrileña Red de Gas was distributing gas to a total of 909,915 supply points, of which 906,763 corresponded to natural gas and 3,152 to LPG. The company’s growth strategy remains focused on profitable and sustainable expansion within its territorial scope.

Among the pillars supporting this strategy are the efforts made to address the risks and opportunities arising from the necessary energy transition. In the case of Madrileña Red de Gas, this is primarily linked to its capacity to distribute renewable gases, such as hydrogen and biogas.

<i>Consolidated profit and losses (M€) ⁽¹⁾</i>	2023	2024
Remuneration	119,7	117,8
Other revenues	37,2	35,5
EBITDA (2)	114,0	113,0
EBIT	80,9	77,1
Net profit	44,3	39,7
(1) Consolidated Income statement and according to IFRS		
(2) Excluding non-recurring expenses		

Figure 60: Consolidated profit and losses (€M)

"Financial strength is a fundamental pillar of the company, which aims to maintain strong levels of solvency and liquidity consistent with its commitment to investment-grade status, balancing the level of debt with cash generation"

Operating results

The operating results presented reflect the consolidated activity of Madrileña Red de Gas in accordance with International Financial Reporting Standards (IFRS), providing a comprehensive view of the group’s operations and balance sheet structure. The companies included within the consolidation perimeter are Madrileña Red de Gas SAU, MRG Finance BV, Aliara Energía SA, Aliara GLP SLU, Elisandra Spain V SLU, and Elisandra Spain IV SL.

The consolidated EBITDA for 2024 amounted to €113 million, virtually in line with the previous year’s result. Revenues decreased by only 2%, as the impact of the regulatory cut was offset by a recovery in demand, increased income from periodic inspections according to the scheduled review cycle, improvements in gas loss management, and efficiencies achieved in other operational areas.

The net profit reached €39.7 million, representing a 10% decrease compared to the previous year. This decline is attributable to higher extraordinary expenses and financial costs resulting from the debt restructuring formalized on July 1, 2024. On that date, the Sole Shareholder, Elisandra Spain V, S.L.U., replaced Madrileña Red de Gas SAU as guarantor of the bonds issued by Madrileña Red de Gas Finance, B.V., assumed the debtor position of the €225 million syndicated loan, replacing Madrileña Red de Gas SAU, and formalized an additional undrawn credit facility of €180 million as of December 31, 2024.

"The operating results presented reflect the consolidated activity of Madrileña Red de Gas, in accordance with International Financial Reporting Standards (IFRS)"

Revenue

The company has generated revenues amounting to €153.3 million (Figure 61). Of the total consolidated revenues, 94% originated from regulated activities.

Out of the total revenues, €137.3 million were derived from the regulated natural gas business, while €6.5 million came from the LPG activity. The remaining €9.4 million originated from non-regulated activities carried out by both Madrileña Red de Gas and the company Aliara Energía.

Within the natural gas business, 84% was contributed by the regulated remuneration of the distribution activity. This includes the amount established by the CNMC Resolutions dated May 30, 2023, and May 23, 2024, as well as management’s best estimate of the corresponding remuneration.

The remaining 16% refers to other services related to the natural gas distribution activity, such as meter rental, periodic inspections, and other services offered to consumers.

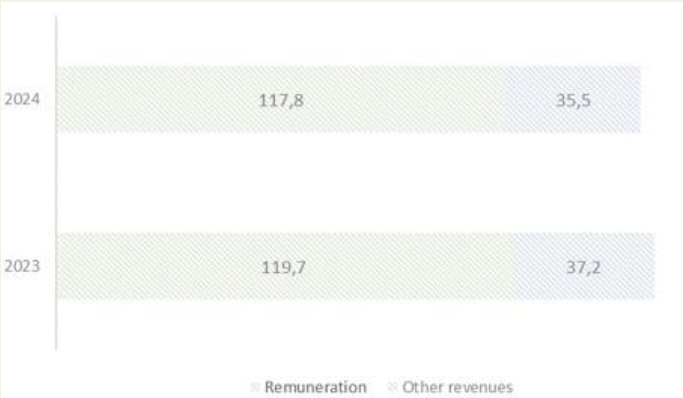


Figure 61. Consolidated revenues (€M)

Financial position and balance sheet

The balance sheet presented in Figure 62 reflects the group’s consolidated structure in accordance with International Financial Reporting Standards (IFRS).

Financial strength is a core pillar of Madrileña Red de Gas’s strategy. The company maintains strong levels of solvency and liquidity, consistent with investment-grade status. Its financial structure is efficient in the long term.

In fiscal year 2024, consolidated gross debt amounts to €900 million, with maturities scheduled for the years 2027, 2029, and 2031.

Additionally, the group has an undrawn credit facility of €180 million maturing in 2027, intended to refinance the €300 million bond maturing in April 2025. It also holds a contingent credit line of €75 million, maturing in February 2027, aligned with the company’s actual funding needs for the coming years.

Flexibility in the dividend policy is another key feature that enhances the company’s financial position.

Of the group’s total debt, €675 million has been issued by MRG Finance B.V. on the regulated market of Luxembourg under an EMTN programme.

This debt is rated as investment grade (BBB-) by the rating agency Standard & Poor’s. In 2024, the rating agency DBRS upgraded its rating from BBB (low) to BBB (stable).

<i>Consolidated Balance sheet (M€) ⁽¹⁾</i>	2023	2024
Gas Distribution licences & other intangibles	1573,2	1573,2
Net tangible fixed assets	326,0	307,7
Total Network Fixed Assets	1899,2	1880,8
Deferred Tax Asset	14,3	14,3
Other Non-current assets	3,4	2,7
Current assets	39,8	48,5
Cash	70,0	126,6
Total Assets	2026,7	2072,9
Equity	752,0	788,3
Long Term Debt	897,2	596,6
Deferred income tax liabilities	317,4	326,5
Other Non-current liabilities	29,5	29,6
Current liabilities	30,5	331,8
Total Liabilities & Shareholders equity	2026,7	2072,9
<i>(1) Consolidated Balance sheet according to IFRS.</i>		

Figure 62. Consolidated balance sheet (M€)

"Financial strength is a fundamental pillar of Madrileña Red de Gas’s strategy. The company maintains robust levels of solvency and liquidity"

Cash flow from operations

The operating cash flow amounted to €83 million, compared to €82 million in the previous year (Figure 63). This figure includes the payment of extraordinary expenses totaling €3.1 million, resulting from the debt restructuring formalized on July 1, 2024.

Free cash flow after debt service was €58.6 million, higher than the previous year when considering the effect of the repayment of the €20 million drawn from the RCF in 2023.

The lower deficit generated by the system as of December 31, 2024, compared to the same period in the previous year, led to an increase in cash compared to 2023. However, this effect was offset by a reduction in cash received as remuneration, resulting from adjustments made by the CNMC to the amounts initially recognized for 2023 and 2024, due to lower demand than initially estimated.

Consolidated Free Cash Flow (M€) ⁽¹⁾	2023	2024
EBITDA	114,0	113,0
Income tax paid	-3,9	-0,5
Working capital	-14,0	-16,2
Capex	-13,9	-13,2
Operating cash flow	82,2	83,1
Debt service	-40,8	-24,5
Cash Flow after debt service	41,4	58,6
(1) Consolidated Income statement and according to IFRS		

Figure 63. Consolidated Cash Flow (€M)

"The operating cash flow was €83 million, compared to €82 million in the previous year"

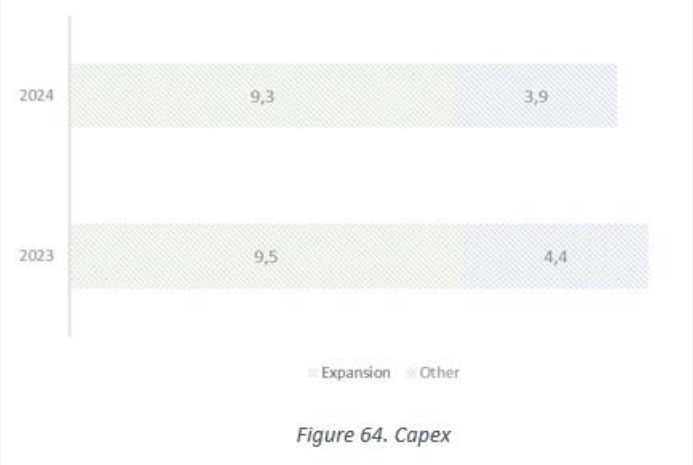
Investments

During 2024, investment amounted to €13.2 million, compared to €13.9 million executed in 2023 (Image 64).

The company continues to invest steadily in its own networks and other projects, as well as in the conversion of supply points from LPG to natural gas. Based on their nature, the investments can be classified into the following categories:

Expansion

Madrileña Red de Gas invested €9.3 million, of which €7.1 million was allocated to the expansion of the natural gas network and €2.2 million to the LPG to natural gas conversion plan.



Other projects

Investments remained at levels similar to the previous year, focusing on network maintenance, fraud prevention, digitalization, and the development of information systems, with the aim of improving operational efficiency and customer service quality.



Madrileña

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