



***Eleventh Meeting of the European Regulatory
Forum
18th-19th May 2006***

The Green Paper: Discussion Points by Eurogas



- The Green Paper is a valued contribution to the debate on energy ongoing in 2006
- It is important to have a comprehensive and long term view on European Energy Policy
- For gas, European policy should aim at three inter-related and overlapping objectives
 - Availability of gas at competitive prices
 - Availability of a reliable supply of gas with short and long-term security
 - Fully functioning internal market with effective market mechanisms
- The Work of the Forum can make a significant contribution to these objectives especially the last.



EUROGAS HIGHLIGHTS AND POINTS FOR THE DISCUSSION

- Eurogas endorses the six broad priority areas identified in the Green Paper
- Priorities for gas policy are:

Full and timely implementation of the Gas Directive 2003/55/EC is essential for a successful energy market.

- The European gas market should be organised in such a way as to provide European customers with the gas and services they need at competitive prices from their choice of supplier.
- European and national policies should pursue bilateral and multi-lateral external policy frameworks to ensure relations with producers and transit countries are conducive to present and future gas supply needs, i.e. supportive of gas industry efforts.
- The business climate and a stable regulatory framework should promote the huge investments needed to facilitate supply options, investment in production and transit zones outside Europe, but also within European systems.



OTHER POINTS ARE:

- Long-term contracts will remain the back-bone of European supply, complemented by hubs and shorter-term trading. More needs to be done to promote hubs.
- Gas needs to be able to flow seamlessly throughout the EU and therefore Eurogas supports the work underway to enhance market integration; much progress can be achieved by reaching consensus in the Forum.
- Especially, Eurogas highlights the need for improved implementation of the existing legislation and guidelines in particular in respect of the access and balancing regimes.
- Transparency, capacity issues, the need for a robust secondary market in capacity trading, interoperability – these are issues to which further consideration is rightly given.
- Customer switching and other customer focus issues should not be overlooked.



EUROGAS IS STILL FIRING UP VIEWS ON SPECIFIC POINTS IN THE GREEN PAPER ON MATTERS OF PARTICULAR RELEVANCE TO THE FORUM, HERE ARE PRELIMINARY THOUGHTS:

- A EUROPEAN GRID AND A EUROPEAN GRID CODE?
 - Eurogas wants network users to enjoy a “seamless” experience when they move gas. How that is organized is a matter for TSOs organization, but the approach has to support sufficient and non-discriminatory access. Trying to move straight away to a detailed single grid and code will be too difficult, but TSOs should be required to demonstrate convergence in a number of key areas within country and cross-border in a determined timescale.
- A EUROPEAN REGULATOR?
 - Eurogas wants to see improved convergence and cohesion of market rules and regulations, in the first place. The regulators through ERGEG are aiming at improved co-operation. They are taking initiatives in the right direction.
- A EUROPEAN CENTRE FOR ENERGY NETWORKS?
 - More explanation is needed as to what is meant and the role and relationships with existing groups needs to be clarified. The added-value should be assessed and it must not create unnecessary bureaucracy.
- BOOSTING COMPETITIVENESS THROUGH BETTER “INSTITUTIONAL” CO-ORDINATION?
 - The industry particularly network users and suppliers have a key role to play and need to be actively involved.

