



Future Development of the European Gas Market

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Background

- **Implementation of Directive 2003/55/EC in the different Member States**
 - Violation of deadline 1/7/2005 by several Member States
 - e.g. Germany
 - Commission decided to bring before Court of Justice
 - Estonia, Ireland, Greece, Spain and Luxembourg
 - Commission sent reasoned opinion to Portugal
- **EC Regulation on access to gas transmission networks**
 - Adoption in Energy Council on 12/7/2005
 - In effect from 1/7/2006
- ➔ **GEODE welcomes steps to enforce uniform European regulatory framework and harmonised Entry-Exit-Systems**



German Gas Market

- **Special focus: Germany**
 - Central transit state in Europe with high consumption
 - Self-regulated TPA access deriving from Dir. 98/30
 - **Implementation of Gas Directive by Energy Act 2005**
 - In force since 13/7/2005
 - Regulations on network access and tariffs in force since 29/7/2005
 - **Areas of Regulation:**
 - Unbundling requirements
 - **Regulated** TPA access to networks and negotiated TPA access to storages
 - New regulators: Federal and State regulatory authorities (Bundesnetzagentur)
 - New network access model in Art. 20 subs. 1b Energy Act 2005 will be in force after 1/2/2006
- ➔ **GEODE: Focus on new network access model**



Entry-Exit-Model

- **Principle of Art. 20 subs. 1b Energy Act 2005**
 - Simplified booking procedure for transport customers due to binding cooperation of network operators
 - Creation and development of cooperation standards up to network operators
- **Network access on basis of only two contracts:**
 - One entry- and one exit-contract
 - ⇒ No further contracts even if several networks involved
 - ⇒ For transport customers: one common marketplace
- **Duty to cooperate for network operators, e.g.**
 - Cooperative cost allocation between the network operators
 - Harmonised capacities for different networks
 - Harmonised TPA services
 - Common contract standards
 - **Exception:** technically impossible or economically unreasonable



Regulations on Network Access in Germany

- **German Regulations on network access and tariff calculation should set out details of network access**
- **Problem: different approach compared to Art. 20 subs. 1b Energy Act 2005**
 - 30-40 (sub-)networks possible
 - Entry-exit-contracts with **every** network affected
 - Contractual requirements not consistent
 - No cost allocation procedure provided
- **Timetable**
 - Regulation in force since 29/7/2005
 - Sec. 20 para. 1b Energy Act in force from 1/2/2006
 - Revision of regulation until 1/2/2006 not foreseeable
- ➔ **GEODE: Supervision of implementation must stress need for modified German Regulations**



Position of GEODE

- **Working and simplified entry-exit-model as precondition for effective competition**
 - Transport customers need just two contracts
 - Simplified transactional and handling procedures
 - DSOs in a central role as the party that concludes the exit-contract
- **Contradictory laws would bring legal uncertainty**
 - Revision of German regulations on network access before 1/2/2006 absolutely necessary
 - DSOs should have central contractual responsibility as they have no conflict of interests
- ➔ **GEODE will start an initiative to specify requirements of Art. 20 subs. 1b Energy Act to create functioning network access model**