

Gas Infrastructure Europe

Input to the Benchmarking Report 2005

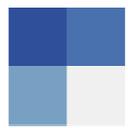
Geert Joosten - GIE President

Madrid Forum X – 15-16 September 2005



GIE supports achievement of the Internal Gas Market

- GIE sees its role as a facilitator of competition
- GIE members made significant progress in the application of Directives, Regulations and voluntary agreements
- We are taking steps, in close cooperation with all industry stakeholders, to improve the functioning of the market



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EU legislative framework

- GIE believes policies are in place to deliver the internal market in natural gas, provided they are fully implemented
- Now it is time to focus on pragmatic implementation
- Allow them time to work
- Analyse experiences

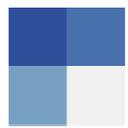


Monitoring and Improvements

- Monitoring of the application of policies is useful
- Should be conducted at appropriate stages after implementation deadlines
- Improvements of existing policies should be developed with full industry participation
- Madrid Forum is excellent platform for this

Main Challenge

- Regulatory environment must stimulate entrepreneurship and investments, whilst supporting market liberalisation



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Recommendations

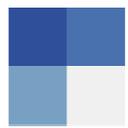
- Clear roles and responsibilities
- Investment climate
- Let the market work

Clear roles and responsibilities

Unbundling between infrastructure and supply lead to:

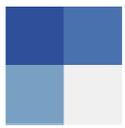
- Multiple players, longer chains, more interfaces
- Unbundling of responsibility
 - Responsibility for own customers, not the whole market
- Unbundling of investment decisions
 - Transportation capacity to fit future demand
 - Investment in “insurance” assets (for low-probability/high-impact events)

Roles and responsibilities should be clearly allocated especially to ensure Security of Supply



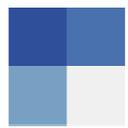
Investment Climate

- Appropriate funding arrangements in place to underpin investments
- Regulatory environment to be predictable, stable and complete
- Regulatory environment based on incentives stimulates entrepreneurship, innovation and efficiency improvements over time
- Exemptions from TPA provisions (art. 22 IGM) are crucial



Let the market work

- Let the market provide the signals for investments
- Must be underpinned by binding financial commitments
- Long-term and short-term markets work supplementary
 - Long-term capacity commitments for security of supply and investments
 - Short-term capacity on primary and especially secondary markets
 - In this way long and short-term instruments are aligned to underpin competitive market with secure supplies



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Final Remarks

- We see **key role for Madrid Forum** to enhance the achievement of the Internal Gas Market
- **Efficiency of the voluntary process:** compliance with the GGPII, ongoing implementation of the GGPSSO and EASEE-gas CBPs
- **Need for regular monitoring reports** by the authorities with the contribution of the operators and users
- GIE proposes to reinforce the dialogue between all parties to continue to improve competition and access to the infrastructures

