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# Corporación de Reservas Estratégicas de Productos Petrolíferos (CORES)

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This report does not constitute a rating action.


Primary contact

**Manuel Becerra**
Madrid
34-914233220
manuel.becerra
@spglobal.com

Secondary contact

**Marta Saenz**
Madrid
34-91-788-7231
marta.saenz
@spglobal.com

Additional contact

**Alejandro Rodriguez Anglada**
Madrid
34-91-788-7233
alejandro.rodriguez.anglada
@spglobal.com


## Credit Highlights

### Overview

| Key strengths | Key risks |
|---|---|
| Almost certain likelihood of timely and sufficient extraordinary government support in the event of financial distress. | Lack of an explicit guarantee from the Spanish state. |
| Highly strategic role for the sovereign and Spain's economy, given its enhanced responsibility of not only managing strategic oil reserves, but also guaranteeing and supervising industry gas stock and supervising biofuel use. | Limited asset diversification, given the nature of its business. |
| Strong and stable regulatory framework, ensuring full coverage of costs and ability to adapt, if necessary, as demonstrated during the pandemic and Spain's nationwide power outage in 2025. | Dependent on market prices and available capacity for storage, which could limit flexibility, although it can sell excess oil reserves and increase member fees if needed. |

## Outlook

S&P Global Ratings' stable outlook on Spanish oil reserve management company Corporacion de Reservas Estrategicas de Productos Petroliferos (CORES) reflects that on Spain (unsolicited; A/Stable/A-1).

### Downside scenario

We could lower our rating on CORES if we took a similar action on Spain. We could also lower our rating on CORES if we believed that its role for, and link with, the Spanish government had weakened, indicating a lower likelihood of extraordinary government support.

### Upside scenario

We would upgrade CORES if we took the same action on Spain and the likelihood of support for CORES remained almost certain.

# Rationale

CORES operates under the supervision of the Spanish central government through the Ministry of Ecological Transition and Demographic Challenge (MITECO), but with a distinct legal status and its activities being subject to private law. Our view of almost certain government support for CORES hinges on the entity's:

- Critical role for the government of Spain as an entity specifically formed to provide a key strategic public service on behalf of the Spanish government. CORES has an explicit mandate to monitor and maintain the level of Spain's oil reserves--virtually all of which are imported--and ensure they are sufficient to cover the country's oil consumption needs for a legally determined number of days. CORES' role also includes the control of strategic reserves of natural gas. CORES is also responsible for ensuring biofuel-related entities comply with purchase and consumption targets and that these transactions meet the sustainability criteria for the reduction of gas emissions in the transportation market. Since 2023 CORES has been responsible for controlling the minimum underground stock of natural gas; and
- Integral link with the government of Spain. CORES is a non-profit entity controlled and supervised by the Spanish MITECO. CORES' chairperson, as well as four of the 11 members of its board of directors, are appointed by the ministry. While the board normally makes agreements by simple majority, the ministry may exercise veto powers through CORES' chairperson on any decision that it deems contrary to public interest.

**CORES' role remains critical for the Spanish government.** Spain is a member of the International Energy Agency (IEA). Therefore, as per its agreement obligations under the IEA, the sovereign must maintain minimum stocks of different groups of oil products. CORES, created by the Spanish government in 1994 by royal decree, helps the country to comply with this requirement, sharing the responsibility for holding these minimum reserves with the sector's operators. CORES must, by national law and in line with EU regulation, maintain a stock of at least 42 days' worth of Spain's national oil product consumption at any given time. The remaining stock (to reach the national requirement of 92 days' worth of oil product consumption) is held by the oil operators, retail distributors, and consumers of imported oil.

CORES also has the role of ensuring the industry maintains the minimum-security level of natural gas throughout the year, to ensure strategic resilience to potential supply disruptions ahead of the winter season. This complies with targets imposed by the EU to deal with the consequences of the Russia-Ukraine war. In this context, Spain is obliged to maintain 20 days of stock based on the consumption of the previous year. In recent years, there have been discussions about expanding CORES' responsibilities related to natural gas, such as directly maintaining strategic reserves.

In 2022, as a consequence of the Russia-Ukraine war, the IEA asked members to release oil reserves to avoid market volatility. It is up to the Spanish government to ultimately decide how to carry out the release of reserves, and whether to ask CORES to release its reserves along with (or after) the industry. In this context, Spain's stock was released by oil operators, not by CORES, equivalent to 7.8 days of consumption.

On top of these responsibilities, CORES acts as a statistical hub for information related to oil and gas consumption. CORES actively maintains and manages this information, which is communicated to the market, other operators, and the central government. This allows CORES to keep abreast of any changes in consumption and deliver this information to the ministry, whenever needed.

We believe CORES remains a key strategic arm of Spain's government, and its role has been strengthening over the past years given its increased responsibilities.

**CORES role of liberalizing oil reserves was tested for the first time during Spain's blackout in April 2025 and proved to be a success.** Following the nationwide power outage, several refineries in Spain stopped working. The Spanish government decided to release to the market an amount equivalent to three days of consumption in the case of oil operators, and four days in the case of CORES--extendable to another three days if needed--to avoid any shortage in the national market. Therefore, CORES' mandatory oil reserves requirement moved to 38 days from 42 days. Oil operators' requirement moved to 39.2 days from 42.2 days.

This was the first time ever that CORES had to release its own stocks. The process ran smoothly and within four days all reserves were available. CORES' oil reserves were released in the form of loans to the oil operators, which had to be repaid before the end of May 2025. These loans had to be secured with guarantees from national banks.

After this coordinated oil reserves release, the ministry announced that CORES had to return to its mandatory oil reserves requirement of 42 days by the end of May 2025. It also announced that private operators will have to rebuild their reserves and return to the initial 50 days requirement--after they released three days of oil reserves related to the blackout, and 7.8 days in 2022 due to the Ukraine-Russia war--by year-end 2025.

**Spain's government provides ongoing support through a strong and stable regulatory framework.** CORES operates under a regulatory framework in which oil and gas operators must pay the required fees to fully cover CORES' costs, including debt service. CORES does not receive funds from the government nor does it benefit from an explicit guarantee of its liabilities. However, its framework has proven robust and supportive. The current legal framework allows CORES to demand extraordinary fees from operators, if necessary, with authorization by the government. The government and CORES agreed to increase the initial fees of its operators in 2020 to fully cover its costs, as consumption levels (and therefore fees) decreased significantly due to mobility restrictions caused by the pandemic.

All oil and gas operators authorized for distribution are legally obliged to be members of CORES and are charged monthly fees. Retail distributors and consumers of imported oil and gas products must pay monthly fees to CORES but do not have membership status. About 74% of CORES' annual fees in 2024 came from six members, including the two largest oil operators in Spain, Repsol and Moeve.

Furthermore, we understand that if CORES were dissolved the government would take over its obligations.

**CORES' accounts remain balanced, with extraordinary results devoted to debt amortization.** Its budget is based on full cost coverage. The largest cost item (about €136 million, or 79% of total costs in 2024) is the storage capacity for its reserves, which it mostly leases from market operators. Since these costs are based on established contracts, they are easy to predict, although they are subject to changes when contracts come up for renewal.

The second largest cost item is interest payments (about €30 million, or 17.4% of total costs in 2024). CORE's interest expenses have lowered in 2024, driven by market conditions. Nevertheless, CORES remains exposed to interest rate movements as about 38% of its debt is variable rate. However, we note that financial costs--like all CORES' other expenses--are covered by fees from operators, limiting the risk for its finances.

Based on cost estimates, and CORES' oil consumption predictions, the corporation determines fees to be paid by oil market operators. By law, CORES' fees must be sufficient to cover its costs. However, if, due to changes in market patterns, the fees prove insufficient, CORES can charge operators an additional extraordinary fee intra-year to cover the difference. This can be done very quickly, as happened during the pandemic. This ensures CORES has timely and sufficient cost coverage.

CORES' reserves amounts are based on national consumption and sales of oil-related products in the previous year. Depending on changes in consumption patterns, the entity may be left holding excess reserves, which it can decide to sell, with board approval, and provide an additional source of funds.

In 2024, CORES carried out one such sale of reserves, for €69 million. By law, CORES must prioritize allocating proceeds from reserve sales to debt amortization. It cannot distribute dividends or return them to oil operators in the form of lower fees. The sale of excess reserves in 2024 generated an extraordinary result of €35 million, and an intra-year increase in CORES' liquidity.

**CORES carefully addresses its financing requirements and maintains ample buffers for added security.** Its financial management team typically covers its refinancing requirements well in advance of actual maturities, avoiding risks from any sudden deterioration in market conditions. The entity has solid market access and can get funding from a well-diversified pool of national banks, even during market stress.

In 2024, CORES successfully refinanced its maturing debt. By the end of the year, it had refinanced its €250 million bond maturity with six loans from various Spanish banks. Of these loans, €150 million will mature in 2030, while €100 million is due in 2031. CORES currently has €100 million in committed credit lines, fully covering €45 million maturing debt in 2025. We expect CORES to renew these credit lines, due in 2026.

In case of financial distress, CORES could always ask its operators for an extraordinary fee. Additionally, CORES could decide to sell the excess of its reserves. As of June 2025, these are valued at €58.1 million.

## Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

## Related Research

- Sovereign Risk Indicators, July 7, 2025
- Corporacion de Reservas Estrategicas de Productos Petroliferos, July 24, 2024
- Spain 'A/A-1' Ratings Affirmed, March 14, 2025

| Ratings Detail (as of July 21, 2025)* | |
|---|---|
| **Corporacion de Reservas Estrategicas de Productos Petroliferos** | |
| Issuer Credit Rating | A/Stable/A-1 |
| Senior Unsecured | A |
| **Issuer Credit Ratings History** | |
| 22-Mar-2022 | A/Stable/A-1 |
| 22-Sep-2020 | A/Negative/A-1 |
| 24-Sep-2019 | A/Stable/A-1 |

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.