

Madrid Forum: 20th – 21st February 2007

**Views by Eurogas
on**

Strategic European Energy Review



THE EUROPEAN UNION OF THE NATURAL GAS INDUSTRY

Introductory Remarks

- Eurogas affirms its commitment to achieving progress on a secure sustainable and competitive European energy market.

A secure energy market

- An effective external EU policy
- Necessary investments, notably in importing facilities
- A consistent, balanced approach between internal market aspects and external dimension

A sustainable energy market

- Need for a diversified mix of environmentally friendly fuels and technologies
- Recognition that the qualities of gas can make an important contribution

A well functioning energy market

- Improved regional co-operation towards an integrated EU market
- A well functioning non-discriminatory access regime
- An effective customer switching process

There should be in the first place, full and timely implementation of existing legislation, regulations and voluntary agreements.

If new legislation is required to achieve the objectives, a careful impact assessment is necessary. Eurogas welcomes the Commission's commitment to undertake this.

A well functioning market has to be underpinned by the necessary transparency, better interoperability, more liquidity, robust investment.

And an improved, harmonized regulatory process.

The Madrid Forum should continue to have a key role in driving improvements in all these areas.

Initial response to envisaged policy actions on Internal Market

- **Non-discriminatory access to networks through efficient unbundling**
 - Effective unbundling is key element of market liberalization
BUT
 - The implications of the proposal on ownership unbundling are a cause of concern
 - Eurogas members are analyzing the ISO option to understand better its implications
 - Most companies think that other options based on legal and functional unbundling should be considered
- **Enhancing the role of national regulators**
 - Eurogas endorses this policy
- **Reinforcing co-ordination of regulators at EU level**
 - Eurogas recognizes the appeal of an ERGEG+ option, but the legal authority and scope have to be clearly defined to balance national interests with Community interests to achieve a genuine integrated market.

More co-ordination between TSOs

- Eurogas strongly supports this objective, but there has to be careful consideration of the mechanism. Eurogas would be concerned if users' interests were marginalized.

Delivering Investment for Secure Competitive Supplies

- A stable regulatory and political framework is a pre-condition for the realization of large investments.
- Planning processes need to be streamlined.
- The roles and responsibilities of market players in the new market environment have to be clear.
- Reward should be commensurate with risk.
- European level dialogues are essential with producer and transit countries.
- Possibility for the market to invest alongside the regulated business.

Eurogas will continue to develop its views on these issues and other aspects of the energy package, in order to engage fully in the debate in the coming months.