



**Introductory gas roadmap paper**

**Sir John Mogg**

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# Introductory gas ‘road map’

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- The need for a gas ‘road map’
  - ◆ strategy paper (draft) Madrid Forum JWG, 2002 contained long-term vision
  - ◆ progress has been made, but problems remain
- Where are we now?
  - ◆ what the legislative framework provides
  - ◆ what are the significant problems outstanding
- Way forward
  - ◆ need for industry and stakeholder input

# Purpose of introductory paper

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- The ERGEG introductory gas road map paper:
  - introduces ERGEG's proposed work and sets out a timetable for progress
  - highlights areas where progress and action is needed
  - does not prioritise or offer solutions at this stage
  - highlights the importance of hub-based trading
  - seeks support for the proposed way forward
  - requests industry and stakeholder participation in case studies

# A long-term vision

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- Effective competition within a single European Market:
  - real benefits for gas and electricity consumers
  - sustainable levels of investment, secure supplies
  - choice
  - companies able to cross borders to seek customers
- At a technical level:
  - real supply-side competition
  - entry–exit tariffs
  - liquid hub-based trading

# Where are we now?

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- The legislative framework:
  - needed to support the long-term vision
  - full implementation essential
  - does not currently specify all the necessary details
- Progress has been made:
  - eg, improved rules for access to storage
- But much still to be done

## Where there are significant issues

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- Trading is not yet liquid; some markets have no hubs
- Contractual and physical flows remain linked
- There are contractual or commercial problems with gas and capacity availability
- Cross-border transportation remains particularly problematic
- Greater transparency and improved information management is needed
- Unbundling
- Gas quality

# Way forward

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- Need to set priorities and define a programme of work
- No consensus at this stage, therefore need to develop in the full road map paper
- ERGEG proposal
  - strong regional element, therefore case studies to examine barriers to progress
    - trading at hubs; hub–hub trading
  - but regional solutions need to accommodate goal of a single European Market
    - common principles

## Regional case studies

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- Learn lessons about development of liquid hubs
- Removing barriers to development of hubs and hub–hub trading:
  - access to capacity between hubs
  - information management and transparency
  - availability of gas
  - interoperability
  - regulatory oversight across borders (including unbundling)
- Needs co-operation with industry and stakeholders



# Conclusions

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- Progress is needed, input from stakeholders essential
  - focus on case studies, to ensure that solutions are practical
  - while maintaining common principles
- Full implementation of current (and future) legislation is essential
- Wide variation in powers of regulators needs to be taken into account

# Timetable

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- now: ERGEG develops full roadmap paper, reflecting Madrid discussions
- November 2005: road map paper published for consultation
- early 2006: final road map paper published  
regional case studies  
developing common principles