

Gas Infrastructure Europe

European Commission – DG TREN Strategic European Energy Review

Madrid Forum XII
20/21 Feb 2007

Topics for discussion

1. Introduction
2. Formal TSO Body
3. Regulation
4. Overall framework
5. Unbundling of transport networks
6. Investment
7. GSE views on Gas Storage
8. GLE views

1. Introduction

- GIE welcomes the publication of the Energy Package
- GIE's comments will focus on the aspects of the Energy Package concerned with the development of the EU internal gas market, e.g. investment related to cross border flows
- The Association sees the Energy Package as an important milestone, that provides an opportunity for all stakeholders to reach agreement on the steps required to make a single European gas market a reality
- However much of its success will be dependant on MS acceptance of this approach prior to implementation
- GIE will fully contribute to this debate

2. Formal TSO Body: GTE+

- GIE welcomes the EC proposal to establish a formal TSO body (GTE+), this would not yet include storage and LNG activities
- In GIE's opinion the key aspects of establishing such a body are:
 - To define the scope of GTE+ and ERGEG+
 - To ensure a clear division of responsibilities between GTE+ and other bodies, most notably ERGEG+
 - To define the relationships of GTE+ with other bodies

2. Formal TSO Body: GTE+ Proposal

Commission

Reporting to



GTE+

Status: Formal body (kind to be determined)

Goal: European gas market facilitation, respecting subsidiarity principle

Key roles: Convene network user forum

Coordination of investment and network planning (e.g. PIP interface)

Review and develop existing access conditions

Define network operational rules

Establish single transparency platform

Implement measures in conjunction with ERGEG+

Where legislation is necessary advise the Commission

Consisting: All EU TSOs

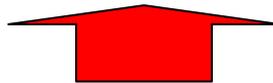
3. Regulation

- GIE fully supports the Commission's call for national regulatory authorities to have a more European perspective
- Harmonisation of regulation is necessary insofar as it ensures the compatibility of the different regulatory regimes and provides a level playing field
- However additional regulation should be carefully considered as it can be an impediment to investment and the further development of the internal gas market
- To achieve these objectives, GIE supports the development of ERGEG, with a clearly defined scope and relationships

3. Regulation: ERGEG+ Proposal

Commission

Reporting to



ERGEG+

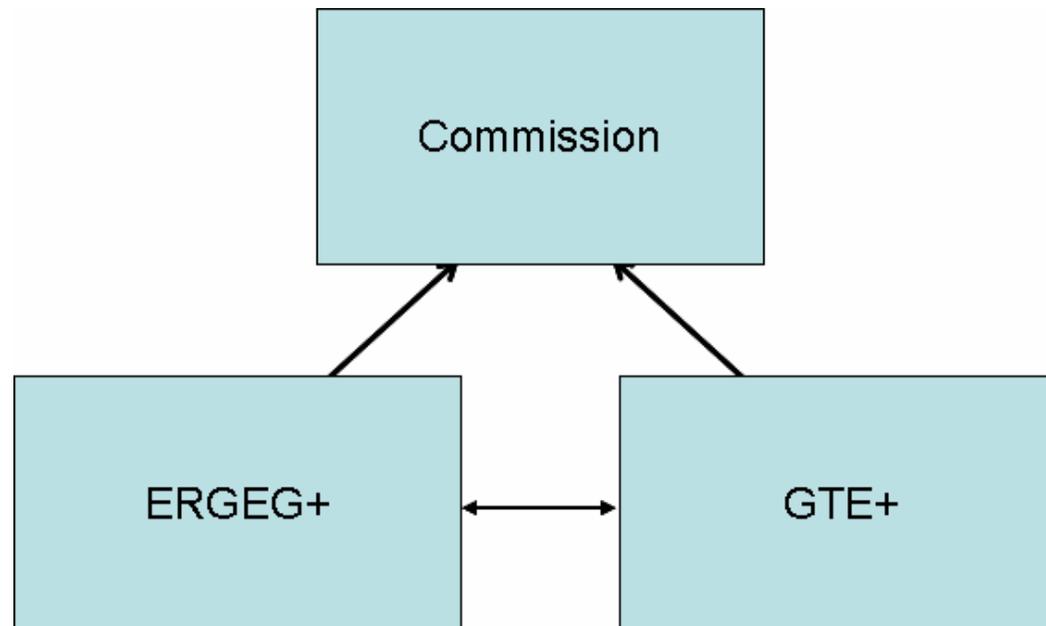
Status: Formal body (kind to be determined)

Goal: Promote timely investment whilst ensuring adequate EU consumer protection
Ensure compliance with EU legislative framework and regulatory co-ordination

Key roles: Improve regulatory framework
Consistent application of EU regulatory framework
Monitor compliance with rules, enforcement via NRAs
Ensure consumer protection
Harmonise and co-ordinate European regulatory practices, in particular for investment
Implement measures in conjunction with GTE+
Where legislation is necessary advise the Commission

Consisting: All NRA

4. Overall Framework



- Both ERGEG+ and GTE+ would develop and where possible implement proposals based on robust stakeholder consultation. ERGEG+ and GTE+ need to establish most efficient means of working together
- The Commission where necessary would be responsible for taking proposals forward, either through new legislation or comitology

5. Unbundling of transport networks

- In its communication, the EC elaborates two options to ensure non-discriminatory transport network access: ownership unbundling and independent system operators (ISOs).
- GIE would like to point out that the different models currently in place can work smoothly next to each other; a standard solution throughout Europe is not necessarily required provided that TSO can act in an independent manner.

6. Investment

- GIE welcomes the prominent role investment issues are given in the SEER and the recognition by the Commission of the importance of a stable regulatory framework which also provides the necessary incentive for additional gas supply to Europe
- In order to achieve the level of investment needed, improvement of the current regulatory frameworks is vital
- GIE is currently working on concrete proposals and best regulatory practices

6. Investment in transmission pipelines

- GIE will consider for which investment projects (in addition to Nabucco) a co-ordinator could be useful
- GIE welcomes the Commission's proposal regarding the streamlining of authorisation procedures
- We should ensure that the investment planning tasks of the proposed GTE+ and the Energy Observatory are complementary
- GTE welcomes the proposed art. 22 clarification and addition of proposal regarding pipelines in two Member States. While GIE regards exemptions as very useful for certain types of investment, the framework for "regular" investment is even more crucial

7. Gas Storage

- In case strategic gas stocks would be considered, they should not distort the investment climate for the commercial storage market.
- Exemptions under article 22 facilitate investments for gas storage. Guidelines should give greater certainty to potential investors without reducing current incentives.
- In finding a balance between access to storage and the investment climate for storage, measures that dampen investment confidence should be avoided.
- The GGPSSO ensures equal treatment of storage users and gives proper investment signals. The need for legal unbundling is removed by the full implementation of the GGPSSO.
- In considering any transformation of the GGPSSO into binding regulation, the Commission should remain within the scope of the original GGPSSO, as agreed by all stakeholders.

8. GLE views

- LNG terminals are important parts of the basic gas infrastructures, just like the pipeline network and underground storages.
- LNG activities have a key role in the European Energy Policy in terms of security of supply, supply diversification and enhancement of competition.
- To develop LNG-regasification facilities is necessary:
 - Incentives to investment (new plants and extensions in existing ones)
 - Fair and stable regulatory framework